



**CENTRAL STATES  
PENSION FUND**

April 27, 2015

CERTIFIED MAIL

U.S. Department of Labor  
EBSA Public Disclosure Room, N-1515  
200 Constitution Ave., NW  
Washington, DC 20210

Dear Sir or Madam:

Enclosed is a copy of the Notice of Critical Status for Central States, Southeast and Southwest Areas Pension Fund for the plan year beginning January 1, 2015.

If you have any questions, please contact me at (847) 939-2445.

Sincerely,

**SUSAN M. ROGOWSKI  
MANAGER, FINANCIAL ACCOUNTING & REPORTING DIVISION**

cc: Thomas C. Nyhan, Executive Director  
Mark F. Angerame, CFO and Assistant Executive Director  
James P. Condon, Deputy Chief Legal Officer  
John Franczyk, Deputy General Counsel  
Janice M. Jankowicz, Finance Group Manager

Enclosure

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[www.MyCentralStatesPension.org](http://www.MyCentralStatesPension.org)

**Notice of Critical and Declining Status  
Central States, Southeast and Southwest Areas Pension Fund**

This is to inform you that on March 31, 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**

The plan is considered to be in critical and declining status because it has funding and liquidity problems, or both. More specifically, the plan's actuary determined that: (1) the plan has an accumulated funding deficiency for the current plan year and over the next three plan years, the plan is projected to have an accumulated funding deficiency for the 2016 through 2018 plan years; (2) the funded percentage of the plan is less than 65%, the plan has an accumulated funding deficiency for the current plan year, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2016 through 2019 plan years; (3) the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; the plan has an accumulated funding deficiency for the current plan year, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2016 through 2019 plan years; (4) the plan was in critical status last year, the plan has an accumulated funding deficiency for the current plan year, and over the next 9 years, the plan is projected to have an accumulated funding deficiency for the 2016 through 2024 plan years; and (5) the plan is projected to become insolvent in 2026, the ratio of inactive participants to active participants exceeds 2 to 1, and the funded percentage is less than 80%.

**Rehabilitation Plan**

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the first year the plan has been in critical and declining status (such status was added by the Multiemployer Pension Reform Act of 2014 (MPRA)). The prior seven years the plan was in critical status. The law permits pension plans in critical status or critical and declining status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If your adjustable benefits were reduced or eliminated, you would have received a separate notice. On April 8, 2008, you were notified that as of April 8, 2008 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. 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. Prior to MPRA, any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) could not reduce the level of a participant's basic benefit payable at normal retirement. In addition, prior to MPRA the reductions could only apply to participants and beneficiaries whose benefit commencement date is on or after April 8, 2008.

**Adjustable Benefits**

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

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years);
- Other similar benefits, rights, or features under the plan.

## 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.

## Multiemployer Pension Reform Act of 2014 (MPRA)

Under the MPRA, a pension plan in critical and declining status may apply to the Secretary of Treasury to suspend benefits in order to avoid becoming insolvent. Any benefit suspensions under the MPRA provisions would be in addition to any reductions in adjustable benefits as discussed above.

The application process for benefit suspensions is as follows:

- The plan sponsor must provide notice to all of the participants, beneficiaries, contributing employers, and unions that represent participants in the plan at the same time it applies to the Secretary of Treasury to suspend benefits. The notice must include an individualized estimate of the effect of the suspensions on each participant and beneficiary's benefits if the suspension takes effect.
- The Secretary must publish a notice in the Federal Register soliciting comments from the participants, employers, and unions. The Secretary has 225 days to approve or deny the application (the application is deemed approved if the Secretary does not act within the 225-day period).
- If the Secretary approves the application (or the application is deemed approved due to the expiration of the 225 day period), a vote of the plan participants and beneficiaries takes place. The suspensions would go into effect unless a majority of all participants and beneficiaries in the plan vote to reject the suspensions.
- The Secretary has the authority to allow the implementation of the suspensions notwithstanding the vote if the plan is a systemically important plan as defined in the MPRA.

## Benefits Subject to Suspension under the MPRA

In the event that a suspension of benefits is implemented, all benefits due under the plan may be suspended regardless of the participant's status as an active, terminated vested, or retired participant (including those benefits already in pay status), with the following exceptions:

- (1) The monthly benefit of any participant or beneficiary may not be reduced below 110 percent of the monthly benefit that is guaranteed by the Pension Benefit Guaranty Corporation;
- (2) The benefits of a participant or beneficiary who is 80 years old or older as of the effective date of the benefit suspension may not be suspended;
- (3) A participant or beneficiary who is at least 75 years old but less than 80 years old as of the effective date of the benefit suspension is subject to protections under which the maximum benefit suspension that would otherwise apply is limited based upon a percentage determined by dividing the number of months that remain (beginning with the month after the month in which the benefit suspension is effective) until the participant or beneficiary reaches 80 years of age by 60 months.
- (4) No benefits based on disability (as defined under the plan) may be suspended.

## Where to Get More Information

For more information about this Notice, you may contact Thomas C. Nyhan, Executive Director, Central States, Southeast and Southwest Areas Pension Fund, 9377 West Higgins Road, Rosemont, IL 60018, phone number 1-800-323-5000. You have a right to receive a copy of the rehabilitation plan from the plan.