Notice of Critical Status
For
District Council 82 Painting Industry Pension Plan

This is to inform you that on March 30, 2020 the plan actuary originally certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is neither in critical or endangered status for the plan year beginning January 1, 2020, but is projected to be in critical status for the plan year beginning January 1, 2024. On April 14, 2020, the plan sponsor elected to be in critical status as of January 1, 2020 in accordance with IRC 1085(b)(4). Federal law requires that you receive this notice.

Critical Status

A plan is considered to be in critical status when it has funding or liquidity problems, or both. More specifically, a plan in critical status has an accumulated funding deficiency in the near future. The plan was originally projected to have an accumulated funding deficiency during the plan year beginning January 1, 2027 and to be in critical status as of January 1, 2024.

By law, if a plan is projected to be in critical status within 5 years of the certification date, the plan sponsor may elect to be in critical status as of the certification date. The plan sponsor has elected to be in critical status for the 2020 plan year. Note this does **not** mean that the Plan is insolvent and does **not** mean that the Plan cannot currently pay benefits as they become due.

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 first year the plan has been in critical status. A pension plan in critical status is permitted under the law to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. As of April 30, 2020 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). 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 (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 May 1, 2020.

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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:

- ☐ Post-retirement death benefits;
- ☐ Sixty-month payment guarantees;
- ☐ 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);
- ☐ Recent benefit increases (i.e., occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the plan

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 law provides that the employer surcharge ceases to apply on the effective date of a bargaining agreement that includes terms consistent with a rehabilitation plan.

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees, in care of the Plan Administrator, 3001 Metro Drive, Suite 500, Bloomington, MN 55425. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 90-0585687.

Issued: April 2020

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