OPERATIVE PLASTERERS' AND CEMENT MASONS' INTERNATIONAL ASSOCIATION, LOCAL UNION 394'S
HEALTH & WELFARE AND PENSION TRUST FUND

Administrative Office
P.O. Box 21240 ❖ Denver, Colorado 80221 ❖ Phone: (800) 622-8780 ❖ Fax: (303) 429-1359

DATE: April 29, 2016

TO: Participants, Beneficiaries, Contributing Employers and Local Unions

FROM: Board of Trustees
Operative Plasterers and Cement Mason Local 394 Pension Fund

SUBJECT: Notice of Actuary's Certification of Funding Status for the 2016 Plan Year
Trustees' Election of Critical Status

This is to inform you that on March 30, 2016, the Plan's actuary certified to the U.S. Department of Treasury that the Plan is in endangered status (as defined under the Pension Protection Act of 2006 ("PPA") and also known as "Yellow Zone" status) for the Plan Year beginning January 1, 2016. The actuary also certified that the Plan is projected to be in critical status within the next five Plan Years.

ELECTION OF CRITICAL STATUS

Under the Multiemployer Pension Reform Act of 2014 (MPRA), a plan can elect to be in critical status (Red Zone) for a plan year if it is projected to be in critical status for any of the succeeding five plan years. Although the Plan is in the Yellow Zone for 2016, there is an expected funding deficiency in the year ended December 31, 2022 and, therefore, it is projected to enter critical status for the January 1, 2018 plan year. Thus, the Plan is now eligible for early election of critical status as of January 1, 2016. The Trustees sent an election to the U.S. Treasury to categorize the Plan as a plan in critical status (also known as "Red Zone" status) for the 2016 Plan Year. Federal law requires that you receive this notice.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. In addition to revising the plan's formula for future benefit accruals and making similar changes, the law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that 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 age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after May 1, 2016. You should also know that whether or not the Plan reduces adjustable benefits in the future, the plan will not be permitted to pay lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity (except for the payout of benefits of $5,000 or less) while it is in critical status.

ADJUSTABLE BENEFITS

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- 36-month payment guarantee that is currently part of the Life Annuity payment form
- Early Retirement Benefit, Late Retirement Benefit, or other retirement-type subsidy
- Pre-retirement death benefit, including spouse 36-month guarantee, other than Pre-Retirement Husband-and-Wife Pension
- Retirement-type subsidies in connection with joint and survivor benefit options
- Disability Pension

EMPLOYER SURCHARGE

The law requires all Contributing Employers to pay to the Plan a surcharge 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 or subscription agreement. With some exceptions, a 5% surcharge is applicable to the initial critical year (ending December 31, 2016) and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. The imposition of surcharges cease for a Contributing Employer when that Employer adopts or renews a collective bargaining agreement or subscription agreement containing terms consistent with a schedule of the rehabilitation plan.

WHERE TO GET MORE INFORMATION

We understand that legally required notices like this one can create concern about the Trust's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Trust, or if that is not possible, to forestall the insolvency of the Trust. With the assistance of the Trust's actuary, legal counsel and other professionals, and working with the Union, the Trustees will develop a Rehabilitation Plan that addresses these issues. As a final note, since the Pension Trust is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Trust's status and any future corrective actions needed. Each year the Board of Trustees will be reviewing the Trust's progress with its professional advisors, and which may lead to future changes in the recommended contribution and benefit schedules.

For more information about this notice or the Trust, contact the Administration Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.

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