LOCAL 298 PENSION FUND

I.U.A.N. & P.W. AFL-CIO

April 30, 2018

Dear Participants and Contributing Employers:

This mailing includes two notices that the Local 298 Pension Fund ("Fund") is required by law to send to all Fund participants: The Pension Status Notice and the Annual Funding Notice.

The financial crisis of 2008 led to the deepest recession since the Great Depression. Official unemployment rates climbed globally, US unemployment reached double digits, housing prices continued to fall, financial institutions failed or were forced to merge, and commercial real estate experienced what can only be termed a "meltdown". During 2008, the US stocks returned -37%, international stocks returned -43.1%, high yield bonds returned -26.2%, and core commercial real estate returned -10.3%. This significant downturn in the capital markets caused the typical Pension Fund to lose 20% - 30% of its value in 2008. These losses have caused problems for most defined benefit funds across the country.

The Pension Protection Act of 2006 ("PPA") is a law that established new requirements for multiemployer defined benefit pension plans like the Fund. One of the changes made by the PPA is the creation of "zones" to label the funding status of multiemployer defined benefit pension plans. Under the PPA, each year, the Fund's actuary must certify whether the Fund is in the critical status (also known as the "red zone"), the endangered status (the "yellow zone") or neither critical nor endangered status (the "green zone"). This year, the Fund's actuary has certified the Fund to be in the red zone. This is directly a result of the financial crisis of 2008. This certification requires the adoption of a rehabilitation plan. The intent of the rehabilitation plan is to insure the long-term viability of the Pension Plan. The Trustees and Plan professionals continue to work to try to assure that a plan is put in place that will satisfy regulatory requirements.

Please keep in mind that many factors could have a significant effect on the Plan's assets from year to year, such as future employer contributions that are expected to be made to the Plan, future investment earnings on the Plan's assets, and any future changes to the Plan's benefit design. The current financial crisis has caused funding problems for virtually all Pension Funds across the Nation.

The Trustees have worked very hard over the years to ensure the Plan's financial health and use professional advisors e.g., actuaries, investment advisors and attorneys to monitor the Plan's financial health. We take our responsibility to protect the security of your retirement benefit very serious. Our goal is, and has always been, to protect our participants and their families with secure retirement benefits and we are confident that the Fund will continue to do so in the future as we remain focused to accomplish this goal.

We hope that this explanation helps you to better understand the information that is included with this letter. As always, if you have any questions, please feel free to contact the Fund Office.

Sincerely,

Local 298 Pension Fund
Board of Trustees

420 West Merrick Road, Valley Stream, NY 11580
Telephone: 516-872-6690 201-864-8640 Fax 516-872-6409

LOCAL 298 PENSION FUND

This is to inform you that on March 30, 2018, the Local 298 Pension Fund's actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan will be in critical and declining status for the plan year beginning January 1, 2018. 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. More specifically, the Local 298 Pension Fund's (Pension Fund) actuary determined that the Local 298 Pension Fund is projected to be less than 65% funded, is projected to become insolvent in approximately twenty years and that the Pension Fund has a projected funding deficiency.

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 Pension Fund. 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 Pension Fund determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any future or additional reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, any future or additional reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2018. But you should know that whether or not the plan reduces adjustable benefits in the future, the Pension Fund 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.

Rehabilitation Plan
Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Pension Fund. 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 Pension Fund 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 will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, any future or additional reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2018.

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

Early retirement benefit or retirement-type subsidy;
Disability benefits;
Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

Employer Surcharge
The law requires that all contributing employers 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 Pension Fund under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status and has not adopted a Rehabilitation Plan.

Where to Get More Information
For more information about this Notice, you may contact Joseph Giovinco, Fund Administrator at 516-825-1851 or at 420 Merrick Avenue, Valley Stream, NY 11580. You have a right to receive a copy of the rehabilitation plan from the plan.

Date: April 30, 2018