Bricklayers and Allied Craftworkers Local No. 3 N.Y.
Buffalo Chapter Benefit Funds

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Notice of Critical Status
Bricklayers and Allied Craftworkers Local No. 3, New York,
Niagara Falls-Buffalo Chapter Pension Plan

September 11, 2017

Participants, Beneficiaries, Contributing Employers and Bricklayers and Allied Craftworkers Local No. 3, New York:

This is to inform you that on August 29, 2017, the actuary for the Bricklayers and Allied Craftworkers Local No. 3, New York, Niagara Falls-Buffalo Chapter Pension Plan (the "Fund") certified to the U.S. Department of the Treasury and to the Board of Trustees that the Fund is in critical status for the plan year beginning June 1, 2017. Federal law requires that you receive this notice.

Introduction

The Pension Protection Act ("PPA"), signed into law in 2006, is intended to improve the financial condition of pension funds. The Act introduced several formal safeguards and controls and added notification requirements for Trustees to share more information about a fund's financial circumstances with participants, contributing employers and others directly related to the pension plan.

Many of the Act's provisions relate to funding, which, in simplest terms, is how much a pension plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent future funding problems and correct those that have already developed.

The Act requires us to test the Fund annually to classify its funding status. Standardized measurements are established for classifying pension plans based on their funding issues. Funds that are in "seriously endangered" or "endangered" status (also referred to as yellow zone) or "critical" status (or, red zone) must notify all fund participants, beneficiaries, unions, and contributing employers of the fund's status, as well as take corrective action to restore the fund's financial health.

Fund's Status – Red Zone

The Fund is in critical status (red zone) as of June 1, 2017 as a result of the actuary's determination that:

- The Fund has a funded percentage of less than 65% and has an accumulated funding deficiency for the plan year ending May 31, 2017. What this means is that employer contributions to the fund have not been sufficient to meet government standards for funding promised benefits plus those benefits that participants are currently earning.

Rehabilitation Plan and Possibility of Reduction in Benefits:

The Act requires that a fund in the red zone adopt a Rehabilitation Plan designed to enable the fund to improve its funded position so that, over time, it will be able to meet the statutory funding requirements. The Rehabilitation Plan, which was adopted as of October 4, 2010, consists of a schedule of recommended contribution increases and reductions in benefits. The bargaining parties were provided with these schedules for consideration in negotiations in new or renewed collective bargaining agreements.

In addition to revising the formula for future benefit accruals and making similar changes, under PPA a Rehabilitation Plan may eliminate or reduce "adjustable benefits". Adjustable benefits include:

» Post-retirement death benefits;

» 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); and

» Other similar benefits, rights, or features under the plan, such as an actuarial increase for active participants that retire after normal retirement age.

The level of benefits already earned that are payable at normal retirement age as a single life or qualified joint and survivor annuity cannot be reduced under these PPA rules unless the Plan enters critical and declining status. Any reductions pursuant to the Rehabilitation Plan apply only to participants and beneficiaries whose benefit commencement date is after June 1, 2011.

What's Next

We understand that legally required notices like this one can create concern about the Fund's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Fund. With the assistance of the Fund's actuary, counsel and other professionals, and working with the contributing employers and the Union, the Trustees have developed a Rehabilitation Plan that addresses these issues. You should know that we expect that both contribution increases and benefit reductions will be necessary to improve the Fund's serious financial condition.

As a final note, since the Pension Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Fund's status and any future corrective actions needed. Each year the Trustees will be reviewing the Fund's progress with its professional advisors, and which may lead to future changes in the recommended contribution and benefit schedules.

For more information about this notice or the Fund, contact the Fund Office at the address or phone number listed at the top of this letter.

Sincerely,
Board of Trustees
BAC Local #3 NY
Buffalo Chapter