

# **ASBESTOS WORKERS LOCAL UNION #2**

## **WELFARE, PENSION AND ANNUITY FUNDS**

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### **Notice of Critical Status For**

#### **Pension Plan of Asbestos Workers Local No. 2**

This is to inform you that on March 31, 2015 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2015. 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. It is important to note that the plan is not in the newly created classification of "critical and declining" status because plan assets are not projected to be exhausted at any point in the future. More specifically, the plan's actuary determined that the plan is projected to have a funding deficiency in 2015.

#### **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. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that 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 (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 29, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 29, 2010, the plan is not permitted to pay 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.

#### **Adjustable Benefits**

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

#### **Employer Surcharge**

While a Fund is in critical status, the law requires that all contributing employers either comply with one of the contribution increase schedules of the Rehabilitation Plan or pay to the Pension Fund a surcharge to help correct the Pension Fund'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. A 10% surcharge is applicable for this plan year and for each succeeding year while the Fund is in critical status until such time as one of the contribution increase schedules is adopted.

#### **Where to Get More Information**

For more information about this Notice, you may contact Frank M. Vaccaro & Associates at (856) 793-2501 or 27 Roland Avenue, Suite 200, Mount Laurel, NJ 08054-1038. You have a right to receive a copy of the rehabilitation plan from the plan.

4/17/15