

4. Year of Last Increase was increased by three in 2018
5. All rates are subject to change in the future, except during the term of a CBA

B. Contribution Rate Increases - Modified Preferred Schedule

Bargaining parties who chose the Modified Preferred Schedule opted to delay implementation of all the contribution rate increases until January 1, 2012 at the latest. All other terms of the Preferred Schedule apply to the Modified Preferred Schedule. The Modified Preferred Schedule requires annually compounded contribution rate increases as set forth in the charts below. The contribution rate increases required prior to 2015 are in the chart entitled "Original Modified Preferred Schedule Contribution Rate Increases - Prior to 2015" and the revised contribution rate increases, which went into effect in 2015 and were extended by three years in 2018, are in the chart entitled "Revised Modified Preferred Schedule Contribution Rate Increases - Effective 2015, Updated 2018." The revised contribution rate increases are smaller than the original increases and more contribution rate increases are required. The contribution rate increase is to be applied to an employer's existing contribution rate for existing collective bargaining agreements, based on the calendar year and quarter the Modified Preferred Schedule contribution rate increase originally went into effect. The first increase under the revised Modified Preferred Schedule occurred in 2015, on the anniversary of the first required contribution rate increase under the Modified Preferred Schedule.

For example, if the bargaining parties to ABC CBA adopted the Modified Preferred Schedule on July 1, 2010, but the employer delayed all contribution increases until January 1, 2011, under the original Modified Preferred Schedule, the employer would have been required to make 7.40% contribution rate increases each year on January 1, with the first increase effective for contributions received on or after January 1, 2011 and the last increase effective for contributions received on or after January 1, 2021, for a total of 11 contribution rate increases. As a result, the contribution rate for contributions received on or after January 1, 2021 would equal 219% of the contribution rate that had been in effect before the first required contribution rate increase took effect on January 1, 2011. Under the revised Modified Preferred Schedule, as updated in 2018, starting with contributions received on or after January 1, 2015, the contribution rate increase is 5.64% (as compared with 7.40% under the original Modified Preferred Schedule), and the last increase is effective for contributions received on or after January 1, 2025 (as compared with January 1, 2021 under the original Modified Preferred Schedule), for a total of 15 contribution rate increases. As a result, the contribution rate for contributions received on or after January 1, 2026 would equal 243% (as compared with 219% under the original Modified Preferred Schedule) of the contribution rate that had been in effect before the first required contribution rate increase took effect on January 1, 2011.

At the expiration of the ABC CBA, it is anticipated that the 5.64% annually compounded increase will continue for the term of the renewed ABC CBA (and any renewals thereafter until the last contribution rate increase on January 1, 2025). The Board, however, has the ability to change the contribution rate increase at the expiration of the ABC CBA, depending on the Legacy Plan's experience under the Rehabilitation Plan.