

# California Teachers Association Employees' Retirement Benefits Trust

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## **Notice of Critical Status** **California Teachers Association Employees' Retirement Benefits Plan** **EIN: 68-0427229** **Plan No: 001**

This is to inform you that the California Teachers Association Employees' Retirement Benefits Plan ("Plan") is in critical status for the Plan year beginning January 1, 2020. Federal law requires that you receive this notice.

### **Critical Status**

On March 2, 2020, the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor (the Board of Trustees), that the Plan is in critical status for the Plan year beginning on January 1, 2020. The actuary certified the Plan to be in critical status because over the next three Plan Years, the Plan is projected to have an accumulated funding deficiency beginning with the 2021 Plan Year.

### **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 Board of Trustees of the Plan determines 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 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 1, 2020. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 1, 2020, the Plan is not permitted to pay any payment in excess of the monthly amount paid under a single life annuity while it is in critical status. This means that, effective with benefits commencing on or after April 1, 2020, the Plan is not permitted to pay monthly benefits in the form of the Plan's Social Security Adjustment Option. Any participant receiving benefits under the Social Security Adjustment Option prior to April 1, 2020 will continue to receive benefits in that payment form.

### **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:

- Disability benefits (if not yet in pay status);

- Early retirement benefit or retirement-type subsidy; and
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA).

### **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 BeneSys at (833) 265-2277, or P.O. Box 154, San Ramon, CA 94583. You have a right to receive a copy of the rehabilitation plan from the Plan.