

ERISA/PUBLIC LAW  
2016-140/28-1113

**Notice of Critical Status For**  
**Communications Workers Local 1109 Pension Plan**  
**Plan No. 001 EIN 22-6298155**

This is to inform you that on **December 29, 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 **October 1, 2014**. Federal law requires that you receive this notice.

**Critical Status**

The Plan is considered to be in critical status because the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the plan has an accumulated funding deficiency as of September 30, 2014.

**Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation 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. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) 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 27, 2012**. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of January 27, 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.

The trustee adopted a Rehabilitation Plan under PPA for the Plan Year beginning October 1, 2011 that consists of two options. Option 1, which is the default option, is to eliminate the early retirement subsidy and institute a charge for the spouse's death benefit coverage, plus increase the employer contribution to allow the plan to emerge from critical status by the end of the Rehabilitation Period. Option 2 is to eliminate the early retirement subsidy as well as increase the employer contribution by 10%. Under Option 2, the plan is not projected to emerge from critical status by the end of the rehabilitation period. The Trustees of the Plan Sponsor adopted a Rehabilitation Plan to improve the Plan's funded status and keep the Plan from having a projected funding deficiency. The plan was adopted by the Trustees prior to August 24, 2012 and was provided to the bargaining parties before September 23, 2012. It is anticipated that all or almost all employers will negotiate to adopt Option 2.

Under the Rehabilitation Plan, the benefit payable to any participant whose employer is no longer a contributing employer to the plan is reduced based on option 2. The bargaining parties will further negotiate which adjustable benefits are to be reduced under the Rehabilitation Plan adopted by the Trustees upon the expiration of the current collective bargaining contract.

**Adjustable Benefits**

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Early retirement benefit or retirement-type subsidy; and
- Pre-retirement death benefit coverage at no cost to the participant

## **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 a new collective bargaining agreement is negotiated.

## **Where to Get More Information**

For more information about this Notice, you may contact the Board of Trustees by calling, (718) 444-1109 or writing to 1845 Utica Avenue, Brooklyn, New York 11234. You have a right to receive a copy of the rehabilitation plan from the Plan.

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