

PLUMBERS, PIPE FITTERS & MECHANICAL EQUIPMENT SERVICE
LOCAL UNION NO. 392 PENSION PLAN
2019 NOTICE OF CRITICAL STATUS
September 2019

On August 26, 2019 the actuary for the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 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 2019 Plan Year. The 2019 Plan Year began on June 1, 2019 and will end on May 31, 2020. 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. The 2009 Plan Year was the first year that the Plan was certified as being in critical status. The Plan continues to be in critical status for the 2019 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

On October 1, 2009, the Board of Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties as required by the *Pension Protection Act of 2006* (PPA). The rehabilitation plan has been updated annually to reflect Plan experience. The Plan's actuary has certified that the Plan is making scheduled progress in meeting the requirements of its rehabilitation plan.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the Plan's funded percentage. 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. Federal law also prohibits plans in critical status from paying "restricted benefits", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a rehabilitation plan that includes changes to the Plan's Early Retirement and Disability Benefits, the Joint & Survivor Annuity options, the Qualified Pre-Retirement Survivor Annuity, Death Benefits, and the Suspension of Benefit Rules. It also includes the elimination of the Retirement Incentive Benefit (RIB) and, on and after September 25, 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. In addition, the Plan's rehabilitation plan calls for scheduled increases in the hourly contribution rate.

The rehabilitation plan will be reviewed annually with the Plan's actuary and other professionals, and it may be amended to include additional benefit reductions and/or contribution rate increases based upon such review. You can request a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrates any action taken by the Plan toward fiscal improvement by contacting the Plan administrator.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, the Plan offers the following "adjustable benefits" which could be reduced or eliminated:

- 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 Board of Trustees determines 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 your basic benefit payable at your normal retirement date. In addition, the reductions can only apply to participants and beneficiaries whose benefit commencement date is on or after September 25, 2009.

Where to Get More Information

For more information about this Notice, you can contact the Board of Trustees of the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan at 1228 Central Parkway, Room 100, Cincinnati, OH 45210, or by calling 513-241-0444. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number, or "EIN", is 31-0655223.