

Legacy Plan, effective January 1, 2015. Effective January 1, 2015, benefits accrue for active Participants of the Adjustable Plan.

## **V. Preferred Schedule**

**This is the Preferred Schedule for the Legacy Plan's updated Rehabilitation Plan. The Preferred Schedule will apply to participating Employers and Unions who have adopted it. The Preferred Schedule includes the option exercised by certain employers to adopt contribution rate increases under the Modified Preferred Schedule.**

### **A. Contribution Rate Increases - Preferred Schedule**

The 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 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 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 Preferred Schedule contribution rate increase originally went into effect. The first increase under the revised Preferred Schedule occurred in 2015, on the anniversary of the first required contribution rate increase under the Preferred Schedule.

For example, if the bargaining parties to XYZ CBA adopted the Preferred Schedule on September 1, 2010, under the original Preferred Schedule, the employer would have been required to make 6.50% contribution rate increases each year on September 1, with the first increase effective for contributions received on or after September 1, 2010 and the last increase effective for contributions received on or after September 1, 2021, for a total of 12 contribution rate increases. As a result, the contribution rate for contributions received on or after September 1, 2021 would equal 213% of the contribution rate that had been in effect before the first required contribution rate increase took effect on September 1, 2010. Under the revised Preferred Schedule, as updated in 2018, starting with contributions received on or after September 1, 2015, the contribution rate increase is 4.66% (as compared with 6.50% under the original Preferred Schedule), and the last increase is effective for contributions received on or after September 1, 2026 (as compared with September 1, 2021 under the original Preferred Schedule), for a total of 17 contribution rate increases. As a result, the contribution rate for contributions received on or after September 1, 2026 would equal 237% (as compared with 213% under the original Preferred Schedule) of the contribution rate that had been in effect before the first required contribution rate increase took effect on September 1, 2010.

At the expiration of the XYZ CBA, it is anticipated that the 4.66% annually compounded increase will continue for the term of the renewed XYZ CBA (and any renewals thereafter until the last contribution rate increase on September 1, 2026). The Board, however, has the ability to change the contribution rate increase at the expiration of the XYZ CBA, depending on the Legacy Plan's experience