Notice of Critical and Declining Status
For
Plasterers and Cement Masons Local No. 94 Pension Plan

This is to inform you that on July 27, 2018 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical and declining status for the plan year beginning May 1, 2018. Federal law requires that you receive this notice.

Critical and Declining Status

Critical and declining status is a category of pension plan funding status created by the Multiemployer Pension Reform Act of 2014 (MPRA). The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is likely to be insolvent within the next 8 years. One of the primary factors that has placed the Plan in such a precarious financial position is the dramatic decrease in the hours worked for Contributing Employers for which contributions are required to be made to the Plan. The Plan is not yet insolvent however, so there are steps that can be taken and time to improve the funding status of the Plan, as explained below.

Rehabilitation Plan

Prior to the passage of MPRA, federal law already required that pension plans in critical status adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the eighth year the plan has been in critical status and the third year the Plan has been in critical and declining status. Prior law also permitted pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On or about March 4, 2013, you were notified that, in connection with the rehabilitation plan, the plan was amended effective May 1, 2013 to reduce certain adjustable benefits. On or about August 25, 2010, you were notified that 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. If the trustees of the plan determine that further 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 may only apply to participants and beneficiaries whose benefit commencement date is on or after August 25, 2010.

With the certification as a critical and declining plan under the new law, there are additional benefit adjustments the Trustees are permitted to make to improve the financial health of the plan under certain circumstances. These new adjustments are described below. You should know that at this time, even though the Plan is in critical and declining status, it has not yet met the conditions that would permit the Trustees to make the additional benefit adjustments permitted under the new law; accordingly, at this time the Plan is <u>not</u> implementing any additional benefit adjustments permitted by MPRA.

The law permits the Trustees, in addition to reducing or eliminating adjustable benefits, to propose suspending accrued benefits for participants, including those in pay status (retirees). There are limits on how much accrued benefits may be suspended and before they can be suspended the law requires the proposed benefit suspension be submitted to and approved by the Secretary of the Treasury and be submitted to a vote of the participants, including retirees.

Any reduction of adjustable benefits, as allowed for under the current rehabilitation plan, will not reduce the level of a participant's basic benefit payable at normal retirement. However, reductions in the participant's basic benefit payable at normal retirement may occur if benefits are suspended under the critical and declining status MPRA rules.

In March 2018, the Plan filed both an application for benefit suspensions with the U.S. Treasury Department and an application to partition benefits with the Pension Benefit Guaranty Corporation (PBGC). You should have a received two notices in early April 2018 regarding these applications and you will be updated accordingly should Treasury and PBGC make a determination as to the approval or denial of these applications.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Early retirement benefit or retirement-type subsidy;
- Sixty-month payment guarantees; and
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA).

Accrued Benefits

Under MPRA, suspension of accrued benefits could include reduction of the normal retirement age benefit for active employees and terminated employees who have not started their pension as well as a reduction in the benefit currently payable to retirees and beneficiaries. Any suspension of accrued benefits may not reduce the level of a participant's benefit to less than 110% of the PBGC benefit guarantee level nor may it reduce benefits for any participant on a disability pension or who is over the age of 80 (and any benefit suspension is phased in from age 75 to 80).

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. The surcharge generally ceases upon the adoption of a rehabilitation plan by the Trustees and its approval by the parties to the collective bargaining agreement.

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Where to Get More Information

For more information about this Notice, you may contact the Contract Administrator, PATH Administrators at 4785 Linglestown Road Suite 200, Harrisburg, PA 17112, or by phone at either (717) 671-8551 or (800) 636-7632 (toll free). For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 23-6445411. You have a right to receive a copy of the rehabilitation plan from the plan.

Issued: August 10, 2018

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