

NOTICE OF ENDANGERED STATUS

For

Plumbers and Steamfitters Local 21 Zone II Pension Fund

April 27, 2021

As you may know, the Pension Protection Act of 2006 (PPA) added requirements for measuring the financial health of multiemployer plans such as ours.

The PPA requires that a Pension Fund's actuary determine annually the Fund's status under these new rules and to certify that status to the IRS and the Trustees (Plan sponsor). It is important to note that if the Fund's status for a Plan Year is in "endangered" ("yellow zone") or "critical" ("red zone") status, the Trustees must notify all Plan participants, employers and other stakeholders in writing of this certification, as well as take corrective action to restore the financial health of the plan.

Endangered Status

The Plan's actuary determined and certified that the Plan was in "critical" status for the 2020 plan year, because the Plan had a funding deficiency projected within four years using the assumptions required by the law for this purpose.

On March 31, 2021, the Pension Plan's actuary determined and certified the Plan was in "endangered" status for the 2021 plan year. This determination was made because the Plan was less than 80% funded. In other words, the Plan emerged from the red zone into the yellow zone in 2021.

Funding Improvement Plan

The PPA requires that any pension fund in the yellow zone adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to restore the Plan to financial health, improve the balance of assets and liabilities and avoid any accumulated funding deficiency. This is the first year the Plan has improved to Endangered Status, and the Board of Trustees is in the process of developing a FIP. A notice describing the FIP will be provided to the bargaining parties shortly after adoption. PPA requires that our Plan's funding status be reviewed and certified annually, and notices like this one will be sent each year.

What's Next?

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. Among other things, ARPA provides various forms of funding relief for multiemployer pension plans. Most notably, ARPA establishes a new program under which the Pension Benefit Guaranty Corporation (PBGC) will provide severely distressed multiemployer plans with "special financial assistance" in order to keep them solvent.

The Pension Fund is not financially distressed and has been projected to remain solvent without outside financial assistance for at least 30 years. As a result, the Pension Fund is not expected to meet the eligibility requirements for special financial assistance from PBGC under this new program.

ARPA also provides non-financial relief to relatively healthy plans, which would allow them flexibility in meeting federal minimum funding requirements of the Pension Protection Act of 2006 (PPA), as well as more time to recognize losses related to the COVID-19 pandemic.

Where to Get More Information

In the event you have questions or would like additional information, you may contact the Fund Administrator, Brendan Foley, at (914) 737-7220, 1024 McKinley St, Peekskill, NY 10566-5604.