

NOTICE OF CRITICAL AND DECLINING STATUS FOR BUILDING MATERIAL DRIVERS UNION LOCAL 436 PENSION FUND*

On March 30, 2020, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical and declining status for the plan year beginning January 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 is projected to become insolvent within 20 years.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the 10th year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On April 30, 2010, you were notified that the plan reduced or eliminated adjustable benefits. On April 27, 2009, you were notified that as of April 27, 2009 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 trustees of the plan determine that further 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) 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 April 27, 2009.

Adjustable Benefits

The plan has eliminated the following adjustable benefits:

- Sixty-month payment guarantees and
- Disability benefits (if not yet in pay status).

Critical and Declining Status

Also, as required by the recently enacted Multiemployer Pension Reform Act of 2014, for the plan year beginning January 1, 2019, the Plan was also certified as being in "critical and declining" status because it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 20 years. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

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 Gary Boncella by phone at (216) 328-0436 or by mail at 6051 Carey Drive Valley View, Ohio 44125. You have a right to receive a copy of the rehabilitation plan from the plan.

This Notice is dated April 29, 2020

* As required by law, this notice is being provided to all required parties, including the Pension Benefit Guarantee Corporation ("PBGC"), the U.S. Department of Labor, each Plan Participant and Beneficiary, the Union, and each Contributing Employer.