

Funding Policy for the 32BJ North Pension Fund

WHEREAS, on March 31, 2020, the actuary for the 32BJ North Pension Fund (“Fund”) certified to the Department of Treasury and to the Fund’s Board of Trustees that the Fund has emerged from critical status (“Emergence”) and is now in the “green zone” under the Pension Protection Act of 2006 (“PPA”); and

WHEREAS, as a result of the Emergence, federal law provides that the Fund is no longer subject to the terms of its Rehabilitation Plan for as long as the Fund remains in the “green zone;” and

WHEREAS, Section 402(b)(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) requires that every employee benefit plan provide a procedure for establishing and carrying out a funding policy and method consistent with the objectives of the Plan and the requirements of Title I; and

WHEREAS, the Fund’s Board of Trustees has determined that, pursuant to Section 402(b)(1) of ERISA, it would be prudent and in the best interest of the participants and beneficiaries of the Fund to maintain consistency among the collective bargaining parties that negotiated collective bargaining agreements while the Fund was in critical status (and thus they were subject to the Fund’s Rehabilitation Plan) and the collective bargaining parties that negotiate collective bargaining agreements after the Emergence (and thus they are not subject to the Fund’s Rehabilitation Plan), and also to communicate to the collective bargaining parties the level of contributions required to appropriately fund the benefits provided by the Fund.

NOW THEREFORE, the following Funding Policy has been adopted by the Fund’s Board of Trustees effective April 2, 2020.

1. Any collective bargaining agreement or other written agreement (“Agreement”) providing for contributions to the Fund that is adopted after the effective date of this Funding Policy, must require the following schedule of contributions:
 - i. Beginning on the effective date of the first Agreement adopted after April 2, 2020, the contribution rate will increase by 7% over the rate in effect upon the expiration of the prior Agreement.
 - ii. Effective April 1, 2021 or on such earlier date agreed to by the bargaining parties, the contribution rate will increase by 7% over the rate in effect on December 31, 2020.
 - iii. Effective April 1, 2022 or on such earlier date agreed to by the bargaining parties, the contribution rate will increase by 7% over the rate in effect on December 31, 2021.
2. In the case of a contribution rate being changed from a monthly contribution rate to an hourly rate, or vice versa, a month shall be considered to consist of 173.33 hours.

3. Any Agreement that does not comply with the requirements of this Funding Policy (“Non-Compliant Agreement”) will be rejected by the Fund, that group will no longer participate in the Fund, and any employer that is party to the Agreement will be terminated as a participating employer as of the effective date of the Non-Compliant Agreement.
4. Upon the expiration of a collective bargaining agreement, the collective bargaining parties shall be required to increase the contributions by 7% effective on the expiration date of the collective bargaining agreement, while the collective bargaining parties negotiate a successor agreement. If the collective bargaining parties fail to agree to a collective bargaining agreement consistent with this Funding Policy within nine (9) months of the date the prior collective bargaining agreement expired, that group will no longer participate in the Fund, and the employer’s participation in the Fund will terminate on the last day of the ninth month after the collective bargaining agreement expired.
5. The Trustees, in their sole and absolute discretion, may modify the application of any provision of this Funding Policy, on a case by case basis, if they determine that doing so is in the best interest of the participants and beneficiaries of the Fund.



Union Trustee



Association Trustee



Union Trustee



Association Trustee

20820370v2