

## **2024 Notice of Critical Status for Connecticut Health Care Associates Pension Plan**

This is to inform you that on March 29, 2024 the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that the Plan remained in "Critical" status for the Plan Year beginning January 1, 2024. Federal law requires that you receive this Notice.

### **Critical Status**

The Plan is considered to remain in "Critical" status because it has a funding problem. More specifically, the Plan's actuary has determined that the Plan is projected to have an "accumulated funding deficiency" within the next 9 succeeding Plan Years, taking into account the IRS approved 5-year extension of amortization periods. However, the Plan is not projected to become insolvent within the next 30 Plan Years.

### **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. This is the second consecutive year the Plan has been in Critical status since it emerged from Critical status in 2022. The Plan was previously in Critical status for the 2018 through 2021 Plan Years. The law permits a pension plan to reduce, or even eliminate, benefits called "adjustable benefits" as part of its "Rehabilitation Plan." As a reminder, the Trustees adopted its initial Rehabilitation Plan on May 7, 2018. On December 6, 2019, you were notified that the Plan would reduce the rate of your future benefit accrual, effective January 1, 2020, from 1.6% to 0.5% of your annual Compensation (excluding overtime and double-time pay), and that the Plan's Early Retirement Reduction factors would increase from 6% per year for each year you retire before age 65 to a true actuarial reduction for early retirement. You were notified in January 2020 that the new Early Retirement Reduction would apply to Early Retirements on or after April 1, 2020.

The Trustees adopted its second Rehabilitation Plan on November 17, 2023. If the Trustees of the Plan determine that the benefit reduction under the Default Schedule is necessary, you will receive a separate notice later this year identifying and explaining the effect of that reduction. Any reduction of "adjustable benefits" (see 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 30, 2023. On April 30, 2018, you were notified that 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" that may be reduced or eliminated as part of the "Rehabilitation Plan." At this time, neither of these benefits is being removed from the Plan:

- Disability benefits (if not yet in pay status); and
- Benefit payment options other than a Qualified Joint and Survivor Annuity (QJSA).

As noted above, the early retirement subsidy, an adjustable benefit, was already eliminated from the Plan effective April 1, 2020.

### **Employer Surcharge**

The law requires that all contributing employers 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. 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. An employer will not be subject to the surcharge if the employer, through collective bargaining, agrees to make contributions at a rate that equals or exceeds the contribution rate necessary for the Plan to carry out its "Rehabilitation Plan."

## **Looking Ahead**

The Plan's funding status must be reviewed and certified annually. Notices like this one will be sent each year until the Plan is no longer in "Critical" or "Endangered" status. The "Rehabilitation Plan" will also be updated each year if changes are needed.

## **Where to Get More Information**

For more information about this Notice, you may contact the Board of Trustees of the Connecticut Health Care Associates Pension Plan / c/o Richard Poulaino / Zenith American Solutions / 8 Fairfield Blvd., Suite 105 / Wallingford, CT 06492, or call (203) 269-7741. You have a right to receive a copy of the "Rehabilitation Plan."