Notice of Critical and Declining Status For

Communications Workers Local 1109 Pension Plan
Plan No. 001 EIN 22-6298155

This is to inform you that on **December 28, 2016**, 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 **October 1, 2016**. Federal law requires that you receive this notice.

Critical and Declining Status

Critical and Declining Status is a new category of pension plan funding status created by the recently-enacted Multiemployer Pension Reform Act of 2014 (MPRA). The plan is considered to be in "critical and declining" status because it has funding or liquidity problems, or both. More specifically, in addition to the fact that the plan has a funding deficiency in the current plan year, the Plan's actuary determined that the Plan is likely to become insolvent within the next 14 years. One of the primary factors that has placed the Plan is such a precarious financial position is the dramatic decrease over the past several years in the hours worked for Contributing Employers for which contributions are required to be made to the Plan.

Rehabilitation Plan

Prior to the passage of MPRA, federal law already required that pension plans in "critical status" adopt a rehabilitation plan aimed at restoring the financial health of the plan. Prior law also permitted the Trustees to reduce, or even eliminate, benefits called "adjustable benefits" as part of the rehabilitation plan. The plan offers the following adjustable benefits which were available to be reduced or eliminated as part of any rehabilitation plan the trustees adopted:

- Early retirement benefit or retirement-type subsidy; and
- Pre-retirement death benefit coverage at no cost to the participant.

This is the sixth year the Plan has been in critical status. (This is the second year the Plan has been in critical and declining status since this status was added to federal law for plan years beginning in 2015.) You were notified on January 27, 2012 that the plan would reduce or eliminate adjustable benefits and the Trustees adopted a rehabilitation plan doing so in 2012. While the rehabilitation plan included two options from which contributing employers could select, all employers chose the option which eliminated the early retirement subsidy from the plan and required a 10% increase in employer contributions.

Accrued Benefits

With the certification that the Plan is now classified as critical and declining, there are new benefit adjustments the Trustees are permitted to make to improve the financial health of the Plan under certain circumstances.

The new law generally permits pension plans, in addition to reducing or eliminating adjustable benefits, to propose suspending accrued benefits for participants, including those in pay status (retirees). There are limits on how much of the accrued benefits may be suspended. Specifically, a participant's benefit may not be reduced to less than 110% of the PBGC benefit guarantee level. Also benefits for any participant on a disability pension or who is over age 80 are exempted and retirees between age 75 and 80 are partially exempted.

You should know that at this time, even though the Plan is in critical and declining status, it has not met the conditions that would permit the Trustees to make these additional benefit suspensions permitted under the new law. **Accordingly, the Plan is not implementing any benefit suspensions at this time.**

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees by calling (718) 444-1109 or writing to 1845 Utica Avenue, Brooklyn, New York 11234. You have a right to receive a copy of the rehabilitation plan from the Plan.

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