



Local 1034 Pension Fund

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NOTICE OF CRITICAL STATUS

LOCAL 1034 PENSION PLAN

(for the Plan Year beginning January 1, 2022)

This is to inform you that on March 31, 2022 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Local 1034 Pension Plan (the “Plan”) is in critical and declining status for the plan year beginning January 1, 2022. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in critical and declining status, because it has funding and liquidity problems. More specifically, the Plan’s actuary determined that the Plan is in critical status because it was in critical status last year, the Plan is projected to have an accumulated funding deficiency for the current year, the Plan’s funded percentage is below 80%, and the Plan is expected to become insolvent within twenty years. See the section entitled “Special Financial Assistance” later in this notice for more information on the potential for the Plan to receive a grant from the federal government that would improve the Plan’s funding and reduce the risk of future insolvency.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The Plan has been in critical status for 13 years and in critical and declining status for six of those years.

The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. On April 27, 2010, you were notified that as of April 30, 2010 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. On November 23, 2010, the Board of Trustees adopted a Rehabilitation Plan, which included the reduction and/or elimination of some adjustable benefits under the Plan. You received a separate notification identifying and explaining the effect of those benefit changes. If the Trustees of the Plan determine that additional benefit changes are necessary in the future, you will receive a separate notice in the future identifying and explaining the effect of those changes. Any reduction of adjustable benefits 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 April 30, 2010.

Examples of adjustable benefits, which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt, are:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidies, including the Plan's Service Pension;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Recent benefit increases (*i.e.*, occurring in past 5 years);
- Other similar benefits, rights, or features under the plan, if any

In general, trustees of a pension fund in **critical and declining status** may recommend and apply to the Internal Revenue Service and Department of Treasury for approval to amend the Plan to reduce current and future payment obligations to participants and beneficiaries. Any such reductions (referred to as a "suspension of benefits") are also subject to a participant vote. See the section entitled "Special Financial Assistance" later in this notice for more information on the potential for the Plan to receive a grant from the federal government that would improve the Plan's funding and reduce the risk of future insolvency and associated benefit reductions.

Special Financial Assistance

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed into law. ARPA created a Special Financial Assistance ("SFA") Program, which provides grants to eligible multiemployer plans that can demonstrate the need for SFA. The Plan is eligible to apply for and receive SFA. Further, the Trustees intend to apply for SFA on or about March 11, 2023, which is the earliest date the Plan is eligible to apply under current guidance. SFA is expected to significantly improve the funding of the Plan and reduce the risk of future insolvency and associated benefit reductions. Further, a pension fund that receives SFA is no longer eligible to apply for a suspension of benefits if it is certified in critical and declining status.

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, until certain conditions are met.

Where to Get More Information

For more information about this notice or the Plan, you may contact the Fund Office at (718) 937-7150 or 48-18 Van Dam Street, Suite 201, Long Island City, New York 11101. The Plan will send you a copy of the Rehabilitation Plan upon written request to the Fund Office.