

HEAT AND FROST INSULATORS LOCAL No. 33

HEALTH FUND • PENSION FUND • ANNUITY FUND

RODNEY SNIPES
Fund Administrator

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ANNUAL NOTICE OF PLAN FUNDED STATUS

FOR

HEAT AND FROST INSULATORS LOCAL NO. 33 PENSION FUND

April 2021

To: All Participants, Beneficiaries, Participating Union and Contributing Employers

As you may know, the Pension Protection Act of 2006 (PPA), as amended by the Multiemployer Pension Reform Act of 2014 or “MPRA,” has added requirements for measuring the financial health of multiemployer pension plans such as ours.

Starting with the 2008 Plan year, the PPA requires that the Pension Fund’s actuary determine annually the Plan’s status under these rules and to certify that status to the IRS and the Pension Fund’s Board of Trustees (Plan sponsor). Based on the PPA as modified by MPRA, multiemployer plans in “endangered status” (generally funded percentage is less than 80 percent), “critical status” (generally funded percentage is less than 65 percent), or “critical and declining status” (in critical status and is projected to become insolvent, i.e., run out of money, within: (1) 15 years, or (2) 20 years if a special rule applies) must notify all plan participants, beneficiaries, unions, and contributing employers of the plan’s funding status, as well as have a plan to restore the plan’s financial health.

Yellow Zone Status

This letter will serve as the Notice that on March 31, 2021 our Pension Fund’s actuary determined and certified that the Plan is in “endangered” or yellow zone status for the 2021 Plan year (January 1, 2021 – December 31, 2021). This determination was made because as of January 1, 2021 the Plan’s funded percentage of 79.5%, based on the PPA’s funding measures, is less than 80% and the Plan is not and will not be in “critical” status for the Plan year.

Funding Improvement Plan

The PPA also requires that any pension fund in the yellow zone adopt a “Funding Improvement Plan” (FIP). The FIP is an action plan designed to significantly increase a Plan’s funding percentage and to avoid any accumulated funding deficiency. On June 13, 2017, effective March 23, 2017, the Board of Trustees adopted a FIP. You have a right to receive a copy of the FIP from the Plan by contacting the Plan Administrator.

Based on the current plan design and contribution levels, and the Plan meeting its actuarial assumptions including demographic characteristics and investment returns, the Plan’s actuaries have projected that the Plan will meet the required benchmarks within the timeframe specified in the FIP.

At this time, the Board of Trustees does not expect that any changes will be needed to meet the PPA’s requirement for a FIP. However, if necessary, the Board of Trustees will consider any changes needed to satisfy the funding requirements.

Please note that the PPA requires that our Plan’s funding status be reviewed and certified annually and notices like this one, explaining the outcome, will be sent each year until our Plan is no longer “endangered” or in the yellow zone. There are several variables beyond our control which our professional advisors will monitor yearly, including market volatility and changes in employment levels, which could affect the Plan’s status and the Board of Trustees’ corrective actions in the future.

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund’s future. The Board of Trustees remains confident that the Plan will continue to provide our participants and their families with secure retirement benefits.

In the event you have questions or would like additional information, you may contact:

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Sincerely,

The Board of Trustees

cc: US Department of Labor
US Pension Benefit Guaranty Corporation