TWIN CITY FLOOR COVERING INDUSTRY PENSION FUND

NOTICE OF PLAN STATUS

Date Issued: November 2019

The Board of Trustees is providing this notice to you and all other participants, beneficiaries, participating unions, and contributing employers to inform you about a recent actuarial certification.

The US Congress enacted the Pension Protection Act (the "**PPA**") of 2006 and also the Multiemployer Pension Reform Act of 2014 ("**MPRA**"), in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. The PPA implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan's "financial health" with participants and others related to the plan.

Many of the PPA's safeguard provisions relate to funding, which, in simplest terms, is how much cash a plan has coming in, going out, and what is in reserve (or "in the bank") to pay pension benefits in the future. These safeguards are intended to create more discipline in determining the funding strategy for pension benefits to help prevent avoidable funding problems.

Starting on January 1, 2008, the PPA requires that pension plans, including the Twin City Floor Covering Industry Pension Fund (the "**Plan**"), be tested annually to determine how well they are funded. The PPA established formal benchmarks for measuring a pension plan's funded status. Plans that are in the yellow ("endangered"), orange ("seriously endangered") or red ("critical") zones must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to restore the plan's financial health.

PPA's zone status rules were modified by MPRA, enacted on December 16, 2014. Under MPRA, among other changes, a new zone status called "critical and declining" was added. Additional measures to improve funding shortfalls are available to "critical and declining" plans.

Plan's Status – Yellow Zone

On October 29, 2019, the Plan actuary certified that the Plan is in "endangered" status (also known as the "Yellow Zone") for the Plan year beginning August 1, 2019. This is based on the actuary's determination that the Plan is projected to be less than 80% funded as of August 1, 2019.

Funding Improvement Plan

The PPA requires pension plans in endangered or seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The trustees of the Plan adopted a Funding Improvement Plan (FIP) on June 13, 2018. The goal of the FIP is to increase the Plan's funded percentage by 33% of the difference between the funded percentage as of August 1, 2017 and 100% by the end of the funding improvement period. For this Plan, this means the FIP is designed to improve the Plan's funded percentage to 86.5% as of July 31, 2029. The FIP is also designed to avoid a funding deficiency by the end of the funding improvement period. The Plan's actuary has estimated that the Plan's funded percentage as of August 1, 2019 is 79.6%.

What's Next

Since the Plan's financial condition generally changes with changes in the economy, PPA requires that the Plan's funding status be reviewed and certified annually. Any necessary changes will be communicated to all affected individuals and/or parties. This means that you will receive a notice like this each year until the Plan is no longer in the Yellow Zone.

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" label is required to be used by federal law, we are working with our actuaries and consultants to review the Plan's condition and address its issues. Please be aware that improving the Plan's funded status is a top priority and we are committed to taking any actions necessary to ensure your benefits will be there when you retire.

This Notice is being provided as required under the Pension Protection Act of 2006 and extended by the Multiemployer Pension Reform Act of 2014, which requires that certain information regarding the Plan's funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.

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