Automotive Machinists Pension Trust

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Administered by
Welfare & Pension Administration Service, Inc.

April 22, 2016

To: All Participating Employers and Unions
Automotive Machinists Pension Trust

Re: 2015 Update to the Rehabilitation Plan

The enclosed notice describes the annual update to the Rehabilitation Plan for the Automotive Machinists Pension Trust for the 2015 Plan Year. No action is required – this letter explains the most recent changes to the Rehabilitation Plan.

In summary, the Rehabilitation Plan was updated to reflect the Trustees view that they have taken "all reasonable measures." Accordingly, no additional contribution increases (beyond those already communicated) will be made as part of the Rehabilitation Plan. Consequently, the Plan's long-term investment returns and existing contribution increases will either be adequate to return the Plan to a fully funded position, or the Trustees will take such additional action(s) as may be necessary to forestall insolvency. Future investment returns will primarily determine whether the Plan is able to return to financial health.

Background Information

The Pension Protection Act of 2006 ("PPA") requires an annual actuarial certification of the Plan's funded status. The Plan was certified as being in critical status beginning in 2009. Accordingly, the Trustees developed and annually monitor a Rehabilitation Plan. The Rehabilitation Plan sets forth the benefit changes and contribution rates that (when combined with anticipated investment returns) are projected to restore the financial health of the Plan.

Since the original Rehabilitation Plan was developed in 2009, subsequent updates in 2010 and 2012 have required additional contribution increases. These changes were required because contributory hours worked and interim investment returns were below the initial projections used to develop the Rehabilitation Plan. Accordingly, the current Rehabilitation Plan requires a schedule of contribution rate increases – four annual increases of 25% up to 100%, following by subsequent increases of 12.5% until a 162.5% contribution rate increase is achieved.

During 2015, the Plan was again certified as not making "scheduled progress" on its Rehabilitation Plan. Accordingly, the Board of Trustees reviewed the potential additional contribution rate increases that would enable the Plan to emerge from critical status by the end of the Rehabilitation Plan period (December 31, 2021). They also reviewed investment performance from 2014 and interim performance for 2015. The Trustees also seriously considered the increasing frustration with the contribution rate increases, and the feedback from many bargaining units that the Rehabilitation Plan contribution rate increases were getting increasingly more difficult to absorb.

"All Reasonable Measures" Rehabilitation Plan

After serious consideration of the various factors set forth in the Pension Protection Act for monitoring a Rehabilitation Plan, the Trustees concluded that they have taken "all reasonable measures" with respect to the Rehabilitation Plan. All "adjustable benefits" have been reduced, and the active participants are seemingly unable to fund additional contribution increases.

By formally designating the Rehabilitation Plan as reflecting "all reasonable measures", no further contribution increases (beyond those communicated previously) are contemplated. Additionally, certifying to regulators that the Trustees have taken "all reasonable measures" means that participating employers will not be subjected to penalties from the IRS that would accompany recurring certifications that the Plan is not making "scheduled progress" on its Rehabilitation Plan.

Next Steps / Future Considerations

Adopting an "all reasonable measures" Rehabilitation Plan does not guarantee future insolvency. Similarly, prior versions of the Rehabilitation Plan did not guarantee that the Plan would return to a fully funded position. There are a wide range of factors – industry hours, collection of withdrawal liability, and future market returns – that will influence the financial future of the Plan.

Actuarial projections and investment market forecasts help the Trustees evaluate the Plan's funded position, but actual results will determine the future of the Plan. Favorable investment returns will be the biggest factor in determining the Plan's future financial health, but on-going Rehab Plan contributions continue to have a meaningful impact on the Plan's funded status, and allow the portfolio additional time to compound favorable investment returns. The Trustees and their professional advisors continue to prudently invest the assets of the Plan in an attempt to maximize potential returns, while maintaining suitable levels of risk / volatility.

The Trustees will continue to monitor the situation and update the Rehabilitation Plan annually as required under the Pension Protection Act.

Board of Trustees
Automotive Machinists Pension Trust

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April 22, 2016

To: All Participating Employers and Unions
Automotive Machinists Pension Trust

Re: Notice of Updated Rehabilitation Plan

This notice is to inform you that the Board of Trustees of the Automotive Machinists Pension Trust ("Trust") has reviewed the Trust's Rehabilitation Plan for the 2015 Plan Year in accordance with the provisions of the Pension Protection Act of 2006 ("PPA"). The update to the Rehabilitation Plan is the Trustees conclusion that they have taken "all reasonable measures." Accordingly, there are no other changes to the Rehabilitation Plan at this time.

On March 27, 2015, the plan actuary certified to the US Department of the Treasury, and also to the plan sponsor, that the Plan is in critical status for the plan year beginning January 1, 2015. The Trust is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan was in critical status in 2014 and the Plan is projected to have an accumulated funding deficiency for the 2022 plan year. Additionally, the Plan was certified as not making scheduled progress towards the goal of emerging from critical status by the end of the Rehabilitation Period (December 31, 2021).

In the intervening months, the Trustees have deliberated on what additional measures, if any, could be taken that would reasonably project the Plan to emerge by the end of 2021. Concurrently, the investment markets have been volatile, and have generally produced unfavorable returns for 2015. This combined with the increased strain that continued contribution increases would cause participants and employers have led the trustees to declare that all reasonable measures have been taken that might allow the plan to someday emerge from critical status.

The Trustees will continue to monitor the situation and update the Rehabilitation Plan annually, as needed, in accordance with the PPA.

Board of Trustees
Automotive Machinists Pension Trust

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2015 Rehabilitation Plan

Schedule A

The trustees have determined that they cannot reasonably require the additional contribution increases that would be needed to enable the plan to emerge from critical status, based on reasonable assumptions for future plan experience. Accordingly, the rehabilitation plan is now considered an "all reasonable measures" rehabilitation plan that is intended to forestall possible insolvency.

In making this determination, the trustees acknowledge that benefit levels have already been reduced to the greatest extent allowable by law, and that the only remaining corrective measure would be additional contributions. The trustees believe the current contribution schedule is already as high as the industry can bear, and that additional increases would almost certainly lead to the withdrawal of many employers, or otherwise cause undue hardship for the plan, its participants, and participating employers.

Other than the above, there are no changes to the rehabilitation plan. The chart below with the contribution schedule and benefit changes are repeated here for completeness.

	Schedule A	**Effective Date**
Scheduled increase in contributions above latest negotiated rate (prior to critical status)	Year 1: 25% Year 2: 50% Year 3: 75% Year 4: 100% Year 5: 112.5% Year 6: 125.0% Year 7: 137.5% Year 8: 150.0% Year 9: 162.5%	Immediately upon renegotiation of collective bargaining agreement (begins from most recent contribution level if prior rehabilitation plan was adopted)
Accrual rate on future contributions	1%	July 1, 2009
Early retirement subsidies	Eliminated on all benefits	July 1, 2009
Disability retirement subsidies	Eliminated for all participants with disability applications submitted on/after effective date and take disability retirement per the application	May 1, 2009
Pre-retirement death (return of contributions)	Eliminated	July 1, 2009

Automotive Machinists Pension Trust

2015 Rehabilitation Plan

Default Schedule

The Multiemployer Pension Reform Act of 2014 enacted certain changes to the rules governing the imposition of the rehabilitation plan in situations where bargaining parties cannot agree. To the extent a bargaining unit has already adopted Schedule A of the Rehabilitation Plan, Schedule A will be the default schedule. As all participating contracts have adopted Schedule A, the default schedule is no longer applicable.

	Default Schedule	**Effective Date**
Increase in contributions above latest negotiated rate	Increase of 208%	Immediately upon renegotiation of collective bargaining agreement
Accrual rate on future contributions	1%	July 1, 2009
Early retirement subsidies	Eliminated on all future benefit accruals. Subsidies are still applied to accrued benefit as of July 1, 2009.	July 1, 2009
Disability retirement subsidies	Eliminated for all participants with disability applications submitted on/after effective date and take disability retirement per the application	May 1, 2009
Pre-retirement death (return of contributions)	Eliminated	July 1, 2009
Post-retirement death life annuity (return of contributions)	Eliminated (future benefits only)	July 1, 2009

As required under the PPA, should bargaining parties be unable to agree on a contribution and benefit schedule consistent with Schedule A, the Trustees will implement for all participants covered by the bargaining parties' collective bargaining agreement the above Default Schedule of increased contributions and reduced benefits on the date that is 180 days after the date on which the collective bargaining agreement expires.