



# AUTOMOBILE MECHANICS' LOCAL 701 PENSION FUND

361 S. FRONTAGE ROAD, SUITE 100 | BURR RIDGE, IL 60527

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## Automobile Mechanics' Local No. 701 Union and Industry Pension Fund Notice of Plan Status

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April 2015

To: Participants, Beneficiaries, Participating Union, and Contributing Employers

The Board has good news to report regarding the funded status of the Plan. Our Plan was affected by the recent turmoil in the financial markets and had to make tough decisions on the level of benefits and contributions. Now we can report that, although there is more progress to be made, the Plan has improved its funded status from the Red Zone to the Yellow Zone as explained in this Notice.

The Pension Protection Act (PPA) changed the funding requirements for multiemployer plans. Each year, the Plan is required to be certified by its actuary as being in one of three funded zones which have come to be identified with the following Green, Yellow, and Red color code:

- Neither Endangered or Critical (the “**Green Zone**”)
- Endangered (the “**Yellow Zone**”)
- Critical (the “**Red Zone**”)

Prior to 2010, the Plan was in the Green Zone. Effective January 1, 2010, the Plan was certified as in the Yellow Zone. Then as of January 1, 2012, the Plan was certified as in the Red Zone because the Plan was projected to be below the minimum contribution requirements of the law (an accumulated funding deficiency) for the 2016 Plan Year. Pursuant to Federal law, the Board adopted a Rehabilitation Plan and as a result, benefits were reduced and contributions increased in order to improve the funded status of the Plan and eventually move into the Green Zone.

These painful decisions and a turnaround in the financial markets have helped to improve the Plan's funding status. As of January 1, 2014, the projection of a funding deficiency was pushed out to the 2022 Plan Year and as of January 1, 2015, the Plan is no longer projected to have a funding deficiency.

### **Plan's Status — Yellow Zone**

Accordingly, the Plan has emerged from the Red Zone and effective January 1, 2015, is now in the Yellow Zone. The Plan is in the Yellow Zone because the Plan's funded percentage is less than 80%. The actual funded percentage is 75.3%. When the Plan's funded percentage attains 80%, it will be in the Green Zone.

### **Funding Improvement Plan**

Federal law requires Yellow Zone plans to adopt a Funding Improvement Plan (“FIP”). The FIP must meet certain benchmarks for improving the Plan's financial condition over a period of years. The Trustees must adopt a FIP before November 26, 2015.

**Where to Get More Information**

For more information about this Notice, you may contact the Fund Administrator at 361 S. Frontage Road, Suite 100, Burr Ridge, Illinois 60527, or call 708-482-0220.

Sincerely,

Board of Trustees

*As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (“PBGC”) and the Secretary of the Department of Labor.*