Local 734 Pension Fund

3218 KENNEDY BOULEVARD
JERSEY CITY, NJ 07306

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Dear Participants, Beneficiaries, Contributing Employers, and Participating Unions:

As you know, the **Pension Protection Act (PPA) of 2006** requires multiemployer pension funds like ours to have their financial status certified each year.

In 2018, our Plan has been certified to be in "critical and declining status" ("red zone").

In addition, to comply with PPA notice requirements – notices must be sent to participants, beneficiaries, participating unions, contributing employers and other interested parties – there are two notices enclosed with this letter. Because the timing and content of these notices may be confusing, we are providing the following additional information:

1. The ***Annual Funding Notice*** "looks back" at the **2017** Plan Year. It reports on the assets and liabilities of the Fund for 2017.

2. The 2018 ***Zone Certification Notice*** "looks forward" at the Plan's **2018** financial status and describes the Plan actuary's certification that the Plan is in the red zone for 2018.

Please take the time to review the enclosed notices. If you have any questions, please contact the Fund Office Administrator, Mary Castrovinci, at (201) 963-0633 or at 3218 Kennedy Blvd., Jersey City NJ 07306.

Sincerely,

The Board of Trustees

Notice of Critical Status For

Local 734 Pension Plan

This is to inform you that on December 28, 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 October 1, 2018. 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 or liquidity problems, or both. More specifically, the plan's actuary determined that the plan has an accumulated funding deficiency for the current 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. This is the eleventh year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On January 27, 2009, you were notified that as of January 28, 2009 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 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 January 1, 2010.

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:

- Disability benefits (if not yet in pay status and if active and not terminated vested)
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

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.

Benefit Suspension and Partition

Under the Multiemployer Pension Reform Act of 2014 ("MPRA"), a plan that has been determined to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is projected to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is in critical and declining status for the 2018 plan year, the plan sponsor is eligible to apply to Treasury for approval of benefit suspensions and, if necessary, to PBGC for a partition.

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Where to Get More Information

For more information about this Notice, you may contact the Local 734 Fund Administrator, Mary Castrovinci at 201-963-0633 with a mailing address of: Local 734, 3218 Kennedy Blvd., Jersey City, NJ 07306

You have a right to receive a copy of the rehabilitation plan from the plan. The request for a copy of the Rehabilitation Plan should be made in writing to the Fund Administrator at the addresses previously listed.

Very truly yours,

The Local 734 Pension Plan Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.