

# *Iron Workers' Local No. 25 Fringe Benefit Funds*

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August 28, 2015

Dear Participant and Contributing Employer,

To keep you fully informed as to the status of the Iron Workers' Local No. 25 Pension Fund (Fund), and as required by law, we are enclosing two documents regarding the financial status of the Fund. Please review these documents carefully.

If you have any questions, please contact the Fund Office.

Respectfully,

The Board of Trustees

Enclosure

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## **Notice of Critical Status For Iron Workers Local 25 Pension Fund**

This is to inform you that on July 29, 2015, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning May 1, 2015. Federal law requires that you receive this notice.

### **Critical Status**

Under the PPA, the plan is considered to be in critical status because the plan was in critical status last year and the plan is projected to have an accumulated funding deficiency over the next eight plan years.

### **Rehabilitation Plan**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the sixth year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On October 1, 2009, you were notified that the plan reduced or eliminated adjustable benefits. On August 27, 2009, you were notified that as of August 28, 2009, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after August 28, 2009.

### **Adjustable Benefits**

The plan offers adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt, including:

- Post-retirement death benefits;
- Disability benefits not yet in pay status;
- Early retirement benefits or retirement-type subsidies; and
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA).

### **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

The surcharge does not apply once applicable collective bargaining agreements have been amended to incorporate terms consistent with the Rehabilitation Plan. As this has been done, the surcharge is not applicable to the 25 plan.

### **Where to Get More Information**

For more information about this Notice, you may contact Iron Workers Local No. 25 Fringe Benefit Funds, P.O. Box 8006, Novi, Michigan 48376-8006 (248-347-3100). You have a right to receive a copy of the rehabilitation plan from the plan.

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