



AUTOMOBILE MECHANICS' LOCAL 701 UNION AND INDUSTRY PENSION FUND

500 West Plainfield Road Suite 104 Countryside, IL 60525
Telephone: (708) 482-0220 Toll Free: (800) 704-6271 Fax: (708) 482-4242

Notice of Critical Status For Automobile Mechanics' Local No. 701 Union and Industry Pension Fund

This is to inform you that on March 31, 2014 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2014. 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 the plan was in critical status last year and over the next 10 years, the plan is projected to have an accumulated funding deficiency for the 2022-2023 plan years.

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 third 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 October 22, 2012, you were notified that the plan reduced or eliminated adjustable benefits effective January 1, 2013. On April 27, 2012, you were notified that as of April 29, 2012 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. 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, reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 29, 2012.

Adjustable Benefits

The remaining adjustable benefits which may be reduced or eliminated as part of a future rehabilitation plan are as follows:

- 60 or 120-month payment guarantees;
- Early retirement benefit subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA).

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, until the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan.

Where to Get More Information

For more information about this Notice, you may contact the Fund Administrator at 500 West Plainfield Road, Countryside, Illinois 60525-3534 or call 708-482-0220.