

LOCAL 108 RETIREMENT PLAN
NOTICE OF CRITICAL STATUS FOR ITS YEAR BEGINNING AUGUST 1, 2020

This is to inform you that on October 29, 2020 the actuary for the Local 108 Retirement Plan certified to the U.S. Department of the Treasury that the Retirement Plan is in Critical Status for its year beginning August 1, 2020. Federal law requires that you receive this notice.

Critical Status: The Retirement Plan is considered to be in Critical Status because it is expected to have financial problems in the future. More specifically, the actuary for the Retirement Plan expects there to be a funding deficiency in the Retirement Plan's funding standard account in the next three years. (The funding standard account is an accounting method required of all retirement plans.) This does not mean that benefits will not be paid. But it is an indication of financial pressures occurring in the future.

Rehabilitation Plan and Possible Reduction in Benefits: Federal law requires each Retirement Plan in Critical Status to adopt a Rehabilitation Plan aimed at restoring its financial health. A Rehabilitation Plan will be adopted by June 2021. Once adopted, you will have the right to receive a copy of the Rehabilitation Plan upon written request.

Adjustable Benefits: The law permits a Retirement Plan in Critical Status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. If benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of any reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit already earned and payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after November 28, 2020 (the date you were first notified that the Retirement Plan was in Critical Status). The Retirement Plan offers early retirement and disability benefits. If not in pay status as of November 28, 2020, early retirement and disability pensions may be reduced or eliminated, as part of any Rehabilitation Plan that is adopted. And as of November 28, 2020, the Retirement 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.

Employer Surcharge: The law requires that all contributing employers who have not yet adopted the Rehabilitation Plan pay a surcharge to help correct the Retirement Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute under its applicable collective bargaining agreement. The monthly surcharge is initially 5% the first year and increases to 10% in the second year. The employer will continue to pay the monthly surcharge while the Retirement Plan is in Critical Status and until a collective bargaining agreement is negotiated for the employer that is consistent with the Rehabilitation Plan.

Where to Get More Information: For more information about this Notice, you may contact:

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