SHEET METAL WORKERS LOCAL PENSION PLAN
2019 NOTICE OF CRITICAL AND DECLINING STATUS
August 2019

On July 29, 2019, the actuary for the Sheet Metal Workers Local Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan is in "critical and declining status" for the 2019 Plan Year as defined by the *Multiemployer Pension Reform Act of 2014* (MPRA). The 2019 Plan Year began on May 1, 2019. Federal law requires that you receive this Notice.

Critical and Declining Status

The Plan was certified as being in critical and declining status for the 2019 Plan Year because the Plan's actuary has determined that Plan is in critical status, is less than 80% funded and is projected to be insolvent within the next 20 years. Specifically, the Plan is projected to be insolvent in the 2032 Plan Year. Insolvent means that the Plan's available resources will not be sufficient to pay benefits under the Plan during the Plan Year for which they are due. Such insolvency may result in benefit reductions.

Benefit Adjustments under the Existing Rehabilitation Plan

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a Rehabilitation Plan on July 1, 2009 and have updated the Rehabilitation Plan since the initial adoption. The latest update to the Rehabilitation Plan was adopted March 7, 2019. Since the Plan is not expected to emerge from critical status, the current Rehabilitation Plan includes the use of the "exhaustion of all reasonable measures" as allowed under the *Pension Protection Act of 2006* (PPA). This means that on an annual basis, the Board of Trustees will review updated projections based on reasonable actuarial assumptions to confirm that the Rehabilitation Plan is continuing to forestall insolvency and to determine if the Plan can expect to emerge from critical status at a later date. Scheduled progress will be determined based on the Plan continuing to forestall its insolvency.

The Plan Sponsor has taken the following legally permitted actions to forestall insolvency:

The Rehabilitation Plan includes changes in the Plan's Early Retirement, Disability Retirement, Death Benefits, and Suspension of Benefit rules, freezing future accruals as well as scheduled increases in the hourly contribution rate.

If the Board of Trustees determines that further benefit reductions under the Rehabilitation Plan are necessary, you will receive a separate notice in the future explaining the effect of those reductions. Any reduction of adjustable benefits, **other than the possible benefit suspensions discussed below**, will not reduce the level of a participant's basic benefit payable at normal retirement.

You can request a copy of the Plan's Rehabilitation Plan, any updates to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

Application for Proposed Benefit Suspension

Under the Multiemployer Pension Reform Act of 2014 ("MPRA"), a plan that is determined to be in critical and declining status may seek authorization to adopt reductions (which the law calls "suspensions") to certain accrued benefits. The reductions sought by the plan are subject to specific requirements and limitations set out in MPRA, and may only be adopted if it is demonstrated that by doing so the plan can be projected to avoid insolvency. In order for the proposed reductions to be adopted, the plan sponsor must apply to the U.S. Department of Treasury ("Treasury"), in consultation with the U.S. Department of Labor ("DOL") and the Pension Benefit Guarantee Corporation ("PBGC"), and the proposed reductions must be ratified by a vote of the plan's participants and beneficiaries.

The Board of Trustees has determined that benefit suspensions are necessary if the Plan is to avoid insolvency and has submitted an application to the U.S. Department of the Treasury for approval to reduce benefits under the Plan. Notices were sent to all participants in early April that contained details of the proposed suspension and the estimated impact of the suspension on participants' benefits. If you did not receive a notice, please contact the Plan Administrator. The Treasury Department will have until November 2019, to make a decision. If the application is approved, you will have the opportunity to vote on the proposed reduction.

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator at P.O. Box 368, Troy, MI 48098-0368, or by calling 866-599-3176. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 34-6666753.