PLUMBING AND PIPE FITTING INDUSTRY LOCAL 219 PENSION PLAN
2016 NOTICE OF CRITICAL STATUS
August 2016

On July 29, 2016 the actuary for the Plumbing and Pipe Fitting Industry Local 219 Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan is in critical status for the 2016–2017 Plan Year as defined by the *Pension Protection Act of 2006* ("PPA"). The 2016–2017 Plan Year began on May 1, 2016 and will end on April 30, 2017. 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. The 2012–2013 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2012 certification date, the Plan was projected to have an accumulated funding deficiency for the 2015–2016 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 2016–2017 Plan Year because the Plan actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this 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.

On July 27, 2012, the Board of Trustees adopted a rehabilitation plan that was ratified by the bargaining parties on September 12, 2012. The Plan is continuing to operate in accordance with this rehabilitation plan, and the Plan's actuary has certified that the Plan is making scheduled progress in meeting the requirements of its rehabilitation plan.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the plan's funded percentage. 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. The Board of Trustees adopted a rehabilitation plan that includes the reduction of "adjustable benefits" and increases in the Plan's hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a rehabilitation plan that includes benefit reductions and scheduled increases in the Plan's hourly contribution rate. The Plan's rehabilitation plan can be summarized as follows:

1. Effective August 1, 2016, an Active Participant who commences receipt of Early Retirement Benefit from the Plan will have his accrued benefit reduced by 7/1800th for each month that his Early Retirement Date precedes his Normal Retirement Date.

2. Effective December 31, 2012, Deferred Vested Participants will not be eligible to commence receipt of Early Retirement Benefits from the Plan. A Deferred Vested Participant will be entitled to a monthly pension benefit equal to his vested accrued benefit at his Normal Retirement Age (generally, age 62).

3. Effective August 24, 2012, the subsidy for the pop–up provision under the Qualified Joint & Survivor Annuity was eliminated. Under the Plan's pop–up provision, a Participant who elected a Qualified Joint & Survivor Annuity and who was preceded in death by his spouse or was divorced and the survivor benefits offered under the Qualified Joint & Survivor Annuity were waived by his former spouse will have his monthly pension amount automatically increased to the amount payable as a Single Life Annuity. As of August 24, 2012, Participants who elect to receive their benefit in the form of a 50%, 66⅔%, 75%, or 100% Qualified Joint & Survivor Annuity can elect to add the pop–up feature to their benefit. In this case, their monthly pension amount will be paid on an actuarially reduced basis to reflect the cost of the pop–up feature.

In addition to the benefit changes outlined above, the rehabilitation plan also calls for increases in the hourly contribution rate. Future increases will be determined in accordance with the following schedule:

Effective Date	Hourly Contribution Rate
June 1, 2016	$10.95
June 1, 2017	$11.15
June 1, 2018	$11.35
June 1, 2019	$11.55
June 1, 2020	$11.75
June 1, 2021	$11.95
June 1, 2022	$12.15

It should be noted that the Board of Trustees will review the Plan's rehabilitation plan each year and will update the plan if necessary. As such, the contribution rate increases outlined above may be subject to change and additional benefit reductions may be required. 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 Fund Office.

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 may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- ☑ Subsidized Early Retirement benefits for participant's with 10 or more years of Vesting Service;
- ☑ Disability benefits (if not yet in pay status);

- ☑ Other similar benefits, rights, or features under the Plan, including the Plan's pre–retirement death benefits and suspension rules.

If the Board of Trustees determines that further benefit reductions are necessary, you will receive a separate Notice identifying the type of reduction and the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age (generally, age 62). In addition, the reductions will only apply to Participants and beneficiaries whose Annuity Starting Date is on or after August 24, 2012.

<u>Where to Get More Information</u>

For more information about this Notice, you can contact the Fund Office at 33 Fitch Boulevard, Austintown, Ohio 44515, or by calling toll–free at 1–800–435–2388. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 34–6682376.