Notice of Critical and Declining Status for Ironworkers Local No. 16 Pension Fund

This is to inform you that on March 30, 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 and declining status for the plan year beginning January 1, 2015. Federal law requires that you receive this notice.

Critical and Declining Status

Critical and declining status is a new category of pension plan funding status created by the recent Multiemployer Pension Reform Act of 2014. The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is likely to be insolvent within the next 20 years. One of the primary factors that has placed the Plan in such a precarious financial position is the dramatic decrease in the hours worked for Contributing Employers for which contributions are required to be made to the Plan. The Plan is not yet insolvent however, so there are steps that can be taken and time to improve the funding status of the Plan, as explained below.

Rehabilitation Plan

Federal law requires pension plans in critical or critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the fourth year the Plan has been in critical status and the first year the Plan has been in critical and declining status. A pension plan in critical status is permitted under the law to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On or about March 23, 2012, you were notified that the Plan reduced or eliminated adjustable benefits, and 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. On or about November 12, 2013, you were notified that the Plan further reduced or eliminated adjustable benefits. On or about May 28, 2014, you were again notified that the Plan further reduced or eliminated adjustable benefits, including a reduction in the Service Pension amount for anyone retiring prior to age 60, a reduction in the Service Credit earned on or after January 1, 2015 to \$50 a credit, and an increase in the hours needed to earn a full Service Credit on or after January 1, 2015 to 1,600 hours.

With the certification as a critical and declining plan, there are additional benefit adjustments the Trustees are permitted to make to improve the financial health of the plan. The law permits the Trustees, in addition to reducing or eliminating adjustable benefits, to propose suspending accrued benefits for participants, including those in pay status (retirees). There are limits on how much accrued benefits may be suspended and before they can be suspended the law requires the proposed benefit suspension be submitted to and approved by the Secretary of the Treasury and be submitted to a vote of the participants, including retirees.

Any reduction of adjustable benefits, as allowed for critical status plans, will not reduce the level of a participant's basic benefit payable at normal retirement. However, reductions in the

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participant's basic benefit payable at normal retirement may occur if benefits are suspended under the critical and declining status rules. If the Trustees of the Plan propose to suspend portions of accrued benefits, you will be provided with ample notice and the opportunity to vote on the reductions. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

Adjustable Benefits

The plan offers the following additional adjustable benefits which could be reduced or eliminated as part of any amended rehabilitation plan the plan trustees could adopt:

- Post-retirement death benefits;
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Pre-retirement death benefits other than a qualified preretirement survivor annuity (QPSA).

Accrued Benefits

Suspension of accrued benefits could include reduction of the normal retirement age benefit for active employees and terminated employees who have not started their pension as well as a reduction in the benefit currently payable to retirees and beneficiaries. It could also result in the reduction or elimination of the 13th check currently payable to some retirees. Any suspension of accrued benefits may not reduce the level of a participant's benefit to less than 110% of the PBGC benefit guarantee level nor may it reduce benefits for any participant on a disability pension or who is over the age of 80 (and any benefit suspension is phased in from age 75 to 80).

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. The law provides that the employer surcharge ceases to apply on the effective date of a bargaining agreement that includes terms consistent with a rehabilitation plan.

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Where to Get More Information

For more information about this Notice, you may contact the Ironworkers Local No. 16 Pension Fund, c/o GEMGroup, Inc., 8600 LaSalle Road, Oxford Building – Suite 624, Towson MD 21286, or by phone at 410.828.5282. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6148924. You have a right to receive a copy of the rehabilitation plan from the plan when it is completed.

Issued: April 2015

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