Notice of Critical Status for the 2014 Plan Year
for the
Local 1245 Labor-Management Pension Plan

This is to inform you that on March 31, 2014 the plan actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees (the "Trustees"), that the Local 1245 Labor-Management Pension Plan (the "Plan") continues to be in critical status for the plan year beginning January 1, 2014. Federal law requires that you receive this Notice of Critical Status for the 2014 plan year ("Notice").

Critical Status

A plan continues to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan is considered to be in critical status for the 2014 plan year because it was in critical status for the 2013 plan year and the Plan's actuary has projected that an accumulated funding deficiency will occur in the plan year ending December 31, 2016.

Rehabilitation Plan

Federal law requires pension plans certified to be in critical status to adopt a "Rehabilitation Plan" aimed at restoring the financial health of the plan. This is the fifth consecutive year the Plan has been certified to be in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. The Trustees adopted a Rehabilitation Plan on October 26, 2009, which was updated in 2012. The Rehabilitation Plan includes one schedule which does not impose any benefit reductions and the default schedule, which, by law, reduces adjustable benefits. Both of the schedules require additional pension contribution rate increases. You were notified previously that the default schedule reduces or eliminates adjustable benefits and that, as of January 1, 2009, 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. If the Trustees determine that further 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 (other than a repeal of a recent benefit increase, as described below) 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 on or after April 30, 2009. Each year the Trustees will review the progress of the Plan's funding status to determine whether the Plan remains in critical status. If necessary, the Trustees will modify the Rehabilitation Plan to reflect any changed circumstances.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of the Rehabilitation Plan the Plan may adopt:

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
Recent benefit increases (i.e., occurring in the past 5 years before the initial critical year).

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge was applicable in the initial critical year and a 10% surcharge was applicable for each succeeding plan year thereafter in which the Plan is in critical status and for which the union and a contributing employer have not yet adopted one of the schedules under the Rehabilitation Plan.

Where to Get More Information

For more information about this Notice or to request a copy of the Rehabilitation Plan, you may contact the Plan Administrator, Benefit Plan Administration of NJ, Inc. You may write to them at P.O. Box 426, Montville, NJ 07045 or call (973) 299-6700 or 1-800-451-8391 (out of state) and ask for Donald in the Pension department.