

**Notice of Critical and Declining Status For  
San Diego Plasterers Pension Trust**

This is to inform you that on February 28, 2017 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the San Diego Plasterers Pension Trust is in critical and declining status for the plan year beginning December 1, 2016. Federal law requires that you receive this notice.

**2016 Plan Year Status**

The Plan is considered to be in Critical and Declining status, a new funding status category under the Multiemployer Pension Reform Act of 2014 ("MPRA"), because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency within the next four years and that it is projected to go insolvent within the next 15 Plan Years. Currently, the Plan is expected to become insolvent and require financial assistance from the PBGC by the year 2030.

**Rehabilitation Plan and Possibility of 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. You will receive a separate notice identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) 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 December 1, 2016. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of March 1, 2017, 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 may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years);

**Employer Surcharge**

As the Plan has no contributing employers, the employer surcharge is not applicable to the Plan.

## **Accrued Benefits**

Prior to MPRA, most adjustable benefits could not be reduced below the level of a participant's basic benefit at normal retirement, and the reductions could only apply to participants and beneficiaries whose benefit commencement date was on or after April 30, 2010. Any reduction of adjustable benefits, as allowed for under the current rehabilitation plan, has not reduced the level of a participant's basic benefit payable at normal retirement.

With the certification of the Plan as Critical and Declining status under MPRA, there are additional benefit adjustments that the Trustees must consider to improve the funding and liquidity problems facing the Plan. MPRA provides for pension plans to suspend accrued benefits payable at normal retirement for participants, including those in pay status (retirees). Specifically, the suspension of accrued benefits could include reduction of the normal retirement age benefit for active employees and terminated employees who have not started their pension as well as a reduction in the benefit currently payable to retirees and beneficiaries. Any suspension of accrued benefits may not reduce the level of a participant's benefit to less than 110% of the PBGC benefit guarantee level nor may it reduce benefits for any participant on a disability pension or who is over the age of 80 (and any benefit suspension is phased in from age 75 to 80).

If the Trustees determine that it is in the best interest of the Plan and its participants and beneficiaries to suspend accrued benefits, you will receive a separate notice in the future explaining the effect of those reductions on your pension benefit.

## **Where to Get More Information**

For more information about this notice, you may contact the Administrative Trust Funds Office if you have questions at (619) 280-2009. Normal business hours are Monday through Friday, 9:00 AM to 4:30 PM. Voicemail messages may be left at any time and calls will be returned by the end of the next business day. For identification purposes, the official plan number, "PN" is 001, the plan sponsor's name and employer identification number or "EIN" is The Board of Trustees of the San Diego Plasterers Pension Trust and 95-6067347.

cc: U.S. Pension Benefit Guaranty Corporation  
U.S. Department of Labor