

CHICAGO TRUCK DRIVERS, HELPERS AND WAREHOUSE WORKERS UNION (INDEPENDENT)® BENEFIT FUNDS

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PENSION FUND

July 27, 2016

Notice of Critical and Declining Status For

Chicago Truck Drivers, Helpers and Warehouse Workers Union (Independent) Pension Plan

This is to inform you that on June 29, 2016 the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the Plan is in critical and declining status for the Plan year beginning April 1, 2016 and ending March 31, 2017 (the "Current Plan Year"). 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 problems. The Pension Protection Act of 2006 ("PPA"), as amended by the Multiemployer Pension Reform Act of 2014 (MPRA), provides that a Plan is in critical and declining status if it satisfies certain actuarial standards. The Plan's actuary has specifically determined that:

- (a) the Plan is projected to have a funding deficiency for the Current Plan Year and the next three Plan years (i.e. for the Plan years commencing 2016 through 2019);
- (b) the funded percentage of the Plan is less than 65%, and the Plan is projected to have an accumulated funding deficiency for the Current Plan Year and the next four Plan years (i.e. for the Plan Years commencing 2016 through 2020);
- (c) 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; and the Plan is projected to have an accumulated funding deficiency for the Current Plan Year and the next four Plan years (i.e. for the Plan years commencing in 2016 through 2020);
- (d) the Plan was in critical and declining status for the Plan year beginning April 1, 2015, and the Plan is projected to have an accumulated funding deficiency for the Current Plan Year and the next nine Plan years (i.e. for the Plan years commencing in 2016 through 2025); and
- (e) the Plan is projected to become insolvent within 15 years.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical/critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Trustees adopted a rehabilitation plan on February 19, 2009. If the Trustees of the Plan determine that additional benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after July 25, 2008. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as

of July 25, 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 (except for the payment of benefits worth less than \$5,000) while it is in critical/critical and declining status.

Adjustable Benefits

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

- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy (including the 30 and out benefit);
- The Survivor Benefit Option prior to retirement

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. A 5% surcharge is applicable in the initial critical/critical and declining year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical/critical and declining status. The 5% surcharge is payable on work performed on or after August 24, 2008, until March 31, 2009, and the 10% surcharge is payable with respect to periods after that. An employer may eliminate its surcharge obligation when it has entered into a collective bargaining agreement that is consistent with the rehabilitation plan adopted by the Board of Trustees.

Where to Get More Information

For more information about this Notice, you may contact the Plan's office. The phone number is (708)924-0828. The address is 6548 S. Narragansett Avenue, Suite A, Bedford Park, Illinois 60638. The Plan Administrator is Tom Daly. You have a right to receive a copy of the Rehabilitation Plan from the Plan.