



**SHEET METAL WORKERS LOCAL
PENSION FUND
P.O. BOX 368
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**SHEET METAL WORKERS LOCAL PENSION PLAN
2020 NOTICE OF CRITICAL STATUS
*August 2020***

On July 29, 2020, the actuary for the Sheet Metal Workers Local Pension Plan (“Plan”) certified to the U.S. Department of the Treasury and the Plan Sponsor (“Board of Trustees”) that the Plan is in “critical status” for the 2020 Plan Year as defined by the *Multiemployer Pension Reform Act of 2014* (MPRA). The 2020 Plan Year began on May 1, 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. More specifically, the plan’s actuary determined that the plan was in critical and declining status in the prior plan year and is projected to have a funding deficiency within the following nine plan years.

Benefit Adjustments under the Existing Rehabilitation Plan

In an effort to improve the Plan’s funding situation, the Board of Trustees adopted a Rehabilitation Plan on July 1, 2009 and have updated the Rehabilitation Plan since the initial adoption. The latest update to the Rehabilitation Plan was adopted March 7, 2019. Since the Plan is not expected to emerge from critical status, the current Rehabilitation Plan includes the use of the “exhaustion of all reasonable measures” as allowed under the *Pension Protection Act of 2006* (PPA). This means that on an annual basis, the Board of Trustees will review updated projections based on reasonable actuarial assumptions to confirm that the Rehabilitation Plan is continuing to forestall insolvency and to determine if the Plan can expect to emerge from critical status at a later date. Scheduled progress will be determined based on the Plan continuing to forestall its insolvency.

The Plan Sponsor has taken the following legally permitted actions to forestall insolvency:

The Rehabilitation Plan includes changes in the Plan’s Early Retirement, Disability Retirement, Death Benefits, and Suspension of Benefit rules, freezing future accruals as well as scheduled increases in the hourly contribution rate. All adjustable benefits under the Plan as defined by IRC Section 432(e)(8) have been eliminated.

You can request a copy of the Plan’s Rehabilitation Plan, any updates to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

Benefit Suspension

Under the Multiemployer Pension Reform Act of 2014 (“MPRA”), a plan that is determined to be in critical and declining status may seek authorization to adopt reductions (which the law calls “suspensions”) to certain accrued benefits. The reductions sought by the plan are subject to specific requirements and limitations set out in MPRA, and may only be adopted if it is demonstrated that by doing so the plan can be projected to avoid insolvency. In order for the proposed reductions to be adopted, the plan sponsor must apply to the U.S. Department of Treasury (“Treasury”), in consultation with the U.S. Department of Labor and the Pension Benefit Guarantee Corporation, and the proposed reductions must be ratified by a vote of the plan’s participants and beneficiaries.

The Board of Trustees determined that benefit suspensions are necessary if the Plan is to avoid insolvency and submitted an application to Treasury to reduce accrued benefits under the Plan. The application was approved and the benefit suspensions became effective May 1, 2020.

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator at P.O. Box 368, Troy, MI 48098-0368, or by calling 866-599-3176. For identification purposes, the official Plan Number is 001 and the Plan Sponsor’s Employer Identification Number, or “EIN”, is 34-6666753.