

Twin City Carpenters & Joiners Pension Plan

Notice of Endangered Status

Date Issued: April 2021

The Pension Protection Act of 2006 (the 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 interested in the plan.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act establishes benchmarks for measuring a plan's funding, and uses formal labels for such benchmarks. Plans that are in "endangered" status (sometimes called the "Yellow Zone") or "critical" status (sometimes called the "Red Zone") must notify all plan participants, beneficiaries, contributing employers, and collective bargaining parties of the plan's status, as well as take corrective action to improve or restore the plan's financial health.

Plan's Status – Endangered

As of January 1, 2021, the plan has emerged from critical status, and is now in endangered status (the "Yellow Zone") since the Plan's funded percentage is projected to be less than 80%, and there is no projected Funding Standard Account deficiency within seven years.

Rehabilitation Plan and Funding Improvement Plan

As required by the Act, after the Trustees elected to enter critical status (the "Red Zone") as of January 1, 2020, the Trustees adopted a Rehabilitation Plan in April 2020 that projected the Plan would emerge from critical status by December 31, 2032. As you were previously notified, the Rehabilitation Plan included changes in the plan of benefits, including the following:

- Change in future benefit accruals to the Lifetime Income Benefit formula
- Elimination of most pre-retirement and post-retirement lump sum death benefits
- Reduction in the qualified pre-retirement annuity benefit for terminated vested participants
- Elimination of the subsidized "pop-up" feature in the joint and survivorship benefits
- Elimination of early retirement subsidies except for certain Grandfathered participants

Federal law requires a pension plan in endangered status ("Yellow Zone") to adopt a Funding Improvement Plan (FIP) aimed at restoring the financial health of the plan. Later this year, the Trustees will review the funding status of the Plan and adopt a FIP that make changes to the plan of benefits and/or required contributions, as necessary.

Once a FIP is adopted, you will be notified in advance if any changes are required. The Trustees have the authority to amend and apply the provisions of the FIP in future years in any manner deemed prudent, including requiring changes in employer contributions and future benefit accruals as part of new or renewed collective bargaining agreements.

What's Next

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 critical or endangered status.

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" label is required to be used by Federal law, the fact is that we have been working with our actuaries and consultants for some time now to address these funding issues. Please be assured that improving the Plan's funded status is a top priority and we are committed to taking the actions necessary to ensure your benefits are there when you retire.

Where to Get More Information

For more information about this Notice, you may contact the Plan Administrator at:

Carpenters & Joiners Pension Plan
Wilson-McShane Corporation
3001 Metro Drive, Suite 500
Bloomington, MN 55425
(952) 851-5788 or (844) 468-5916 (Toll Free)
carpentersandjoinersbenefits.com

You have a right to receive a copy of the Funding Improvement Plan adopted by the Trustees from the Plan Administrator.

This Notice is being provided as required under the Pension Protection Act of 2006, which requires that certain information regarding the Plan's funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.

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