

LOCAL 357

PENSION & 401(K) PLANS

EIN # 38-6152409

**Notice of Critical Status
For
United Association of Journeymen Plumbers and Journeymen Steamfitters and Pipefitters
Local Union No. 357 Pension Plan**

This is to inform you that on July 1, 2016 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical status for the plan year beginning July 1, 2016. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical Status

The Plan is considered to be in critical status because it is projected to satisfy the following:

The Fund has a projected accumulated funding deficiency within the current or next 3 plan years.

The Plan's actuary determined that the Plan's funded percentage is 68.8% on July 1, 2016 with the first projected funding deficiency as June 30, 2018. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

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. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Pension Plan may adopt:

- 60-month and 120-month payment guarantees;
- Disability benefits;
- Early retirement benefits or subsidies;
- Post-retirement death benefits;
- Lump sum option form of payment

Certain benefits are being reduced pursuant to the rehabilitation plan, and you were mailed a notice of these reductions. If the Trustees of the Plan determine that the additional benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. But you should know that whether or not the Plan reduces adjustable benefits, effective as of July 1, 2016, the Plan is not permitted to pay any 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.

Future Experience and Possible Adjustments

The rehabilitation plan will be based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 7%, a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Employer Surcharge

The law requires that, beginning 30 days after this notice is issued, all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. However, the payment of surcharges ceases upon the adoption of a schedule from the "rehabilitation plan" approved by the plan's Trustees. It is the intent of the Trustees and bargaining parties that this action be accomplished before any such surcharges are due. 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

You have a right to receive a copy of the rehabilitation plan once it has been formally approved by the bargaining parties. To receive a copy, you may contact the Plan Administrator at 11847 Shaver Rd, Schoolcraft, MI 49087 or by telephone at (269) 679-3708.

Very truly yours,

Plumbers and Pipefitters Local 357 Pension Fund