

## **Notice of Endangered (YELLOW ZONE) Status for Boston Plasterers', Cement Masons' and Asphalt Layers' Union Local #534 Pension Plan**

This Notice is to inform you that on June 25, 2015 the Plan's actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan continues to be in the "Endangered (Yellow Zone) Status" for the plan year beginning April 1, 2015. Federal law requires that you receive this Notice.

Under the Pension Protection Act of 2006 ("PPA"), as amended by the Multiemployer Pension Reform Act of 2014 ("MEPRA"), within the first 90 days of each plan year, the Plan's actuary must certify whether a plan is in "Endangered (Yellow Zone) Status", "Critical (Red Zone) Status", or "Critical and Declining Status". In addition, the Plan's actuary must certify whether a plan is projected to be in "Critical (Red Zone) Status" for any of the succeeding 5 plan years. In general, in order to perform this Certification, the Plan's actuary must determine the Plan's funded ratio, and if the Plan will not meet the minimum required funding standards in any of the next 10 plan years. The Plan's actuary must also project the Plan's assets, benefit costs, contributions, and unfunded liability to determine if the Plan is expected to run out of assets and will be unable to pay benefits when due.

### **Endangered (YELLOW ZONE) Status**

The Plan's actuary determined that the Plan's estimated funded percentage on April 1, 2015 is 61% (as measured for PPA purposes). Because the funded percent is below 80%, the Plan is considered to be in "Endangered (Yellow Zone) Status" for the 2015 plan year. The actuary's analysis further shows that the Plan is not in "Critical (Red Zone) Status" or "Critical and Declining Status" for the plan year beginning April 1, 2015, nor is it projected to be in Critical Status for any of the succeeding 5 plan years.

### **Funding Improvement Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in "Endangered (Yellow Zone) Status" adopt a "Funding Improvement Plan" aimed at restoring the financial health of the plan and anticipating future funding issues based upon the actuary's projections. More specifically, the goal of the Funding Improvement Plan is to increase the Plan's funding percentage by  $\frac{1}{3}$  during the 10-year Funding Improvement Period while also avoiding a minimum funding shortfall. The Trustees formulated a "Funding Improvement Plan" in February 2015, during the Plan Year the Plan emerged from "Critical (Red Zone) Status" and was determined to be in "Endangered (Yellow Zone) Status". The Funding Improvement Plan will become effective on April 1, 2017, the first day of the Funding Improvement Period.

The law permits pension plans to reduce benefits before they are earned in future years as part of a Funding Improvement 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.

### **Looking Ahead**

The plan's funding status must be reviewed and certified annually. Notices like this one will be sent each year until our plan is no longer in "Endangered (Yellow Zone) Status". The "Funding Improvement Plan" will also be updated each year, if changes are needed.

### **Where to Get More Information**

For more information about this Notice, you may contact: Mary Keohan / Fund Administrator / Boston Plasterers', Cement Masons' and Asphalt Layers' Union Local 534 Pension Plan at (617) 825-4500 / 7 Frederika Street / Boston / MA 02124. You have a right to receive a copy of the "Funding Improvement Plan" from the Plan.