

# Plasterers and Cement Masons Local No. 94 Pension Fund

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PATH ADMINISTRATORS  
Contract Administrator

## Notice of Critical and Declining Status for the 2016 Plan Year

To: All Participants, Union, Contributing Employers, Pension Benefit Guaranty Corporation (PBGC) and United States Department of Labor (DOL)

The Pension Protection Act of 2006 ("PPA") amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer pension plans, which are based on the actuarial status of a pension plan. Under the PPA, a pension plan's actuary annually must certify to the Secretary of the Treasury and the plan's board of trustees whether or not the plan is in endangered or Critical and Declining Status for a particular plan year.

This is to inform you that on July 29, 2016, the Fund's actuary certified to the U.S. Department of the Treasury, and also to the Fund's Board of Trustees, that the Fund is in Critical and Declining Status for the plan year beginning May 1, 2016. Federal law requires that you receive this notice.

### Critical and Declining Status

The Fund is in Critical and Declining Status for the Plan Year beginning May 1, 2016 for purposes of Section 305 of ERISA and Section 432 of the Internal Revenue Code. The Fund is projected to be in Critical Status for at least one of the succeeding five Plan Years. Details of the certification tests are attached in a separate exhibit.

### Rehabilitation Plan and Possibility of Reduction in Benefits

The Fund was first certified to be in Critical and Declining Status for the Plan Year beginning May 1, 2010. The Trustees adopted a Rehabilitation Plan on March 25, 2011 that called for reductions in benefits and increases in the hourly contribution rate. The rehabilitation period began May 1, 2011 and was scheduled to end on April 30, 2021. On October 31, 2011, the Trustees amended the Rehabilitation Plan to further increase employer contributions. The Trustees also determined that, based on economic conditions and other assumptions, the Fund would never emerge from Critical and Declining Status. The Rehabilitation Plan was therefore modified to forestall insolvency. On February 26, 2013, the Trustees amended the Rehabilitation Plan to further reduce benefits. On November 13, 2014, the Trustees amended the Rehabilitation Plan to further increase employer contributions.

The Trustees then reviewed the modification of benefits. After this review, the Board of Trustees concluded that, by modifying certain benefits, the Trustees would be able to amend the Fund's Amended Rehabilitation Plan to reflect a more meaningful effort to forestall the Fund's insolvency. By amending the Fund's monthly benefit multiplier; modifying the Fund's Early

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Retirement Pension reduction factor; and by modifying the Fund's Death Benefits, the Fund's actuary projected a leveling and eventual increase in the Fund's funded percentages and the Standard Account Credit Balance.

As of the date of this certification, the Trustees believe that they have taken all reasonable steps to forestall insolvency including the adoption and implementation of a Rehabilitation Plan which eliminated adjustable benefits and increased contributions.

#### **Adjustable Benefits**

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

- Five-Year Guarantee Option
- Ten-Year Guarantee Option
- Pop-Up Husband-Wife Pension
- Husband-Wife 75% Pension
- Husband-Wife 100% Pension
- Disability Benefits (if not yet in pay status)
- Post-Retirement Death Benefits

#### **Employer Surcharge**

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation until the rehabilitation plan has been adopted by the Trustees and approved by the parties to the collective bargaining agreement. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Fund 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 Fund is in Critical and Declining Status. The surcharge will cease upon the adoption of the rehabilitation plan by the Trustees and its approval by the parties to the collective bargaining agreement.

#### **What's Next**

The Board of Trustees understands that legally required notices like this one can create concern about the Fund's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Fund. Also, if you are currently retired and receiving a monthly benefit payment from the Pension Fund, your monthly check will continue uninterrupted. As a final note, since the Fund is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can further affect the Fund's status and may require additional future corrective actions. Each year, the Board of Trustees will review the Fund's progress with its professional advisors and adjust Fund rules as necessary to maintain the Fund's financial integrity.

#### **Where to Get More Information**

For more information about this Notice, you may contact the Fund's Contract Administrator, PATH Administrators, at 4785 Linglestown Road, Suite 200, P. O. Box 6480, Harrisburg, PA, 17112;

Phone: (717) 671-8551, Toll Free: 1-800-636-7632. You have a right to receive a copy of the rehabilitation plan from the Fund when it has been adopted by the Fund.