



## Plumbers & Pipefitters Trust Funds

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Plumbers & Pipefitters Local No. 502 and 633 Health & Welfare Plan  
Plumbers & Pipefitters Locals No. 502 and 633 Pension Plan

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## Plumbers & Pipefitters Local 502 & 633 Pension Plan Notice of Plan Status

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November 2020

Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The Pension Protection Act (PPA or Act), signed into law in 2006 and extended by the Multiemployer Pension Reform Act of 2014 (MPRA), is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly related to the Plan.

Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, the Act requires that the Pension Plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal labels, were established. Plans that are in the yellow ("seriously endangered" or "endangered") or red ("critical" or "critical and declining") zones must notify all Plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the Plan's financial health.

In recent years, steps have been taken to bring the Plan's liabilities into balance with its assets. This has been done through a combination of benefit changes and increases in contributions from contributing employers. While these actions are expected to improve the financial balance over time, there is currently a shortfall that must be resolved for the Plan to comply with the Act's requirements.

### **Plan's Status – Yellow Zone**

On October 29, 2020, the Pension Fund's actuary certified that the Plan is in the yellow ("endangered") zone for the Plan year beginning August 1, 2020. This is based on the actuary's determination that the Pension Plan is projected to not have an accumulated funding deficiency (taking into account amortization extensions) for the 2020 Plan year or any of the succeeding 9 Plan years, but is projected to be less than 80% funded as of August 1, 2020. Despite this, the Fund should not have a problem paying benefits to current and future pensioners and beneficiaries. As of August 1, 2020, the Plan is projected to have sufficient assets to pay its benefit obligations for at least 30 years.

## **Funding Improvement Plan**

The Act requires that the plan sponsor of a plan in the yellow (“endangered”) zone to adopt a Funding Improvement Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. On September 5, 2018, the Trustees adopted a Funding Improvement Plan, which requires no change in the plan of benefits or contribution rates in effect as of October 26, 2017.

## **What’s Next**

Any necessary changes to the Funding Improvement Plan will be communicated to all affected individuals and/or parties. However, please note that since the Plan’s financial condition generally changes with changes in the economy, the Act requires that the Plan’s funding status be reviewed and certified annually. This means that you will receive a notice like this each year until the Plan is no longer in the yellow zone.

We understand that legally required notices like this one can create concern about the Plan’s future. While the “endangered” status label is required to be used by law, the fact is that we are working with our actuaries and consultants to monitor the Plan’s condition and address Plan issues. We will take the actions necessary to improve the Fund’s financial condition.

For more information about this notice or the Pension Plan in general, contact the Pension Plan Office at the address or phone number listed at the top of this letter.

Sincerely,  
Board of Trustees

*As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.*

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