Notice of Critical Status

For

Plumbers and Steamfitters Local 21 Zone II Pension Fund

April 28, 2017

To: All Participants, Beneficiaries, Contributing Employers, and Plumbers & Steamfitters Local 21

This is to inform you that on March 31, 2017 the plan actuary for the Plumbers and Steamfitters Local 21 Zone II Pension Fund certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan remains in critical status for the plan year beginning January 1, 2017, as anticipated. 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 within the next four plan years, the plan is projected to have an accumulated funding deficiency (for the 2018 Plan Year).

Also, as required by the Multiemployer Pension Reform Act of 2014, the Plan was certified as *not* being in critical and declining status.

Rehabilitation Plan and Possibility of Reduction in Benefits

As you may recall from last year's notice, federal law requires pension plans in critical status to adopt a "rehabilitation plan" aimed at restoring the financial health of the plan. On November 10, 2014, the Board of Trustees of this Pension Plan adopted a rehabilitation plan that included two schedules, a Preferred Schedule and Default Schedule, of contribution increases and reductions in benefits to be implemented as collective bargaining agreements expire.

As you were notified this time last year, the law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan, based on the outcome of collective bargaining. The schedules adopted by the Trustees as part of the rehabilitation plan eliminated or reduced a number of such adjustable benefits for participants not yet in pay status. Among the benefit changes included in the rehabilitation plan are the elimination of the subsidy for late retirement, elimination of early retirement benefits prior to age 55, reduction of early retirement subsidies, changes to the normal retirement age, and elimination of certain accelerated distributions such as lump sums and Social Security level income payment options.

Depending on what happens with the Pension Plan's investments, the timing of participants' retirements, the amount of covered work and other financial and demographic factors, the rehabilitation plan may need to be revised from time to time.

If the Trustees of the plan determine that any additional 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 age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2014.

Adjustable Benefits

The plan continues to offer the following adjustable benefits, which may still be reduced or eliminated as part of any update to the rehabilitation plan the Pension Plan may adopt:

Post-retirement death benefits;

Disability benefits (if not yet in pay status);

Early retirement benefit or retirement-type subsidy, including:

- Unreduced Normal Pension Benefit at age 62
- Subsidy in the Early Pension Benefit

Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

Other similar benefits, rights, or features under the plan

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.

Multiemployer Pension Reform Act of 2014

Under the Multiemployer Pension Reform Act of 2014 (MPRA), a plan that has been determined to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is projected to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is not in critical and declining status for the 2016 plan year, the plan sponsor is not eligible to apply for either benefit suspension or partition.

Where to Get More Information

For more information about this Notice, you may contact the Fund Administrator, George Wallace, at (914) 737-7220, 1024 McKinley St, Peekskill, NY 10566-5604. You have a right to receive a copy of the rehabilitation plan from the plan.