LABORERS LOCAL NO. 265 PENSION PLAN
2017 NOTICE OF CRITICAL AND DECLINING STATUS
February 2018

On January 26, 2018 the actuary for the Laborers Local No. 265 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 and declining status" for the 2017 Plan Year as defined by the *Multiemployer Pension Reform Act of 2014* (MPRA). The 2017 Plan Year began on November 1, 2017 and will end on October 31, 2018. Federal law requires that you receive this Notice.

Critical and Declining Status

The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's Actuary has determined that the Plan's funded percentage is less than 65%. In addition, the Plan is projected to become insolvent and require financial assistance from the Pension Benefit Guaranty Corporation (PBGC) by the year 2029. Insolvent means that the Plan's available resources are not sufficient to pay benefits under the Plan during the Plan Year for which they are due.

Benefit Adjustments under the Existing Rehabilitation Plan

Prior to MPRA, federal law required pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. Rehabilitation plans permit pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan.

The Plan has been in critical status since 2009. The Board of Trustees has adopted a rehabilitation plan that was ratified by the bargaining parties that includes the scheduled increases in the hourly contribution rate and changes to the Plan's Early Retirement, Disability Retirement, and Death Benefits. It should also be noted that, on and after February 26, 2010, 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.

If the Board of Trustees determines that further benefit reductions under the Rehabilitation Plan are necessary, you will receive a separate Notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits, **other than the possible benefit suspensions discussed below**, will not reduce the level of a participant's basic benefit payable at normal retirement.

Possibility of Additional Benefit Adjustments ("Benefit Suspensions")

Under MPRA, federal law will allow the board of trustees of a multiemployer pension plan in critical and declining status to suspend benefits in order to avoid becoming insolvent. A suspension of benefits means a temporary or permanent reduction of any current or future payment obligation of the plan to any participant or beneficiary under the plan, including those retirees and beneficiaries receiving monthly benefits from the Plan at the time benefits are suspended. Reductions in a participant's basic benefit payable at normal retirement may occur if benefits are suspended under MPRA.

As discussed below, even though the Plan is in critical and declining status, it has not yet met all the conditions that would permit the Trustees to make additional benefit adjustments under MPRA. **Accordingly, the Plan is not implementing any additional benefit adjustments at this time. If the Board of Trustees determines that benefit suspensions are necessary, you will receive a separate Notice in the future identifying and explaining any such benefit suspensions.**

There are several rules and conditions that must be satisfied before a plan is permitted to suspend benefits. For example, no benefit suspension may be implemented unless each of the plan's participants and beneficiaries are first notified of any potential suspensions and receive an individualized estimate describing the effect the suspension, if implemented, will have on their benefit. In addition, an application for any possible benefit suspensions can be made to the Secretary of Treasury only after the Plan's Board of Trustees determines that the Plan is expected to become insolvent, and the Plan's actuary certifies that the Plan is projected to avoid insolvency if benefits are suspended. The Secretary of Treasury, in consultation with the PBGC and the Secretary of Labor, can approve, reject, or not provide comment on any benefit suspension applications that they receive. Plan participants would be able to submit comments to the Federal government regarding any possible benefit suspensions, and a participant vote would be required before any suspension of benefits may take effect.

There are limitations and restrictions on benefits that may be suspended. For example, 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. There are also limits to the amount that benefits can be suspended for participants or beneficiaries who have attained age 75 as of the effective date of any benefit suspension. Participants or beneficiaries who have attained age 80 as of the effective date of any benefit suspension or who are receiving benefits based on disability (as defined under the plan) may not have their benefits suspended.

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator, the Board of Trustees of the Laborers Local No. 265 Pension Plan, at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 31-6127282.