

**I.B.E.W. LOCAL 688 PENSION PLAN**  
**2017 NOTICE OF CRITICAL STATUS**  
*September 2017*

On August 29, 2017, the actuary for the I.B.E.W. Local 688 Pension Plan (“Plan”) certified to the U.S. Department of the Treasury and the Plan Sponsor (“Board of Trustees”) that the Plan will be in critical status for the 2017 Plan Year. The 2017 Plan Year began on June 1, 2017 and will end on May 31, 2018. Federal law requires that you receive this Notice.

**Critical Status**

The I.B.E.W. Local 688 Pension Plan is in critical status because the Plan has funding or liquidity problems, or both. The 2017 Plan Year is the first year that the Plan will be certified as being in critical status. This is because, as of the Plan’s 2017 PPA certification date, the Plan was projected to have a funding deficiency for the 2020 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government’s minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

**Rehabilitation Plan**

Federal law requires that pension plans in critical status adopt a rehabilitation plan aimed at improving the plan’s funding status. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of “adjustable benefits”, and/or (3) increases in the hourly contribution rate. If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate Notice in the future identifying and explaining the effect of those reductions.

However, any reduction in adjustable benefits would not reduce the amount of your basic benefit payable at your Normal Retirement Age, which is generally age 62. In addition, any reduction in adjustable benefits would only apply to a participant or beneficiary whose benefit commencement date is on or after September 28, 2017.

It should be noted that federal pension law prohibits the Plan from paying any 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. In addition, participants who are not in pay status as of September 28, 2017 will no longer be provided the guarantee of 60 monthly payments at retirement. These prohibitions will take effect September 28, 2017 regardless of whether or not the rehabilitation adopted by the Trustees includes the reduction of any adjustable benefits.

**Adjustable Benefits**

The Plan offers the following adjustable benefits that could be reduced or eliminated as part of any rehabilitation plan adopted by the Board of Trustees:

- Early Retirement benefits or retirement-type subsidies;
- Disability benefits (if not yet in pay status);
- Death benefits;

- Qualified Pre-Retirement Survivor Annuity (QPSA); and
- Benefit payment options, other than a qualified joint and survivor annuity (“QJSA”).

If the Trustees of the Plan determine that any benefit reductions are necessary to improve the Plan’s funded status, you will receive a separate Notice in the future identifying the type of the reduction and the effect of those reductions.

### **Employer Surcharge**

Federal pension 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.

If a rehabilitation plan is not adopted by October 28, 2017, employers will be required to add 5% to their Pension Plan remittances for all hours worked beginning in November 2017. The 5% surcharge would also be required each month after November 2017 and increase to 10% for all hours worked beginning in June 2018. Please note that if the Board of Trustees adopts a rehabilitation plan and the rehabilitation plan is ratified by the bargaining parties by October 28, 2017, then the employer surcharge would not be applicable. The Plan’s contributing employers will be notified in a separate mailing if a surcharge is required.

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

For more information about this Notice, you can contact the I.B.E.W. Local 688 Pension Plan at BeneSys, Inc., 33 Fitch Boulevard, Austintown, Ohio 44515, or by calling 1-800-435-2388. For identification purposes, the official Plan number is 001 and the Plan Sponsor’s Employer Identification Number, or “EIN”, is 34-6700779.