

VI. Default Schedule

This is the Default Schedule of the Legacy Plan's Rehabilitation Plan. The Default Schedule applies to Participating Employers and Unions (the "Bargaining Parties") who have adopted it or to those Bargaining Parties who have failed to adopt the Preferred Schedule within 180 days following the expiration of the Bargaining Parties' collective bargaining agreement.

A. Contribution Rate Increases

The contribution rate increase adopted under the prior version of the Rehabilitation Plan continue under this updated Rehabilitation Plan. The Default Schedule requires an immediate one-time increase in employer contributions (except as may be adjusted by the Board pursuant to the PPA), per the terms of the original Rehabilitation Plan. For employers who are already contributing at contribution rates that reflect the Default Schedule contribution rate increase, no further contribution rate increases are required.

B. Benefit Changes

See Section IV above.

VII. Rehabilitation Plan Benchmarks

The Rehabilitation Plan must consist of a combination of benefit reductions and/or increases in employer contributions designed to emerge from critical status by January 1, 2023, or if the Board determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Legacy Plan cannot reasonably be expected to emerge from critical status by January 1, 2023, reasonable measures to emerge from critical status at a later time or to forestall possible insolvency.

The Board has determined that all reasonable measures have been taken because, effective January 1, 2015, future benefit accruals have been frozen in the Legacy Plan and contribution rate increases continue to be required, per the updated Schedules. It was deemed unreasonable to require contribution rate increases beyond those in the updated Schedules, because such contribution increases would cause a significant number of the participating employers to either withdraw from the Plan or become unable to continue in business, thus further undermining the Plan's funding. In addition, the increased employer contributions would result in lower negotiated wages for Participants and/or decreased employer contributions to other benefit plans covering the same Participants. In 2018, following the transfer of a portion of the Legacy Plan's assets and liabilities to the Legacy Plan of the UNITE HERE Retirement Fund, the Trustees updated the Preferred Schedule to include three additional contribution rate increases, as required by the PBGC. The Rehabilitation Plan benchmark is projecting solvency for a 20-year projection period.