PAPER HANDLERS' – PUBLISHERS' PENSION PLAN

1501 Broadway, Suite 1724, New York, NY 10036
Phone (212) 869-5986 • Fax (212) 869-2233

Notice of Critical and Declining Status For

Paper Handlers' – Publishers' Pension Fund

This is to inform you that on June 29, 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 April 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 is less than 65% funded and is projected to have a funding deficiency within the succeeding four plan years and is expected to become insolvent within fifteen years.

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. A rehabilitation plan was adopted on February 25, 2016 and the Plan is following it. 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 plan 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 June 26, 2015. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of June 26, 2015, 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 plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- X Post-retirement death benefits;
- X Sixty-month payment guarantees;
- X Disability benefits (if not yet in pay status);
- X Early retirement benefit or retirement-type subsidy;
- X Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

In addition, 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 are also subject to a participant vote.

(over)

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 may contact the Fund Office, at (212) 869-5994, 1501 Broadway, Suite 1724, New York, NY 10036. You have a right to receive a copy of the rehabilitation plan from the Plan Administrator.