

Notice of Critical Status For

Sheet Metal Workers Local 46 Pension Fund

This is to inform you that on September 28, 2020 the actuary for the Sheet Metal Workers Local 46 Pension Fund (the "Plan") certified to the U.S. Department of the Treasury, and also to the Board of Trustees of the Plan, that the Plan is projected to be in critical status in at least one of the five succeeding plan years. In accordance with applicable law, the Board of Trustees elected that the Plan enter into critical status effective for the current plan year, beginning July 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 is projected to have an accumulated funding deficiency by 2024 if no changes are made to the Plan, and the Board of Trustees elected that the Plan enter into critical status for the plan year beginning July 1, 2020.

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. If the Trustees of the Plan determine that 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 (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 October 21, 2020. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of October 21, 2020, 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 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);
- Other similar benefits, rights, or features under the Plan (i.e., 120-month and 180-month payment guarantees, certain pre-retirement death benefits, "pop-up" benefit)

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact the Benefits Coordinator, Mindy LaClair, at the Fund Office, 244 Paul Road, Rochester, New York 14624, Telephone Number (585) 458-0400. You have a right to receive a copy of the rehabilitation plan from the Plan.