

IRON WORKERS LOCAL UNION NO. 402 PENSION FUND

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

EBSA/PUBLIC DISCLOSURE
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NOTICE OF CRITICAL STATUS

June 26, 2018

To: Participants, Beneficiaries, Participating Unions and Contributing Employers

This notice is to inform you that on June 25, 2018, the plan actuary certified to the Board of Trustees of the Ironworkers Local No. 402 Pension Plan and the U.S. Department of Treasury that the Plan remains in Critical Status for the Plan Year beginning April 1, 2018. Federal law requires that you receive this notice.

CRITICAL STATUS

The Plan is considered to be in critical status because it has a funding and/or financial liquidity problem. More specifically, the Plan's actuary has determined that the Plan was in critical status for the prior Plan Year and it remains in critical status for the current year because the Plan has an accumulated funding deficiency for the 2018 Plan Year.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan has eliminated Early Retirement Benefits for Active and Terminated Vested Participants, Disability Retirement Benefits for Active and Terminated Vested Participants, and the 120-Month Guarantee of Retirement Benefits as Normal Form of Benefit. Additionally, all other forms of benefits except the 50% and 75% Joint and Survivor Options, the 120-Month Guarantee for Pre-Retirement Death Benefits for Vested Participants, the Pre-retirement Death Benefits for Non-Vested Participants, and any Lump Sum distributions on or after November 1, 2017 have been eliminated. The maximum monthly accrual in a Plan Year was limited to \$130 for benefits accrued from April 1, 2016 to March 31, 2018. The benefit percentage was lowered from 1.10% to 0.80% of contributions credited for hours worked on or after April 1, 2018 and the maximum monthly benefit accrual will be limited to \$100 per Plan Year thereafter. For benefits accrued on and after April 1, 2018, the Normal Retirement Date will be changed to the later of age 65 with the attainment of 5 Vesting Credits or the 5th anniversary of participation.

The Rehabilitation Plan also incorporated increases to the Hourly Contribution Rate. The blended Hourly Contribution Rate was increased by \$1.25 (\$1.35 Master, \$1.00 for Greater South Florida) for all hours earned on or after October 1, 2017 with an additional blended \$0.35 increase per year for all hours earned on or after October 1, 2018, October 1, 2019, and October 1, 2020. This Rehabilitation Plan initially projects the Plan to emerge from Critical Status by Plan Year Ending March 31, 2038. The projections will be updated regularly to ensure funding progress.

EMPLOYER SURCHARGE

The law requires that all contributing employers pay a surcharge to the Plan to help improve the Plan's financial situation when the Plan is first determined to be in Critical Status until the bargaining parties adopt a Rehabilitation Plan. 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. A 5% surcharge was applicable in the initial critical year and a 10% surcharge would be applicable for each succeeding plan year thereafter until the employers agree to a collective bargaining agreement or similar agreement that implements schedules consistent with the requirements of a rehabilitation plan. As required by law, the surcharges will be disregarded in determining benefits and withdrawal liability.

Once the rehabilitation plan is in effect, the surcharges no longer apply. Because the bargaining parties responded so quickly in adopting a Rehabilitation Plan, there were no surcharges applicable to employer contributions.

WHERE TO GET MORE INFORMATION

For more information about this notice, you may contact the Fund Office located at Zenith American Solutions, 401 Liberty Avenue, Suite 1200, Pittsburg, PA 15222 or by telephone at (800) 242-8923. You have a right to receive a copy of the rehabilitation plan adopted by the Trustees.

This notice is only intended to be a very brief summary of the law and the changes to the Plan. It is not intended to be an exhaustive, complete description of the law or these changes.

PLEASE CALL THE FUND OFFICE IF YOU HAVE ANY QUESTIONS OR DO NOT UNDERSTAND THIS NOTICE.