



OPERATING ENGINEERS LOCAL 324 Fringe Benefit Funds

Notice of Critical Status For Operating Engineers' Local 324 Pension Fund

This is to inform you that on July 29, 2015 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Operating Engineers' Local 324 Pension Fund (the "Plan") is in critical status for the plan year beginning May 1, 2015. 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. The Plan was considered to be in critical status for the prior plan year and the Plan's actuary determined that the Plan has not met the necessary tests to emerge from critical status. More specifically, the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency for the plan year ending April 30, 2018, taking into consideration only those contributions that are included in current collective bargaining agreements. This is the sixth year that the plan has been in critical status.

Rehabilitation Plan

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. On April 1, 2011, you were notified that the Plan reduced or eliminated adjustable benefits. 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 accrued to date and payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after May 1, 2011.

Adjustable Benefits

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

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Other similar benefits, rights, or features under the Plan such as the Pre-Retirement Death Benefit for Single Participants, Lump Sum Death Benefits, and Supplemental Benefit #1.

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. The surcharge terminates when the bargaining parties agree to one of the schedules in the rehabilitation plan adopted by the Trustees.

Where to Get More Information

For more information about this Notice, you may contact BeneSys at 700 Tower Drive, Suite 300, Troy, Michigan 48098, or by telephone at (248) 641-4900. You have a right to receive a copy of the rehabilitation plan from the Plan.