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Boilermaker-Blacksmith National Pension Trust Notice of Plan Status

April 28, 2017

Participants, Beneficiaries, Participating Union, and Contributing Employers:

The Pension Protection Act (PPA or Act), signed into law in 2006 and extended by the Multiemployer Pension Reform Act of 2014 ("MEPRA"), 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 all pension plans be tested annually to determine how well they are funded. The Act established formal benchmarks for measuring a plan's funding. Plans that are not in the "Green Zone" as defined by the Act must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to restore the plan's financial health.

Plan's Status — Red Zone

Under the PPA, if a pension plan is classified as being in the "Red Zone," it is considered to be in "critical" status. Based on the March 31, 2017 actuarial certification for the 2017 Plan year, the Plan is projected to enter critical status within the next five years due to a projected funding deficiency in the Plan year ending December 31, 2022. As allowed under MEPRA, the Trustees have proactively elected to enter critical status early for 2017. This does not mean that the Pension Plan will have a problem paying benefits to current pensioners and beneficiaries in the near future. It means that, if corrective action is not taken, the Fund may have a problem paying benefits in the future. The Trustees have already taken corrective action, as explained below.

Rehabilitation Plan

The Act requires a plan in the red "critical" zone to adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. The Act requires certain optional benefits to be eliminated in the red "critical" zone; therefore, effective May 1, 2017, the Plan is not permitted to pay benefits under the Level Income Option.

The Act allows a Rehabilitation Plan to eliminate or change "adjustable benefits." The adjustable benefits that **may** be eliminated or changed include:

- Plan benefits, rights, and provisions, including death benefits (other than qualified joint and survivor annuities), form of payment subsidies, disability benefits not yet in pay status, and similar benefits; and
- Early retirement benefit or retirement-type subsidies.

In anticipation of the critical status of the Plan, the Trustees have adopted a Rehabilitation Plan that will modify the adjustable benefits for all non-retired participants effective October 1, 2017.

Benefits for pensioners and beneficiaries in pay status as of October 1, 2017 will not be affected by the Rehabilitation Plan. The Rehabilitation Plan does **not** reduce the level of any participant's basic benefit payable at normal retirement age. In addition, the retirement and disability benefits of the participants who meet the following requirements are also unaffected:

- Worked at least 3,000 Hours of Work in Covered Employment during the 36-month period ending on September 30, 2017; and either:
 - a) attained age 55 and earned at least 35 Pension Credits on or before September 30, 2017; or
 - b) attained age 58 and earned at least 30 Pension Credits on or before September 30, 2017.

More details of the Rehabilitation Plan and Plan Amendment are included in this booklet.

Employer Surcharge

The Act requires that all contributing employers pay a contribution surcharge to the Plan to help correct the Plan's financial situation before they are covered by the Rehabilitation Plan. For contributions payable after May 28, 2017, the surcharge is 5% of the negotiated contribution rate for the rest of 2017 and increases to 10% effective January 1, 2018, if applicable. The contribution surcharge ends when an employer begins contributing under a collective bargaining agreement that implements the Rehabilitation Plan. Therefore, as long as all Collective Bargaining Agreements are updated prior to May 28, 2017, no surcharges will apply.

What's Next

We understand that legally required notices like this one can create concern about the Plan's future. While the red "critical" zone label is required to be used by law, the fact is that we are working with our actuaries and consultants to monitor the Plan's condition and address Plan issues. By adopting the Rehabilitation Plan in January, we have already taken the actions necessary to improve the Fund's financial condition. However, since the Pension Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in participation and/or the number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed.

For more information about this Notice or the Pension Plan in general, please contact the Fund Administrator for the Boilermaker-Blacksmith National Pension Trust, Mr. Justin Kathman, at the address shown at the bottom of page 1.

Sincerely,
Board of Trustees

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