

LOCAL 584 PENSION AND WELFARE TRUST FUND

July 29, 2014

Notice of Critical Status and Rehabilitation Plan
For
Local 584 Pension Trust

2014 JUL 28
ESSA/PUBLIC DISCLOSURE

As you know, the Pension Protection Act of 2006 ("PPA") added requirements for measuring the financial health of multiemployer pension plans such as the Local 584 Pension Fund (the "Plan"). Starting with the 2008 plan year, the PPA requires that the Plan's actuary determine the Plan's financial status under new rules and certify that status to the IRS and the Board of Trustees on an annual basis. It is important to note that if the Plan's status for a plan year is either "endangered" (known as the yellow zone) or "critical" (known as the red zone), the Board of Trustees must notify all participants, employers, unions and other parties in writing of this certification, as well as take corrective action to restore the financial health of the Plan.

Critical Status

Last year, on July 26, 2013, the Board of Trustees of the Local 584 Pension Fund (the "Plan") notified you that the Plan's actuary had determined and certified that the Plan's funded status was "critical" for the plan year beginning April 1, 2013. This determination was made because the Plan had accumulated funding deficiency for plan years beginning on and after April 1, 2013.

As required under the PPA, the Plan's actuary again formally reviewed the status of the Plan's financial health and determined and certified on June 27, 2014 that the Plan continues to be in critical status for the plan year beginning April 1, 2014. This determination was made because the Plan continues to have and accumulated funding deficiency projected within four plan years. This is the seventh year the plan has been in critical status.

General Description of Rehabilitation Plans and Adjustable Benefits

Rehabilitation Plans. Generally, the PPA requires pension plans in critical status to adopt a "rehabilitation plan" aimed at restoring the financial health of the plan. In addition to permitting a plan to revise the plan's formula for future benefit accruals and to make similar changes to future benefits, the PPA permits pension plans in the critical status to reduce, or even to eliminate, certain benefits called "adjustable benefits" as part of a rehabilitation plan. If the plan's trustees determine that benefit reductions are necessary, participants, beneficiaries and the bargaining parties must receive a separate notice identifying and explaining the effect of those reductions. Any

reduction of adjustable benefits would not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions could only apply to participants and beneficiaries whose benefit commencement date is, in the case of the Plan, on or after June 27, 2008. But whether or not a plan reduces adjustable benefits, 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.

Adjustable Benefits. Generally, as indicated above, adjustable benefits may be reduced or eliminated as part of any rehabilitation plan a pension plan may adopt.

"Adjustable benefits" means:

1. Benefits, rights, and features under the plan, including post-retirement death benefits, 60-month guarantees, disability benefits not yet in pay status, and similar benefits,
2. Any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i) and any benefit payment option (other than the qualified joint-and survivor annuity), and
3. Benefit increases that would not be eligible for a guarantee under section 4022A of the Employee Retirement Income Security Act of 1974 on the first day of initial critical year because the increases were adopted (or, if later, took effect) less than 60 months before such first day.

The Plan's Rehabilitation Plan and Benefit Reductions

On January 27, 2009, the Board of Trustees adopted a rehabilitation plan and on March 20, 2012 the Board of Trustees adopted an update to the rehabilitation plan that proposed various changes to the Plan in order to improve the financial health of the Plan. As required by law, benefit schedules reflecting the Plan's rehabilitation plan were provided to the bargaining parties shortly after that. The updated changes include reductions to future accrual rates for both Participants hired before September 1, 2010 and for participants hired on or after September 1, 2010. Also, for Participants hired on or after September 1, 2010 the subsidy for the actuarial reduction for Husband and Wife pensions, the early retirement pension, service pension and disability pension as well as the pre-retirement 60 month pension guarantee and partial pension credit for less than 180 days of service were eliminated.

The Plan sent you a notice describing those changes on March 8, 2011.

- The changes currently apply effective August 1, 2009 to participants who are Inactive Vested Participants whose benefit commencement date is on or after January 27, 2009.

- If you are currently working in covered employment or retired and your pension began on or after April 1, 2011, the date on which the changes apply to your benefit reductions under the Plan will depend upon the new contribution rate negotiated with your employer when the bargaining agreement under which you worked or are currently working expires. The changes do not apply to any individuals who retired from covered employment and started receiving benefits before April 1, 2011.

Employer Surcharge

The PPA requires that all contributing employers of a pension plan in critical status pay a surcharge to help correct the plan's financial situation, beginning 30 days after the employer is notified that the plan is in critical status. 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. A 5% surcharge is applicable during the first plan year that the plan is in critical status. The surcharge goes up to 10% for each succeeding plan year in which the plan is in critical status, until the employer agrees to and begins contributing under a collective bargaining agreement that implements one of the schedules in the rehabilitation plan. The surcharge amount will be in paid in a separate check made payable to the Local 584 Pension Fund, with the notation "surcharge". These surcharges will be disregarded in determining the rate of benefit accruals and potential employer withdrawal liability allocations, as required by the law. All employers have signed contracts in accordance with the Rehabilitation Plan and therefore no employer is subject to the surcharge.

Where to Get More Information

Because the law requires that the Plan's funding status be reviewed and certified annually, notices like this one will be sent each year. You will also receive formal annual funding notices that provide details about the Plan's finances in addition to other communications about the Plan that the Board of Trustees send out from time to time. If you have any questions about this notice or about the Plan in general, or if you would like to receive a copy of the rehabilitation plan, please contact:

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