WEST MICHIGAN PLUMBERS, FITTERS AND SERVICE TRADES LOCAL UNION NO. 174 FRINGE BENEFIT FUNDS

West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Health & Benefit Fund
West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Fund
West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 401(k) Retirement Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

October 20, 2014

SENT VIA EMAIL
criticalstatusnotice@dol.gov

United States Department of Labor
Employee Benefits Security Administrators
Public Disclosure Room N-1513
2000 Constitution Avenue, N.W.
Washington, DC 20210

RE: WEST MICHIGAN PLUMBERS, FITTERS AND SERVICE TRADES LOCAL UNION NO. 174 PENSION PLAN
EIN #38-1796240, PLAN #001

Dear Representative:

Attached is the Notice of Endangered Status for the Plan Year Beginning July 1, 2014, on behalf of the West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan.

If you have any questions with regard to this Notice, please feel free to contact me, or in my absence, Robert Merrick at (517) 327-2139.

Sincerely,

James Schreiber

James E. Schreiber
Administrative Manager

JES/aw

Attachments

xc: Robert Merrick
Kyle Weaver
Nick Trella
Therese Marske
Carla Grant
John Tesija
Michael Novara
Benjamin Schepis
Paul Catenacci

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WEST MICHIGAN PLUMBERS, FITTERS AND SERVICE TRADES LOCAL UNION NO. 174 PENSION PLAN

Notice of Plan's Endangered Status
For the Plan Year Beginning July 1, 2014 and Ending June 30, 2015

October 24, 2014

Dear Participants, Beneficiaries, Contributing Employers and Participating Unions,

As you may know, the Pension Protection Act of 2006 (the PPA) added requirements for measuring the health of multiemployer plans such as ours.

The PPA requires that each plan's actuary annually determine the plan's status under these rules and certify that status to the IRS and the Trustees. If the actuary determines that the plan is in "endangered" status ("yellow zone") or "critical" status ("red zone"), the Trustees must notify all plan participants and beneficiaries, contributing employers and the union and must take action to improve the financial health of the plan. Federal law requires that you receive this notice. In the future, you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Endangered Status

Applying these rules, our plan's actuary certified on September 26, 2014 that the West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan is in "endangered" status for the plan year beginning July 1, 2014. The plan is considered to be in "endangered" status because the July 1, 2014 funded percentage (plan assets as a percentage of liabilities) is less than 80%. (The percentage certified by the actuary is 77.4%).

Funding Improvement Plan

The PPA also requires that pension plans in "endangered" status adopt a funding improvement plan aimed at improving the financial health of the plan. The funding improvement plan must be designed to:

- improve the plan's funded percentage by one-third by the end of a 10-year funding improvement period; and
- prevent the plan from having an accumulated funding deficiency during the 10-year funding improvement period.

The Trustees worked for some time to improve the plan's funded status, and have formalized their work in a PPA funding improvement plan that the Trustees adopted on March 15, 2010. The funding improvement plan is designed to allow the plan to emerge from "endangered" status within the 10-year funding improvement period beginning July 1, 2011 and includes increased contribution rates pursuant to the following schedule:

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The hourly contribution rate will increase to not less than:

(a) $7.63 by no later than 07/01/2009
(b) $8.13 by no later than 07/01/2010
(c) $8.63 by no later than 07/01/2011
(d) $9.13 by no later than 07/01/2012 and
(e) $9.63 by no later than 07/01/2013

Operational Requirements for Endangered Plans

During the funding plan adoption period and the funding improvement period, the Trustees are not permitted to accept any collective bargaining agreement or participation agreement that provides lower contributions for any participant, a suspension of contributions with respect to any period of service, or any new direct or indirect exclusion of younger or newly hired employees from plan participation. In addition, the Trustees are not permitted to amend the plan in any way that increases plan liabilities, unless required by law. Once a funding improvement plan has been adopted, the plan may be amended in a manner that increases plan liabilities only if the actuary certifies that the amendment is consistent with the funding improvement plan and the increase is funded by contributions not required by the funding improvement plan to meet the goals of the funding improvement plan.

Further Review

The PPA requires that the plan's funding status be reviewed and certified by the actuary each year. Therefore, notices like this one will be sent each year the plan is in "endangered" or "critical" status. There are several variables beyond the control of the Trustees that our advisors are monitoring, including investment market volatility and changes in employment levels and the number of contributing employers. Those factors could affect the plan's funding status and the Trustee's recommendations for improving the plan's financial health in the future.

Future Experience and Possible Adjustments

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the plan were to suffer asset returns below the expected rate, a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Where to Get More Information

We understand that legally required notices like this one can create anxiety and concern about the plan's future. The Trustees remain confident that, with appropriate adjustments, the plan will continue to provide our participants and their families with secure retirement benefits.

For more information about this Notice, you may contact the chairman of the Board of Trustees of the Plan, Mark Mangione, at West Michigan Plumbers, Fitters and Service Trades Local Union No. 174, 1008 O'Malley Dr., Coopersville, MI 49404 (616)837-0222. You also have a right to request a copy of the funding improvement plan from the Trustees.

Sincerely,
The Board of Trustees
West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan

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