

**Industry And Local 338  
Pension Fund**  
911 Ridgebrook Road  
Sparks, MD 21152-9451  
Telephone No. (855) 412-3797 (toll free)  
[www.associated-admin.com](http://www.associated-admin.com)

**September 28, 2017**

**Notice of Critical Status  
For  
Industry and Local 338 Pension Plan**

This is to inform you that on September 18, 2017 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, the Board of Trustees, that the Industry and Local 338 Plan (the "Plan") is in endangered status for the plan year beginning July 1, 2017. However, as permitted under the law, because the Plan is projected to be in critical status within the next five plan years, the Board of Trustees elected for the Plan to be in critical status for the current plan year. By doing so, the Board of Trustees may take certain actions that help improve the Plan's funded status that are not otherwise permitted. Federal law requires that you receive this notice.

**Critical Status**

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan was projected to be in critical status in one of the subsequent five years after July 1, 2017. In that subsequent year, the Plan's normal cost plus interest on the unfunded liability exceeds the present value of employer contributions; the present value of non-forfeitable benefits for inactive participants is greater than the present value of non-forfeitable benefits of active participants; and the Plan is expected to have a funding deficiency for the plan year or any of the four succeeding plan years.

**Rehabilitation Plan and Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The trustees of the Plan have determined that benefit reductions are necessary. A separate notice is enclosed 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 the date of this notice. But you should know that, effective as of the date of this notice, 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.

### **Adjustable Benefits**

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

- Post-retirement death benefits;
- 120-month payment guarantees;
- Disability benefits in excess of deferred, vested benefits (if not yet in pay status);
- Early retirement benefits or retirement-type subsidies;
- 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. Contributing employers can avoid the surcharge by adopting a collective bargaining agreement with contribution rates that comply with the terms of the rehabilitation plan.

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

For more information about this notice, you may contact:

Board of Trustees  
Industry and Local 338 Pension Fund  
911 Ridgebrook Road  
Sparks, MD 21152-9451  
(855) 412-3797

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 51-6126649.

You have a right to receive a copy of the rehabilitation plan. A copy of the rehabilitation plan is enclosed herewith.