Roofers Local No. 88 Pension Fund

c/o Benefits Management Group

Notice of Critical and Declining Status For Roofers Local No. 88 Pension Plan Fund

This is to inform you that on July 29, 2024 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical and declining status for the plan year beginning May 1, 2024. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical and Declining Status

The Plan is considered to be in critical and declining status because it is projected to satisfy the following:

<u>Projected accumulated funding deficiency within the current or next 3 plan years</u>
The Plan's actuary projects that, if no further action is taken, the Plan has an existing accumulated funding deficiency (not recognizing any amortization extensions) and will have an accumulated funding deficiency (not recognizing any amortization extensions) for the plan year ending April 30, 2025. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements.

<u>Projected insolvency within the current or next 20 plan years and number of inactives is more than twice that of actives</u>
The Plan's actuary determined that the ratio of inactives to actives is 3.91. The Plan's actuary also projects that, if no further action is taken, the Plan will have a projected insolvency in the plan year ending April 30, 2040. Insolvent means that the Plan's available resources will not be sufficient to pay benefits under the Plan during the Plan Year for which they are due. This result does not take into account the planned application for Special Financial Assistance.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated (for all participants, including those not yet in pay status) as part of any rehabilitation plan the Pension Plan may adopt:

- Pre-retirement death benefits

As of November 1, 2013, certain benefits were reduced pursuant to the rehabilitation plan, and you were mailed a notice of these reductions on September 3, 2013. But you should know that whether or not the Plan reduces adjustable benefits, the Plan is not permitted to pay any 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 and declining status.

In addition the trustees of a critical and declining plan may suspend benefits in order to avoid becoming insolvent. A suspension of benefits means a temporary or permanent reduction of current or future payment obligations of the plan to its participants, including those receiving monthly benefits from the plan at the time benefits are suspended, subject to certain restrictions. The reduction must eliminate the insolvency (no more, no less), must be within allowable limits and must be equitably allocated. All reasonable measures must also have already been taken. The current rehabilitation plan does indicate that all reasonable measures have been taken. Any such recommended benefit suspensions must first be approved by the Secretary of the Treasury and are also subject to a participant vote. If the Trustees of the Plan determine that the benefit suspensions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those suspensions.

Future Experience and Possible Adjustments

The rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 6.90% in the 2024-25 plan year or later, a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Where to Get More Information

You have a right to receive a copy of the rehabilitation plan and any updates to that plan. To receive a copy of the latest version, you may contact the Fund Office at Benefits Management Group, Inc., 625 Enterprise Drive, Oakbrook, IL 60523 or by telephone at (630)-581-8680.