

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 648 PENSION PLAN
2015 NOTICE OF CRITICAL STATUS
June 2015

This Notice is to inform you that on May 28, 2015 the Plan's actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the International Brotherhood of Electrical Workers Local Union 648 Pension Plan ("Plan") is in critical status for the 2015 Plan Year. The 2015 Plan Year began on March 1, 2015 and ends on February 29, 2016. Federal law requires that you receive this Notice.

Critical Status

The 2009 Plan Year was the first year that the International Brotherhood of Electrical Workers Local Union 648 Pension Plan was certified to be in critical status. This was because as of the Plan's 2009 PPA certification date the Plan's actuary determined that the Plan's funded percentage was less than 65% and the Plan was projected to have an accumulated funding deficiency for the 2011 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2015 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" which would allow the Plan to come out of critical status. In order to pass the Emergence Test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

The Plan's actuary has certified that the Plan is making progress in accordance with its updated rehabilitation plan.

Rehabilitation Plan

Federal law requires that pension plans in critical status adopt a rehabilitation plan aimed at restoring the financial health of the plan. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits", including lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

The Board of Trustees of the International Brotherhood of Electrical Workers Local Union 648 Pension Plan adopted a rehabilitation plan on July 31, 2009, which was ratified by the Bargaining Parties. This rehabilitation plan was updated during the 2012 Plan Year. The updated rehabilitation plan includes benefit changes and contribution increases and is summarized below:

- Elimination of the 13th Check for Benefits Accrued on or after March 1, 2013.*** Benefits earned on or after March 1, 2013 will not be paid as a 13th check upon retirement. A Participant will however continue to receive a 13th check for those benefits earned before March 1, 2013.

- ☑ ***Elimination of Unreduced Early Retirement for Benefits Accrued on or after March 1, 2013.*** Effective for retirements on or after March 1, 2013, unreduced Early Retirement will only be available for those benefits earned on or before February 28, 2013. Any benefits earned on or after March 1, 2013 will be paid on a reduced basis if a participant elects to retire before Age 62. Benefits earned before March 1, 2013 will be paid on an unreduced basis only if a Participant meets the applicable eligibility provisions.
- ☑ ***Elimination of the Free 66⅔% Joint & Survivor Annuity for Retirements on or after March 1, 2013.*** The fully subsidized 66⅔% Joint & Survivor Annuity was eliminated for participants who start receiving retirement benefits from the Plan on or after March 1, 2013. Effective for retirements on or after March 1, 2013, a participant's monthly benefit will be paid on a reduced basis to reflect the cost of the election of a 66⅔% Joint & Survivor Annuity. The Plan will also offer two other actuarially equivalent Joint & Survivor Annuities - a 75% Joint & Survivor Annuity and a 50% Joint & Survivor Annuity.
- ☑ ***Elimination of Retroactive Disability Retirement Benefits for Retirements on or after May 31, 2009.*** Effective May 31, 2009, Participants who are approved for a Disability Retirement Benefit will not be eligible to receive any benefits for any months prior to the date the Participant's application is received and approved. Benefit payments under a Disability Retirement will begin on the first day of the month following the receipt and approval of a Disability Retirement application.
- ☑ ***Elimination of the Return of Contributions Disability Benefit effective May 31, 2009.*** This benefit was previously paid to disabled Participants who were not vested in the Plan.
- ☑ ***Elimination of the Return of Contributions Pre-Retirement Death Benefit effective May 31, 2009.*** This benefit was previously paid to the designated beneficiary of a Participant who was not vested or who was not legally married at the time of his death. It was also paid to the designated beneficiary of a vested, married Participant who, along with his spouse, waived the Qualified Pre-Retirement Survivor Annuity.
- ☑ ***Elimination of the Return of Contributions Post-Retirement Death Benefit effective May 31, 2009.*** This benefit was previously paid to the designated beneficiary of a retired Participant or a surviving spouse who died before receiving pension payments equal to the total employer contributions made to the Plan on behalf of the Participant, less the monthly benefit payments made to the retiree and/or his surviving spouse.
- ☑ ***Elimination of the Retirement Incentive Benefit ("RIB") effective for Retirements on or after May 31, 2009.*** The Retirement Incentive Benefit (RIB) will not be offered to participants who commence receipt of retirement benefits on or after May 31, 2009. Participants with a RIB in pay status prior to May 31, 2009, will continue to receive benefits in accordance with the RIB provisions in the Plan.

In addition to the benefit changes outlined above, the hourly contribution rate will need to be increased by \$4.50 by 2015. This means that the contribution rate for a Journeyman will increase from \$4.40 per hour in 2009 to \$8.90 per hour by 2015. The hourly contribution rate was increased to \$8.40 per hour effective September 2014.

It should be noted that the commitment to contribute additional monies to the Plan may or may not result from increases in the contractual obligations by the Employers. The additional contributions required for each Plan Year may come from: (a) increased employer contributions; (b) diversion from other fringe benefit contributions; or (c) participants' wages. The parties have agreed that, in the event that the additional contributions required by the rehabilitation plan do not come from (a) or (b) above, by default, they will come from the participants' wages.

The rehabilitation plan will continue to be reviewed with the Plan's actuary and other professionals. Based upon such review, the rehabilitation plan may be amended to include additional benefit reductions and/or contribution increases. You can request a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, federal law permits pension plans in critical status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the rehabilitation plan:

- Rule of 85 Early Retirement benefit;
- Subsidized Early Retirement benefit;
- Subsidized Qualified Pre-Retirement Survivor Annuity (QPSA);
- Disability Benefits (if not yet in pay status);
- Benefit payment options other than a Qualified Joint & Survivor Annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years); or
- Other similar benefits, rights, or features under the Plan.

If the Board of Trustees of the Plan determines that any benefit reductions are necessary, you will receive a separate Notice in the future identifying the reductions and explaining their effect. Any reduction of "adjustable benefits" will not reduce the level of the basic benefit payable at your normal retirement age, which generally is age 62. Reductions will only apply to participants and beneficiaries whose benefit commencement date is on or after June 5, 2009.

Employer Surcharge

Federal law requires that contributing employers pay a surcharge to the plan to help correct the financial situation of a plan in critical status. 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 year that a plan is determined to be in critical status and a 10% surcharge is applicable for each succeeding plan year thereafter so long as a plan is critical.

Because the International Brotherhood of Electrical Workers Local Union 648 Pension Plan has adopted a rehabilitation plan and this plan has been ratified by the Bargaining Parties, the employer surcharge is not applicable.

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator at 205 West Fourth Street, Suite 225, Cincinnati, OH 45202. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 31-6134845. You can request a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.