



LOCAL

707

EBSA/PUBLIC DISCLOSURE

ROAD CARRIERS

2016 MAY 31 PENSION FUNDS

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Notice of Critical and Declining Status For Road Carriers – Local 707 Pension Plan

May 2016

This is to inform you that on April 29, 2016 the Road Carriers – Local 707 Pension Plan's 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 February 1, 2016 pursuant to the Multiemployer Pension Reform Act of 2014 ("MPRA"). Federal law requires that you receive this notice.

Critical and Declining Status

This is the second year the Plan has been certified to be in Critical and Declining status pursuant to MPRA. 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 meets the criteria for Critical status, plus the Plan is projected to become insolvent in the current or next fifteen plan years. Currently, the Plan is expected to become insolvent and require financial assistance from the PBGC during the beginning of the 2017 plan year.

Rehabilitation Plan

Prior to the passage of MPRA, federal law required pension plans in Critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. Prior law permitted pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Prior law also required contributing employers pay to the Plan a surcharge until the employer's collective bargaining agreement was amended to comply with the Plan's Rehabilitation Plan.

Last year, the Plan was also certified to be in Critical and Declining Status. Prior to last year and for the eight previous years, the Plan was certified to be only in Critical status. On December 16, 2008, you were notified that under the Plan's Rehabilitation Plan your adjustable benefits were reduced or eliminated, and that the Plan was no longer permitted to pay lump sum benefits in excess of \$5,000 (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in Critical status. This reduction of adjustable benefits (other than a repeal of a recent benefit increase) did not reduce the level of a participant's basic benefit payable at normal retirement. In addition, these reductions did not apply to participants and beneficiaries whose benefit commencement date was on or before December 16, 2008.

Accrued Benefits

Prior to MPRA, the Plan could only reduce or eliminate benefits called "adjustable benefits," and most reductions of adjustable benefits could not reduce the level of a participant's basic benefit at normal retirement. Any reduction of adjustable benefits, as allowed for under the Plan's current Rehabilitation Plan, has not reduced the level of a participant's basic benefit payable at normal retirement.

With the certification of the Plan as being in Critical and Declining status under MPRA, there have been additional benefit adjustments that the Trustees considered to improve the funding problems facing the Plan. MPRA allows pension plans to suspend accrued benefits payable at normal retirement for participants, including those in pay status (retirees). Specifically, the suspension of accrued benefits could include a reduction of the normal retirement age benefit for active employees, terminated employees as well as retirees and beneficiaries. 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).

Suspension of Benefits under MPRA

In consideration of the Plan's potential insolvency in the next plan year, on February 19, 2016, the Trustees filed an application with the PBGC requesting a partition order under MPRA. Subsequently, on March 15, 2016, the Trustees submitted an application to the United States Department of the Treasury to suspend benefits under MPRA. The Trustees distributed a separate notice of these actions to you on March 21, 2016 explaining the effect of the partition and the coordinating benefit reductions on your pension benefit. The PBGC and Treasury are currently reviewing the Plan's applications. You will receive separate notice, if the Trustees, PBGC or Treasury take any additional action.

Where to Get More Information

For more information about this Notice, you may contact the Kevin McCaffrey, Fund Manager, Road Carriers – Local 707 Pension Plan, 14 Front Street, Suite 301, Hempstead, NY 11550 T: 516.560.8501 or E: kmccaffrey@ibt707.com. You have a right to receive a copy of the Rehabilitation Plan from the Plan.