Notice of Critical and Declining Status
Management-Labor Pension Fund Local 1730 I.L.A.
Pension Plan

April 15, 2019

Participants, Beneficiaries, Contributing Employers and Local 1730 I.L.A.:

This is to inform you that on March 29, 2019, the actuary for the Management-Labor Pension Fund Local 1730 I.L.A. (the "Fund") certified to the U.S. Department of the Treasury and to the Board of Trustees that the Fund is in critical and declining status for the Plan year beginning January 1, 2019. Federal law requires that you receive this notice.

Introduction

The Pension Protection Act ("PPA"), signed into law in 2006, is intended to improve the financial condition of pension funds. The Act introduced several formal safeguards and controls and added notification requirements for Trustees to share more information about a fund's financial circumstances with participants, contributing employers and others directly related to the pension plan.

Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a pension plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent future funding problems and correct those that have already developed.

Starting with the 2008 plan year, the Act requires us to test the Fund annually to classify its funding status. Standardized measurements were established for classifying pension plans based on their funding issues. Funds that are in "seriously endangered" or "endangered" status (commonly known as yellow zone) or "critical" status (or, red zone) must notify all fund participants, beneficiaries, unions, and contributing employers of the fund's status, as well as take corrective action to restore the fund's financial health.

Fund's Status – Red Zone

The Fund is in critical (red zone) and declining status as of January 1, 2019 based on the actuary's determination of various factors including that the Plan was in critical status last year and, the Plan continues to have an accumulated funding deficiency in 2019 and thereafter. This means that contributions will not be enough to meet government standards for funding promised benefits plus those that participants are currently earning.

Rehabilitation Plan and Possibility of Reduction in Benefits

The Act requires that a Fund in the red zone adopt a Rehabilitation Plan designed to enable the Fund to improve its funded position so that, over time, it will be able to meet the statutory funding requirements. The Rehabilitation Plan consists of two "schedules" of recommended contribution increases and reductions in benefits. The bargaining parties will be provided with these schedules for consideration in negotiations in new or renewed collective bargaining agreements.

If the bargaining parties cannot agree to adopt one of the schedules, the law requires the Trustees to impose the default schedule for any bargaining unit in this situation. The default schedule includes legally required reductions in the adjustable benefits, as well as any increase in employer contributions.

In addition to revising the formula for future benefit accruals and making similar changes, under PPA a Rehabilitation Plan may eliminate or reduce "adjustable benefits". Adjustable benefits include: