



I.A.T.S.E. Local #16
PENSION TRUST FUND
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NOTICE OF CRITICAL STATUS

For

I.A.T.S.E. Local 16 Pension Plan

April 26, 2013

This is to inform you that on March 29, 2013 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the I.A.T.S.E. Local 16 Pension Plan (Plan) is in critical status for the Plan Year beginning January 1, 2013. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that over the next three plan years, the Plan is projected to have an accumulated funding deficiency in the 2015 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 fourth 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 April 30, 2010, you were notified that as of April 30, 2010, 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. On October 25, 2010, you were notified that the plan reduced or eliminated adjustable benefits effective January 1, 2011. 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, 2011.

NOTICE OF CRITICAL STATUS

(CONTINUED)

Adjustable Benefits

The following adjustable benefits were eliminated effective January 1, 2011, as part of the rehabilitation plan adopted by the Board of Trustees on September 22, 2010:

- Forty-eight month payment guarantee;
- Ancillary disability benefit (if not yet in pay status);
- Early retirement subsidy.

Employer Surcharge

The law requires that all contributing employers pay 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, until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to the rehabilitation plan.

Where to Get More Information

For more information about this Notice, you may contact the I.A.T.S.E. Local 16 Pension Trust Fund by phone at (415) 243-0165 or by mail at I.A.T.S.E. Local 16 Pension Trust Fund, 240 Second Street, San Francisco, California 94105. You have a right to receive a copy of the rehabilitation plan from the Plan.