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March 30, 2015

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure room, N-1513
200 Constitution Ave. NW
Washington, DC 20210

Re: Composition Roofers Local #42 Pension Plan

Please find enclosed a copy of the Critical Status Notice for the above Pension Plan.

Sincerely,

Jill Huber
Assistant Administrator

COMPOSITION ROOFERS LOCAL NO. 42 PENSION PLAN
2015 NOTICE OF CRITICAL STATUS
April 2015

On March 28, 2015 the actuary for the Composition Roofers Local No. 42 Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan continues to be in "critical status" for the 2015 Plan Year as defined by the *Pension Protection Act of 2006* (PPA). The 2015 Plan Year began on January 1, 2015 and will end on December 31, 2015. Federal law requires that you receive this Notice.

Critical Status

The Plan is in critical status because it has funding or liquidity problems, or both. The 2010 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2010 PPA certification date the Plan was projected to have an accumulated funding deficiency for the 2012 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 2015 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this Test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

On October 13, 2010, the Plan's Board of Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties. This rehabilitation plan was updated during the 2013 Plan Year. The Plan's actuary has certified that the Plan is making scheduled progress in meeting the requirements of its updated rehabilitation plan.

Rehabilitation Plan

Federal law requires that plans in critical status 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 Plan's rehabilitation plan includes benefit restrictions, benefit changes, and increases in the hourly contribution rate and is summarized below:

☑ A fully vested Participant will not be eligible for an Early Retirement Benefit ***on or after January 1, 2014*** unless he is an Active Participant in the Plan. An Active Participant is defined as a Participant who has completed at least one (1) Hour of Service in the Plan Year immediately preceding the Plan Year in which he retires. A vested Participant who is not considered Active will not be eligible for a monthly pension until he reaches his Normal Retirement Date.

☑ A Participant who submits an application for a Disability Retirement Benefit or who becomes disabled according to the terms and conditions of the Plan ***on or after January 1, 2010*** will receive a monthly pension equal to his vested Accrued Benefit, reduced by 5/9 of 1% for each month that his Disability Retirement Date precedes his attainment of age 58. There will be a maximum reduction of 20%.

☑ The eligible spouse of a Participant with 5 or more years of Credited Service under the Plan will be entitled to a Qualified Pre-Retirement Death Benefit. Effective ***December 1, 2010***, if a Participant dies after reaching his Earliest Retirement Age, his surviving spouse will receive a benefit calculated as if the Participant retired the day before his death, elected a Joint & One-half Survivor Annuity, and then died. If a Participant dies before reaching his Earliest Retirement Age, his spouse will be entitled to a monthly benefit calculated as though the Participant separated from service on the date of his death, survived to his Earliest Retirement Age, retired with a Joint & One-Half Survivor Annuity, and then died.

☑ Effective ***April 30, 2010***, the Return of Contributions Pre-Retirement Death Benefit was eliminated. This benefit was paid to the designated beneficiary of a Participant who was not vested or who was not legally married at the time of his death. It was also paid to the designated beneficiary of a vested, married Participant who, along with his spouse, waived the Qualified Pre-Retirement Survivor Annuity.

☑ Effective ***April 30, 2010***, the Return of Contributions Post-Retirement Death Benefit was eliminated. This benefit was paid to the designated beneficiary of a retired Participant or a surviving spouse who died before receiving pension payments equal to the total employer contributions made to the Plan on behalf of the Participant, less the monthly benefit payments made to the retiree and/or his surviving spouse.

In addition to the benefit changes outlined above, the rehabilitation plan calls for increases in the hourly contribution rate. The contribution rate will be increased by at least 20¢ per hour for each Plan Year until 2019 - meaning that the hourly contribution rate for a Journeyman will increase from $3.40 per hour in January 2010 to $5.40 per hour by August 2019. The hourly contribution rate was increased to $4.40 per hour effective August 1, 2014. These increases in the contribution rate will not result in any additional benefit accruals and will be used solely to improve the funded position of the Plan.

The rehabilitation plan will be reviewed annually with the Plan's actuary and other professionals. Based on such review, the rehabilitation plan may be amended to include additional benefit reductions and/or contribution rate increases.

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:

- ☑ Early Retirement Benefits or retirement-type subsidies;
- ☑ Disability Benefits (if not yet in pay status);
- ☑ Other similar benefits, rights, or features under the Plan.

If the Trustees of the Plan determine 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 (generally, age 58). In addition, the reductions will only apply to Participants and beneficiaries whose Annuity Starting Date is on or after April 30, 2010.

Employer Surcharge

Federal law requires that all contributing employers pay a surcharge to the plan to help correct the financial situation of a plan in critical status. 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 is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Because the Plan is operating under a rehabilitation plan, the employer surcharge is not applicable.

Where to Get More Information

For more information about this Notice, you can contact the Board of Trustees of the Composition Roofers Local No. 42 Pension Plan at Stoner & Associates at 205 West Fourth Street, Suite 225, Cincinnati, OH 45202, or by calling 513-381-6886. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 31-6127285. You can request a copy of the Plan's rehabilitation plan and the actuarial and financial data that documents any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.