314-892-9688

TILE FINISHES LOCAL UNION #18

PENSION PLAN

2732 IRONDALE

ST. LOUIS, MO 63129

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EBSA/PUBLIC DISCLOSURE

2012 DEC -3 PM 2:30

Date: November 26, 2012

Notice of Critical Status
For
Tile Finishers Local 18 Pension Plan

This is to inform you that on October 26, 2012, the Plan Actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the Tile Finishers Local 18, St. Louis, Missouri Pension Plan ("Pension Plan") is in Critical Status for the Plan Year beginning August 1, 2012. Federal law requires that you receive this notice.

This Notice is being sent to all Participants, Beneficiaries and Alternative Payees of the Pension Plan, all Contributing Employers, the Tile & Marble Contractors Association St. Louis & Vicinity, B.A.C. Tile & Marble Setters & Finishers Local No. 18 ("Local 18"), the Pension Benefit Guaranty Corporation, and the United States Department of Labor.

Critical Status

The Pension Plan is considered to be in Critical Status because it has funding problems. More specifically, the Plan Actuary has determined that the Pension Plan does not have an accumulated funding deficiency in the 2012-2013 Plan Year but it is projected to have an accumulated funding deficiency within five (5) years, not taking into account any extension of amortization periods under 431(d) of the Internal Revenue Code. In addition, the Plan Actuary has reported that the Pension Plan's vested benefits for inactive Participants are greater than those of active Participants and that current Employer contributions are less than the Plan's Normal Cost (i.e., administrative expenses plus the cost of future pension benefits). Based on this information, the Plan Actuary has certified to the Board of Trustees and the Internal Revenue Service that the Pension Plan is in Critical Status for the 2012-2013 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 in Critical Status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. Thus, a Rehabilitation Plan may include: (1) the reduction or elimination of "adjustable benefits;" (2) the reduction or elimination of future benefit accruals; and/ or (3) increases in the hourly contribution rate.

The Board of Trustees is currently working with the Plan Actuary and other professionals to develop a Rehabilitation Plan. Once a Rehabilitation Plan is adopted by the Board of Trustees, it will be sent to the Contributing Employers and Local 18 for

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approval. If the Board of Trustees determines that benefit reductions, including but not limited to reductions in future benefit accrual rates and/or adjustable benefits, are necessary under a Rehabilitation Plan, you will receive a separate notice identifying and explaining the effect of those benefit reductions. Note that 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 November 26, 2012.

Whether or not the Board of Trustees reduces adjustable benefits in the future, effective as of November 26, 2012, by law 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 Pension Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Board of Trustees may adopt.

- ☑ Unreduced/ subsidized Early Retirement benefits not yet in pay status;
- ☑ 10-Year payment guarantees;
- ☑ Disability Benefits not yet in pay status;
- ☑ Benefit Payment Options other than a 50% Qualified Joint-and Survivor Annuity (QJSA); and
- ☑ Other similar benefits, rights, or features under the Plan, including the Plan's suspension of benefits rules.

Employer Surcharge

While the Pension Plan is in Critical Status, the law requires that all Contributing Employers pay to the Pension Plan a surcharge to help correct the Pension Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount a Contributing Employer is otherwise required to contribute to the Pension Plan under the applicable collective bargaining agreement or any other agreement requiring contributions to the Pension Plan. A 5% surcharge is applicable in the initial critical Plan Year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Pension Plan is in Critical Status. The 5% surcharge will be due for contributions earned starting January 1, 2013. The surcharge will cease to be effective for a Contributing Employer once the Contributing Employer and Local 18 enter into a collective bargaining agreement adopting a Rehabilitation Plan.

Where to Get More Information

For more information about this Notice, you may contact Bill Michael, Administrative Manager, 2732 Irondale, St. Louis, Missouri 63129, (314) 892-9688. You have a right to receive a copy of the rehabilitation plan from the Pension Plan once it has been developed.

cc United States Department of Labor
Employee Benefits Security Administration
Public Disclosure Room N-1513
200 Constitution Ave., NW
Washington, D.C. 20210

Pension Benefit Guaranty Corporation
Multiemployer Program Division
1200 K Street, NW, Suite 930
Washington, D.C. 20005

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