

NOTICE OF CRITICAL AND DECLINING STATUS
For the
IRON WORKERS LOCAL 17 PENSION FUND
Issued For the Plan Year Beginning May 1, 2016

DATE: **August 26, 2016**

TO: **Participants, Beneficiaries, Retirees, Participating Employers, Steel and Iron Contractors Association, Construction Employers Association of Cleveland and the International Association of Bridge, Structural and Ornamental Iron Workers Local No. 17, Cleveland, Ohio.**

The Pension Protection Act of 2006 ("PPA"), a Federal law, amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer pension plans that are based upon the actuarial status of the plan. PPA requires multiemployer pension plans to be evaluated by actuaries in order to determine whether the pension plan has a current or projected funding deficiency. The multiemployer pension plan's actuary must certify to the Secretary of Treasury and the plan sponsor whether or not the multiemployer pension plan's funding status is "Endangered" or "Seriously Endangered", commonly referred to as in the "Yellow Zone", or "Critical", commonly referred to as in the "Red Zone" for the plan year. Beginning with this Plan Year, a new category of "Critical and Declining" status was added to PPA under the Multiemployer Pension Relief Act of 2014.

For the Iron Workers Local 17 Pension Fund ("Pension Fund"), the actuary certified that this Pension Fund was in Critical Status each year between May 1, 2008 and May 1, 2015 when it was first certified as in Critical and Declining Status. The Pension Fund is required under PPA to obtain an annual actuarial certification and send out an annual Notice which informs you of the current funding status.

The Pension Fund's Actuarial Status for 2016

The purpose of this Notice is to inform you that on July 29, 2016, the Pension Fund's actuary certified to the U.S. Department of Treasury and the Trustees that the Pension Fund is in "Critical and Declining Status" for the plan year beginning May 1, 2016. The actuary has certified that the Pension Fund is in critical and declining status for the Plan Year beginning May 1, 2016 because (1) the Plan is in critical status because of a funding deficiency in the current Plan Year; (2) it is projected to become insolvent (that is, not have enough assets to pay benefits) within 20 years; and (3) the ratio of inactive to active participants is more than 2 to 1. The Plan is projected to become insolvent in the 2024 Plan Year. Such insolvency may result in benefit reductions. PPA requires that as an interested party, you receive this Notice.

The Pension Fund's Rehabilitation Plan and Changes In Adjustable Benefits

In August 2008 when the Pension Fund was first certified in the Red Zone, the Trustees developed a plan to restore the financial health of the Pension Fund referred to as a "Rehabilitation Plan." The Trustees made changes to the benefits provided under the Pension Fund as part of this Rehabilitation Plan. These changes included the reduction and elimination of benefits called "Adjustable Benefits." PPA defines certain types of benefits that are considered "Adjustable Benefits" which can be reduced or even eliminated as part of a Rehabilitation Plan even if they would otherwise be protected under ERISA's anti-cutback rules. The term "Adjustable Benefit" generally includes all of the following:

1. Benefits, rights and features under the Pension Fund, including post-retirement death benefits, disability benefits not yet in pay status and similar benefits; and

2. Any early retirement benefit or retirement type subsidies and any benefit payment options, other than the 50% and 75% qualified joint and survivor annuity; and
3. All benefit increases that would not be eligible for a guarantee under ERISA Section 4022A on the first day of the Pension Fund's critical year because the increase was adopted less than 60 months prior to May 1, 2008.

This initial Rehabilitation Plan, which was adopted August 15, 2008 with plan changes effective May 1, 2009, only included one schedule called the "New Schedule of Benefits" or "Default Schedule" that reduced most Adjustable Benefits to the maximum extent allowable by law. Since this time, the funded position of the Plan has suffered further declines due to the assets and employment losses resulting from the recession.

The Trustees updated this Rehabilitation Plan effective May 1, 2011. The updated Rehabilitation Plan includes two Schedules of Benefits also called the Alternate and Default Schedules. The Alternate Schedule issued under the Rehabilitation Plan adds a one time contribution increase of \$0.50, but leaves the current level of benefits in place. The Default Schedule cannot include a contribution increase, so it includes the elimination of the disability pension. Unfortunately, these steps are only projected to forestall the insolvency of the Pension Fund not restore it to the funding levels necessary to fully fund all benefits. The contribution increases needed to actually restore this Fund cannot be sustained by the employees or employers participating in this Pension Fund.

The Trustees provided the schedule to the International Association of Bridge, Structural and Ornamental Iron Workers Local No. 17, Cleveland, Ohio ("Local Union") and the Steel and Iron Contractors Association and Construction Employers Association of Cleveland (collectively referred to as "bargaining parties") on May 30, 2011. The bargaining parties adopted the Alternate Schedule calling for a \$0.50 per hour contribution increase as part of the Collective Bargaining Agreement ("CBA") effective May 1, 2013 through April 30, 2018.

Any changes to Adjustable Benefits which were adopted as part of the Rehabilitation Plan **will not** reduce the level of any participant's accrued benefit payable at Normal Retirement Age. Additionally, the reductions adopted previously as a Red Zone Plan will not apply to any participant or beneficiary that started receiving his or her benefits prior to **August 15, 2008**.

Notification that Employer Surcharges may be Required in Certain Circumstances

For the initial Plan Year that a multiemployer pension plan is certified as in the Red Zone, the PPA requires that all contributing employers pay a surcharge to the pension plan to help improve the funding situation. Since the bargaining parties for this Pension Fund adopted the New Schedule of Benefits under the Rehabilitation Plan effective August 21, 2008, surcharges were not required under PPA.

Where to Get More Information

Participants and Beneficiaries have rights under the Plan and ERISA as described in the Summary Plan Description. If you have any questions about your Plan or this Notice, you should contact Edward Fox, Fund Administrator, Iron Workers Local 17 Pension Fund, P.O. Box 6327, Cleveland Ohio 44101-1327, phone number (216) 241-1086. Also, Participants and beneficiaries have the right to contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington DC 20210.