

PACIFIC COAST SHIPYARDS PENSION FUND

5 THIRD STREET, SUITE 525 • SAN FRANCISCO, CA 94103
PHONE (415) 896-5742 • 1-800-257-1515 • FAX (415) 896-0587



July 29, 2015

VIA UPS GROUND
TRACKING NO. 1ZF780E40390291154

U.S. Department of Labor
Employee Benefits Security Administration (EBSA)
Public Disclosure Room, N-1513
200 Constitution Avenue NW
Washington, DC 20210

Re: Notice of Critical Certification for
PACIFIC COAST SHIPYARDS PENSION FUND
(EIN 94-6128040/ PLAN 001)

Dear Sir or Madam:

As required by Internal Revenue Code Section 432(b)(3)(D)(i), this is to inform you that the above referenced plan has been certified by the plan actuary to be in critical status as defined in Code Section 432(b)(2) for the plan year beginning April 1, 2015. The date of the certification is June 29, 2015. A copy of the Notice provided to participants, participating employers, local unions, retirees and beneficiaries is enclosed.

Please let us know if you have any questions.

Board of Trustees
Pacific Coast Shipyards Pension Fund

Enclosure

2015 AUG -5 PM 10:22
EBSA/PUBLIC DISCLOSURE

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July 29, 2015

TO: Participants, Beneficiaries, Contributing Employers and Local Unions

FROM: Board of Trustees
Pacific Coast Shipyards Pension Plan

SUBJECT: Notice of Actuary's Certification of Critical Funding Status of the Pacific Coast Shipyards Pension Plan (the "Plan") under the Pension Protection Act of 2006 for the April 1, 2015 Plan Year

This is to inform you that on June 29, 2015, the Plan's actuary certified to the U.S. Department of Treasury, and also to the Plan's Board of Trustees that the Plan continues to be in critical status (as defined under the Pension Protection Act of 2006 ("PPA") and also known as "Red Zone" status) for the Plan Year beginning April 1, 2015. Federal law requires that you receive this notice.

CRITICAL STATUS

In recent years, the Board of Trustees has taken steps to bring the Plan's liabilities into balance with its assets. Despite these efforts, there remains a shortfall that must be addressed through the Rehabilitation Plan during the April 1, 2009 through March 31, 2022 Rehabilitation Period in order for the Plan to comply with the requirements of the PPA. The Plan was previously considered to be in critical status for the Plan Years that began April 1, 2008, and each subsequent Plan Year through the present. The Plan continues to be considered to be in critical status for the Plan Year beginning April 1, 2015 because it has funding problems. More specifically, the Plan's Actuary has determined that:

- The Plan is projected to have an accumulated funding deficiency within four years.
- The Plan was in critical status for the immediately preceding Plan Year, and is projected to have an accumulated funding deficiency within ten years.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the eighth year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On April 4, 2008, you were notified that the Plan reduced or eliminated certain adjustable benefits. In addition, please be aware that effective with the date that you were notified of the Plan's critical status, the Plan has not been permitted to pay benefits under any payment form in excess of the monthly amount paid under a single lifetime annuity while it is in critical status. If the Board of Trustees of the Plan determines that further 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 4, 2008.

ADJUSTABLE BENEFITS

When the Plan was initially certified to be in critical status for the April 1, 2008 Plan Year, you were informed that the following adjustable benefits could be reduced or eliminated as some of the Schedules to the Rehabilitation Plan adopted by the Board of Trustees.

- Subsidy removed from the formula for Early Retirement Pension
- Elimination of the "Rule of 70" Special Unreduced Early Retirement Pension.
- Elimination of Disability Benefit
- Elimination of Alternate Pre-Retirement Death Benefit (36 monthly payments of accrued benefit to Beneficiary)
- Elimination of Three-Year Guarantee of Benefits for Life Annuity payment form

On April 1, 2008, the Board of Trustees adopted a Rehabilitation Plan and you were informed of the specific benefits that were subject to reduction or elimination under certain Schedules to the Rehabilitation Plan. Over time, required updates to the Rehabilitation Plan may require the further increases in contributions and/or the further reduction or elimination of adjustable benefits. You will be notified of any such actions taken by the Board of Trustees.

The Rehabilitation Plan has been reviewed annually and updated as necessary. However, those updates relate to required contribution levels and no additional changes have been made to the Plan's benefits as a result of these updates.

EMPLOYER SURCHARGE

The law requires all Contributing Employers to 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 or subscription agreement. With some exceptions, a 5% surcharge was applicable to the initial critical year (ended March 31, 2009) and a 10% surcharge applicable for each succeeding Plan Year thereafter when the Plan is in critical status. The imposition of surcharges ceases for a Contributing Employer when that Employer adopts or renews a collective bargaining agreement or subscription agreement containing terms consistent with a Schedule of the Rehabilitation Plan.

WHERE TO GET MORE INFORMATION

For more information about this Notice, you may contact:

Ms. Maria C. Jacini, Fund Manager
Pacific Coast Shipyards Pension Fund
5 Third Street, Suite 525 San Francisco, CA 94103
(415) 896-5742 or (800) 257-1515

You may receive a full copy of the Rehabilitation Plan previously adopted by the Board of Trustees by contacting the Fund Manager.

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