

**Notice of Critical Status for  
Plumbers and Steamfitters Local No. 137 Pension Fund**

Introduction

This is to inform you that on July 14, 2020 the actuary for the Plumbers and Steamfitters Local No. 137 Pension Fund ("Fund") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Fund is in "critical status" for the 2020 Plan Year as defined by the *Multiemployer Pension Reform Act of 2014* (MPRA). The 2020 Plan Year began on April 1, 2020 and will end on March 31, 2021. Federal law requires that you receive this Notice.

Critical Status

The Fund is considered to be in critical status because it has funding or liquidity problems, or both. The 2020 Plan Year was the first year that the Fund was certified to be in critical status. As of the Fund's 2020 PPA certification date, the Fund's actuary determined that the Fund would be in critical status for the 2020 Plan Year because an accumulated funding deficiency is expected to occur within the next three Plan Years.

It should be noted that an accumulated funding deficiency means that expected contributions to the Fund will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Fund is expected to be insolvent.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires that pension plans in critical status 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. If the trustees of the fund 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. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after August 1, 2020. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of August 1, 2020, 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.

Adjustable Benefits

The Fund offers the following adjustable benefits that could be reduced or eliminated as part of any rehabilitation plan:

- X Disability benefits (if not yet in pay status);
- X Sixty-month payment guarantees;
- X Early retirement benefits or retirement-type subsidies;
- X Recent benefit increases (i.e. occurring in past 5 years);
- X Benefit payment options, other than a Qualified Joint & Survivor Annuity ("QJSA").

If the Trustees of the Fund 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, which is subject to change for future benefit accruals. In addition, the reductions will only apply to Participants and beneficiaries whose Annuity Starting Date is on or after August 1, 2020.

### Employer Surcharge

The law requires that all contributing employers 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. 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.

### Where to Get More Information

For more information about this Notice, you can contact Becky Lambert, third party administrator at HealthSCOPE Benefits, at 317-610-8228, 8901 Otis Ave., Ste. 200, Indianapolis, IN 46216; or by email at [becky.lambert@healthscopebenefits.com](mailto:becky.lambert@healthscopebenefits.com). You have a right to receive a copy of the rehabilitation plan from the Fund. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number, or "EIN", is 36-6136791.