NOTICE OF A PROPOSED REDUCTION OF YOUR PENSION BENEFIT

On December 30, 2019, the Board of Trustees of the American Federation of Musicians and Employers' Pension Fund ("AFM-EPF" or the "Plan") submitted an application to the U.S. Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction is allowed by the Federal law called the Multiemployer Pension Reform Act of 2014 ("MPRA").

You are getting this notice because you have a pension benefit under the Plan. **The enclosed personalized estimate describes the proposed reduction of your monthly benefit.**[1] This notice will also answer the following questions for you–

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What is the proposed reduction in benefits?
5. What comes next?

1. Why is the Board of Trustees proposing to reduce benefits?

The Plan's actuary estimated that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the plan year April 1, 2037 - March 31, 2038. This estimate is based on how much money the actuary expects the Plan to receive and to pay out each year. The Plan's actuary estimated that, with the reduction of benefits that the Board of Trustees has proposed, the Plan should not run out of money.

2. What will happen if the Plan runs out of money?

If the Plan does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation ("PBGC") will be paid. You can find the amount of your benefit that is guaranteed by the PBGC on the enclosed personalized benefit estimate, "How Your Monthly Payments Would Be Affected."

Note: Absent a change in the law, the PBGC currently projects its multiemployer program will become insolvent by the end of its 2025 fiscal year. If the PBGC were to become insolvent, it would not be able to pay the guaranteed benefit. In that case, your benefit could be much less than even the current PBGC guaranteed amount.

3. How did the Board of Trustees decide whose benefits to reduce and by how much?

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction—

- The total reduction in everybody's benefits must be estimated to be large enough to keep the Plan from running out of money but not larger than needed to do that.
- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by the PBGC.
- Disability benefits (as defined under the Plan) cannot be reduced.
- The benefits of people who are at least 80 years old on January 31, 2021 and their beneficiaries cannot be reduced.
- The benefits of people who are at least 75 years old on January 31, 2021 and their beneficiaries are partially protected, and the closer the person is to age 80 the less the benefits can be reduced.
- The reduction of benefits must be spread fairly among the people who have a pension benefit under the Plan.

[1] A version of this notice that does not include the estimate of the effect on your benefit is being sent to unions that represent Plan participants and to all contributing employers.

In deciding whether the proposed reduction is spread fairly, the Board of Trustees took into account the following:

- Extent to which participant or beneficiary is receiving a subsidized benefit (any benefit that costs the Plan more to provide than an age-65 regular pension benefit)
- History of benefit increases and reductions
- Differences in historical benefit levels among active participants and retirees
- Extent to which active participants are reasonably likely to withdraw support for the Plan, accelerating withdrawals from the Plan and increasing the risk of additional benefit reductions for participants in and out of pay status
- Length of time in pay status
- Type of benefit
- Amount of benefit
- Limiting hardship
- Ease of communication and understanding.

4. What is the proposed reduction in benefits?

The Board of Trustees proposes the following reduction of benefits to take effect January 1, 2021. The various parts of the reduction are listed below by affected group. Please keep in mind that you may be affected by more than one of these changes.

Participants who began receiving subsidized early retirement benefits before June 1, 2010

The multipliers used to calculate pre-65 benefits for contributions earned through December 31, 2003 (which is Benefit Period A in the charts below) were subsidized.

Pre-January 1, 2004: Those whose Initial Pension Effective Date was earlier than 2004 and were under age 65 received this subsidy on the full amount of their benefit.

Pre-June 1, 2010: For those whose Initial Pension Effective Date was January 1, 2004 through May 1, 2010, the subsidized pre-65 multipliers applied only to the portion of their contributions earned through December 31, 2003.

June 1, 2010 and later: For Pension Effective Dates on or after June 1, 2010, the multipliers used to calculate pre-65 benefits have not included any subsidy no matter when the contributions were earned.

Participants whose Initial Pension Effective Date for an early retirement pension began on or after June 1, 2010 will not be subject to an adjustment in the subsidy since it was already removed.

As part of this benefit reduction, participants whose Initial Pension Effective Date for an early retirement pension was before June 1, 2010, will have the subsidy removed. This means that benefits for contributions earned through December 31, 2003 will be recalculated using multipliers that produce a benefit that is actuarially equivalent to the Regular Pension Benefit that would have been payable at the Plan's Normal Retirement Age of 65.

What is an early retirement subsidy?

For a benefit paid before age 65 to be "actuarially equivalent" in value to the benefit that would be payable at age 65, it needs to be reduced to account for the fact that the benefit will be paid earlier and likely for a longer period of time. An actuarially equivalent benefit is one that reduces the age 65 benefit by enough to make the pre-65 benefit and the normal retirement age 65 benefit actuarially equal in value.

When a pre-65 benefit is not reduced enough to make it actuarially equivalent, it is considered a subsidized early retirement benefit.

These unsubsidized (actuarially equivalent) multipliers will be further reduced by the flat 15.5% as described in the next section. The chart below shows for Benefit Period A the current subsidized multiplier at each age, the current multiplier after the subsidy is removed and then the unsubsidized multiplier with the flat 15.5% reduction described below.

	Removal of Early Retirement Subsidy		
	Benefit Period A: Through 12/31/2003		
Age	Subsidized	Unsubsidized	Unsubsidized, After Flat 15.5% Reduction
65	$4.65	$4.65	$3.93
64	$4.46	$4.16	$3.52
63	$4.28	$3.75	$3.17
62	$4.09	$3.36	$2.84
61	$3.91	$3.04	$2.57
60	$3.72	$2.75	$2.32
59	$3.44	$2.48	$2.10
58	$3.16	$2.26	$1.91
57	$2.88	$2.05	$1.73
56	$2.60	$1.86	$1.57
55	$2.33	$1.70	$1.44

All participants who earned contributions before January 1, 2010

The proposed reduction includes an across-the-board 15.5% reduction of the multipliers used to calculate benefits for contributions earned before January 1, 2010 (when the age-65 multiplier was higher than $1.00). There is no change to the multipliers for contributions earned on or after January 1, 2010 – the $1.00 multiplier is not being reduced.

The following chart shows a "before" and "after" column for each benefit period. The "before" column shows the current multipliers at each retirement age. The "after" column shows the multiplier at each retirement age under the Trustees' proposed reductions. The numbers in both the "before" and "after" columns already reflect the elimination of any early retirement subsidy (as described above).

	Benefit Period									
	A: Through 12/31/2003		B: 1/1/2004 – 3/31/2007		C: 4/1/2007 – 4/30/2009		D: 5/1/2009 – 12/31/2009		E: 1/1/2010 and After	
Age	Before	After	Before	After	Before	After	Before	After	No Change	
65	$4.65	$3.93	$3.50	$2.96	$3.25	$2.75	$2.00	$1.69	$1.00	$1.00
64	$4.16	$3.52	$3.13	$2.64	$2.91	$2.46	$1.79	$1.51	$0.90	$0.90
63	$3.75	$3.17	$2.82	$2.38	$2.62	$2.21	$1.61	$1.36	$0.80	$0.80
62	$3.36	$2.84	$2.53	$2.14	$2.35	$1.99	$1.45	$1.23	$0.72	$0.72
61	$3.04	$2.57	$2.29	$1.94	$2.13	$1.80	$1.31	$1.11	$0.65	$0.65
60	$2.75	$2.32	$2.07	$1.75	$1.92	$1.62	$1.18	$1.00	$0.59	$0.59
59	$2.48	$2.10	$1.87	$1.58	$1.74	$1.47	$1.07	$0.90	$0.53	$0.53
58	$2.26	$1.91	$1.70	$1.44	$1.58	$1.34	$0.97	$0.82	$0.49	$0.49
57	$2.05	$1.73	$1.54	$1.30	$1.43	$1.21	$0.88	$0.74	$0.44	$0.44
56	$1.86	$1.57	$1.40	$1.18	$1.30	$1.10	$0.80	$0.68	$0.40	$0.40
55	$1.70	$1.44	$1.28	$1.08	$1.19	$1.01	$0.73	$0.62	$0.37	$0.37

Monthly benefits for those already receiving their pension will be recalculated using the new multipliers for the retiree's age as of the date they began receiving their benefit (their Pension Effective Date) and the form of payment they chose at that time.

Keep in mind, participants who have only earned contributions in the Plan on and after January 1, 2010 are not affected by this part of the benefit reduction. For participants who earned contributions both before and after January 1, 2010, only the portion of the benefit earned during Benefit Periods A through D is subject to the 15.5% reduction in the multipliers.

Participants who have earned, or may in the future earn, Re-retirement Benefits

Those who began their pension benefit before age 65 but then earn contributions before reaching age 65 earn "Re-retirement Benefits." Upon reaching 65, a "Re-retirement Benefit" (based on contributions earned between the initial Pension Effective Date and age 65) is added to the Regular Pension Benefit.

Under the current rules, the amount of the Re-retirement Benefit is the amount of the total benefit using the age-65 benefit multiplier for all benefit periods, reduced by the value of benefits received expressed as a monthly benefit, and then reduced by the initial benefit.

Under the proposed reduction, your Re-retirement Benefit will be recalculated using a revised formula consistent with the way Regular Retirement Benefits are calculated:

- Each $100 of benefit contributions is multiplied by the age-65 benefit multipliers for the benefit period in which the contributions were earned (the multipliers used will be those that have been reduced by 15.5%, with the exception of the $1.00 multiplier).
- The recalculated Re-retirement Benefit will then be adjusted for your elected form of payment.

In any event, the recalculated Re-retirement Benefit will not increase your current in-pay Re-retirement Benefit.

This new method of calculating Re-retirement Benefits applies to participants who are already receiving a Re-retirement Benefit, as well as to all Re-retirement Benefits payable in the future.

Participants who have earned, or may in the future earn, Re-determination Benefits

Those who began their pension benefit but also earn contributions after the later of age 65 or the Pension Effective Date earn "Re-determination Benefits."

Under the current rule, the Re-determination portion of the benefit is based on contributions received in the prior calendar year, reduced by the value of the Re-determination Benefit received in the previous year.

Under the proposed reduction, Re-determination Benefits will be offset by the total amount of all benefits that the individual has already received from the Plan, including both Regular Pension Benefits and Re-retirement Benefits. This offset applies to participants who are already receiving a Re-determination Benefit, as well as to all Re-determination Benefits payable in the future.

Participants with benefits limited by the $195,000 annual benefit maximum

The Plan limits the annual age-65 benefit to $195,000. Currently, this maximum is not reduced to account for benefits taken in a joint and survivor form of payment. Moreover, it is not fully actuarially reduced to account for early retirement (because the reduction currently begins at age 62, rather than age 65). Under the proposed reduction, these benefits will be fully actuarially reduced for any Pension Effective Date before age 65 to be actuarially equivalent to the age-65 benefit and reduced for joint and survivor forms of payment. The $195,000 annual benefit limit will continue to be applied on an employer-by-employer basis for benefits earned through December 31, 2007.

Participants who began or will begin receiving benefits later than age 65

For a benefit paid starting after age 65 to be equivalent in value to the normal retirement benefit that would be payable at age 65, the monthly benefit for a late retirement needs to be increased to reflect the fact that it will be paid later and for a shorter period of time.

The Plan's current method of calculating benefits earned after normal retirement age is performed annually. Each year, the Plan determines the benefit increase based on the greater of the benefit earned or the actuarial increase to the benefit at the start of the year. For example, the benefit at age 66 is the greater of the age 65 benefit actuarially increased to the age-66 benefit, or the benefit using all contributions through age 66. Similarly, the benefit at age 67 is the greater of the age-66 benefit actuarially increased benefit to age 67 or the benefit using all contributions through age 67.

Under the proposed reduction, benefits that had or will have an Initial Pension Effective Date later than age 65 will be recalculated. You will receive the **greater** of:

- Your benefit calculated using your total contributions as of your Pension Effective Date, or
- Your benefit calculated using your contributions to age 65, with an actuarial increase to your Pension Effective Date.

Participants with a pre-merger AFM-EPF Staff Plan benefit

In 1999, the American Federation of Musicians and Employers' Pension Plan Staff Plan ("Staff Plan") merged with the Plan. Before the merger, the Staff Plan had its own formula for calculating benefits, which was different from the Plan's formula. At the date of the merger, the pre-merger benefits were increased by 7% for participants who were actively working at the time of the merger to align with the multiplier increase that participants in the Plan had received. The 7% increase in pre-merger benefits will be eliminated in the proposed reduction. Benefits earned by these participants based on contributions to the Plan will be reduced the same as the benefits earned by all other Plan participants.

Participants with a pre-merger AFM Retirement Plan benefit

On April 1, 2000, the American Federation of Musicians Retirement Plan ("AFM RT Plan") merged with the Plan. Before the merger, the AFM RT Plan had its own formula for calculating benefits, which was different from the Plan's formula. Participants receiving pre-merger benefits have had an annual cost of living increase on the portion of their benefit earned as of March 31, 2000. Going forward, there will be no cost of living increases as long as the individual's benefit is greater than 110% of their PBGC-guaranteed benefit amount. Benefits earned by these participants after March 31, 2000 based on contributions to the Plan will be reduced the same as the benefits earned by all other Plan participants.

Participants with a Retirement Account Benefit (pre-1968 contributions)

Participants with qualified contributions earned before 1968 earned a Retirement Account Benefit ("RAB"). That benefit could be paid in the same manner as a Regular Pension Benefit. Prior to June 1, 2010 the participant could instead elect to receive the RAB portion of their benefit as a lump sum. For those who elected to receive the RAB portion of their benefit as a lump sum, the proposed reduction will be calculated based on the participant's entire benefit (the RAB lump sum already paid, plus the portion paid as a monthly benefit). This is to ensure that all participants' benefits are treated the same way, whether or not they took a lump sum.

Participants whose reduction is limited by 40% maximum

Under the proposed reduction, the Trustees have limited the amount of any one person's total benefit reduction on January 1, 2021 to a maximum of 40% before taking into consideration the MPRA limits.

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The proposed reduction is expected to be permanent.

This benefit reduction is expected to stabilize the Plan and keep it from running out of money. This expectation is based on a number of assumptions; if future experience differs significantly from these assumptions, the results may differ from current expectations.

5. What comes next?

Approval or denial of the application by the Treasury Department

The Treasury Department will review the application to see whether it meets all of the legal requirements under Federal law. If the application meets all of those requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until August 11, 2020 to make a decision.

You can get information from the Treasury Department

More information about the proposed benefit reduction and a copy of the application will be available at www.treasury.gov/mpra.

The application will be available on that website within 30 days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details about: 1) the Plan actuary's certification that the Plan will run out of money (that is, that the Plan is in "critical and declining status"); 2) how the proposed reduction would satisfy the requirement that it be large enough so that the Plan is estimated not to run out of money, while not being larger than needed; and 3) the sensitivity of these estimates to the assumptions used.

The application describes the steps the Board of Trustees has already taken to keep the Plan from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the plan from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among the people who have a pension benefit under the plan.

The Treasury Department website will also provide updated information on the application, such as whether the application has been withdrawn.

For further information and assistance, you can also write to the Treasury Department at the following address:

Department of the Treasury
Attn: MPRA Office, Room 1204
1500 Pennsylvania Avenue, NW
Washington, DC 20220

You can comment on the application to reduce benefits

You will be able to submit a comment on the application by going to www.treasury.gov/mpra. Comments may also be mailed to the Treasury Department, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

Retiree representative

If a plan has 10,000 or more participants, the Board of Trustees must select a retiree representative to advocate for the interests of retirees, beneficiaries, and deferred vested participants as part of this process. A plan is required to pay the reasonable expenses of the retiree representative.

On February 12, 2019*,* the Board of Trustees selected Brad Eggen to be the Retiree Representative. He is a retiree currently receiving benefits under the Plan and is not a member of the Board of Trustees. Participants and beneficiaries may contact Mr. Eggen at 833-361-6129 or at the following address:

AFM-EPF Retiree Representative
https://afmretireerep.org
Email: contact@afmretireerep.org
PO Box 2145
Minneapolis, MN 55402

Vote on the proposed benefit reduction

If the application for the proposed reduction of benefits is approved by the Treasury Department, then you will have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Plan vote to reject the reduction, the Treasury Department must allow the reduction of benefits to take effect. This means that not voting counts the same as a vote to approve the reduction.

Your right to see Plan documents

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefit. The Plan administrator must respond to your request for the following documents within 30 days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement, and other documents governing the Plan (such as collective bargaining agreements).
- The Plan's most recent summary plan description (SPD or plan brochure) and any summary of material modifications.
- The Plan's Form 5500 annual reports, including the accountant's report and audited financial statements, filed with the U.S. Department of Labor during the last six years.
- The annual funding notices furnished by the Plan during the last six years.
- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Plan within the last six years.
- The Plan's current rehabilitation plan, including contribution schedules, and, if the proposed benefit reduction goes into effect, annual plan-sponsor determinations that all reasonable measures to avoid running out of money continue to be taken and that the Plan would run out of money if there was no benefit reduction.
- Any quarterly, semi-annual, or annual financial reports prepared for the Plan by an investment manager, fiduciary, or other advisor and furnished to the Plan within the last six years.

The Plan administrator may charge you the cost per page to the Plan for the cheapest way of copying documents, but cannot charge more than 25 cents per page. The Plan's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at www.dol.gov/ebsa/5500main.html. Some of the documents also may be available for examination, without charge, at the Plan administrator's office, your worksite or union hall.

Your right to challenge incorrect calculations

If you think the Plan miscalculated the reduction to your benefit, then you have the right to submit a claim to the Plan to have the calculation corrected. The Plan's SPD tells you how to submit a claim. The SPD also describes your right to have a court review the Plan's final decision on your claim.

If you believe the information used to calculate the enclosed estimate is wrong, please contact the:

Benefits Service Center at 800-725-4478

Specially-trained representatives are available to answer your questions about the benefit reduction Monday – Friday, 8:00 a.m. – 8:00 p.m. ET.

For requests and information for other than MPRA benefit reductions, you can submit your question using the 'Contact Us' form at afm-epf.org.