

ROOFERS LOCAL NO. 75 PENSION FUND
2012 NOTICE OF CRITICAL STATUS
September 2012

On August 29, 2012 the actuary for the Roofers Local No. 75 Pension Fund ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan is considered Critical for the 2012 Plan Year as defined by the *Pension Protection Act of 2006* (PPA). The 2012 Plan Year began on June 1, 2012 and will end on May 31, 2013. Federal law requires that you receive this Notice.

Critical Status

The Roofers Local No. 75 Pension Fund is considered to be in Critical status because the Plan has funding or liquidity problems, or both. The 2009 Plan Year was the first year that the Plan was certified to be in Critical status. This was because as of the Plan's 2009 PPA certification date the Plan was projected to have an accumulated funding deficiency for the 2013 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in Critical status for the 2012 Plan Year because the Plan's Actuary has determined that the Plan has not passed the "Emergency Test" that would enable it to come out of Critical status.

On December 15, 2010, the Trustees of the Plan adopted a Rehabilitation Plan that has been ratified by the bargaining parties. The Plan is continuing to operate in accordance with this Rehabilitation Plan. For the 2012 Plan Year, the Plan's Actuary has certified that the Plan is making scheduled progress as required under its Rehabilitation Plan.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires plans in Critical status to adopt a Rehabilitation Plan aimed at improving the plan's funded percentage. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also stipulates that plans in Critical status are not allowed to pay "restricted benefits", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

The Board of Trustees adopted a Rehabilitation Plan that includes both benefit changes and increases in the hourly contribution rate. The Rehabilitation Plan includes the following benefit changes:

1. **Changes to Eligibility Requirements.** Effective for retirements on and after November 1, 2010, Early Retirement Benefits, Vested Early Retirement Benefits, and Total and Permanent Disability Benefits will only be available to those Participants who are considered "Active" as defined by the Plan. "Inactive" Participants who are vested in the Plan will only be entitled to receive their accrued benefit at Normal Retirement Age. The term "Active Participant" will mean any Participant who has earned at least one (1) year of Credited Service in any of the four (4) immediately preceding Plan Years. The term "Inactive

Participant” will mean any Participant who has not earned at least one (1) year of Credited Service in any of the four (4) immediately preceding Plan Years.

2. **Changes to Early Retirement Benefits.** For retirements with Benefit Payment Dates on or after November 1, 2010 an Early Unreduced Retirement Benefit will only be available to Active Participants who: (1) were first employed in Covered Employment prior to October 1, 2001, (2) who are at least Age 56, and (3) who have earned at least 30 or more years of Credited Service. However, any Active Participant who has 27 or more years of Credited Service as of June 1, 2011 will remain eligible to receive an Early Unreduced Retirement Benefit upon earning 28 years of Credited Service, regardless of their age.
3. **Changes to Total and Permanent Disability Benefits.** On or after November 1, 2010, an Active Participant will be eligible for a Total and Permanent Disability Benefit only if he has earned 15 or more years of Credited Service. The monthly amount of the Total and Permanent Disability Benefit will be equal to the Participant’s vested accrued benefit reduced by $\frac{1}{2}$ of 1% for each month the Participant’s Disability Date precedes their Normal Retirement Date, with a maximum reduction of 25%. A Participant who is eligible to receive a Total and Permanent Disability Benefit from the Plan will be entitled to benefit payments commencing on the later of the date of their award letter from Social Security or the date he applies for a Disability Benefit from the Plan.
4. **Elimination of the Joint and Survivor Pop-Up Benefit.** For retirements on or after September 24, 2010, there will be no increase in the monthly pension amount payable to a retiree if the retiree’s spouse predeceases the retiree. This change applies to both the Qualified Joint and 50% Survivor Annuity and the Qualified Joint & 75% Optional Survivor Annuity.
5. **Elimination of the “Return of Contributions” Death Benefit.** Effective September 24, 2010, the pre-retirement lump-sum “return of contribution” Death Benefit will no longer be payable from the Plan. In addition, for retirements occurring on or after September 24, 2010, the post-retirement “return of employer contribution” Death Benefit will no longer be payable.
6. **Elimination of Small Amount Lump Sum Payments.** On and after September 24, 2010, lump sum payments of de-minimus benefits will no longer be available if the Actuarial Present Value of the benefit is \$1,000 or more.

In addition to the benefit changes outlined above, the Rehabilitation Plan adopted by the Board of Trustees also calls for scheduled increases in the hourly contribution rate. The hourly contribution rate was increased by \$0.38 per hour effective June 1, 2011. In addition, the hourly contribution rate will increase by \$0.40 per year in 2012 and 2013; \$0.20 per year in 2014, 2015 and 2016; and by at least \$0.30 per year in 2017, 2018, 2019 and 2020. This means that the contribution rate for a journeyman roofer will increase from \$5.50 per hour on June 1, 2010 to \$8.48 per hour on June 1, 2020. These additional contributions will not result in any additional benefit accruals under the Plan.

You can request a copy of the Plan’s Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan administrator.

Adjustable Benefits

If it is ever determined that the Plan's Rehabilitation Plan needs to be amended, federal law permits pension plans in Critical status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the Rehabilitation Plan:

- Subsidized Early Retirement benefits;
- Unreduced Early Retirement benefits;
- Total and Permanent Disability benefits (if not yet in pay status); and
- Pre-retirement death benefits.

If the Board of Trustees ever determines that further benefit reductions are necessary, you will receive a separate Notice identifying the type of the reduction and the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age. In addition, the reductions will only apply to Participants and beneficiaries whose Annuity Starting Date is on or after September 24, 2010.

Where to Get More Information

For more information about this Notice, you can contact the Roofers Local No. 75 Pension Fund at 77 W. Elmwood Drive, Suite 106, Centerville, OH 45459, or by calling 937-436-0027. For identification purposes, the official Plan number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 31-1010072.