



SDCLeagueFunds.org 321 West 44th Street, Suite 804, New York, NY 10036 TEL: 212.869.8129 FAX: 212.302.6195

**Notice of Critical Status
SDC-League Pension Fund**

For Plan Year Beginning September 1, 2020 and Ending August 31, 2021

December 29, 2020

This is to inform you that on November 29, 2020, the actuary for the SDC-League Pension Fund (the "Fund" or the "Plan") certified to the U.S. Department of the Treasury and to the Board of Trustees that the Fund is in critical status, but not in critical and declining status, for the Plan Year beginning September 1, 2020. Federal law requires that you receive this notice.

Critical Status – Red Zone

Prior to the current Plan Year, the Fund had been in endangered status (yellow zone) and the Trustees of the Fund had adopted a Funding Improvement Plan. The Fund is in critical status (the red zone) for the Plan Year beginning September 1, 2020, because the Fund emerged from critical status in a prior year under the special emergence rule and a funding deficiency is projected for the Plan Year or any of the next nine Plan Years, taking into account any extensions of amortization periods under ERISA 304(d).

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 of the Plan will adopt a rehabilitation plan by July 27, 2021. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the Trustees of the Plan determine that 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. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is 30 or more days after written notice is given identifying and explaining the reductions. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of December 29, 2020, 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.

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:

- Post-retirement death benefits
- 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 Fund a surcharge to help correct the Fund's financial situation until the bargaining parties adopt a collective bargaining agreement that includes terms consistent with one of the Schedules set forth in the Rehabilitation Plan. 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 status.

Where to Get More Information

For more information about this notice or the Fund, contact the SDC-League Pension Fund: 321 W 44th Street, Suite 804, New York, NY, 10036; telephone (800) 317-9373. You have a right to receive a copy of the rehabilitation plan from the Plan (once it has been adopted by the Trustees).

Sincerely,
The Board of Trustees

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