

## Notice of Critical and Declining Status For

Local 1482 Paint & Allied Products Manufacturers' Retirement Fund

This is to inform you that on November 29, 2018 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 September 1, 2018. 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. More specifically, the plan's actuary determined that the Plan has a minimum funding deficiency for the plan year beginning September 1, 2018 and is projected to become insolvent during this plan year. Such insolvency may result in benefit reductions.

### Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The Trustees adopted a rehabilitation plan on July 22, 2009 and a copy was provided to you on August 27, 2009. This Plan has been in critical status since the plan year commencing September 1, 2008, and the rehabilitation plan has been unchanged. The law permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On August 27, 2009, you were notified that the plan reduced or eliminated adjustable benefits effective October 1, 2009, and that 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.

### Adjustable Benefits

The plan offered some of the following adjustable benefits which may have been reduced or eliminated as part of the rehabilitation plan:

- 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).

### 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 until a collective bargaining agreement that includes terms consistent with a rehabilitation plan is adopted.

### Where to Get More Information

For more information about this Notice, you may contact either Pat Higgins (x6124) or Joyce Butera (x6168) of I. E. Shaffer & Co. at (800) 792-3666, 830 Bear Tavern Road, P.O. Box 1028, West Trenton, NJ 08628. You have a right to receive a copy of the rehabilitation plan from the plan sponsor. The official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 13-5664312.