

2018 Notice of Critical Status for Connecticut Health Care Associates Pension Plan

This is to inform you that on March 30, 2018 the Plan's 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 January 1, 2018. Federal law requires that you receive this Notice.

Critical Status

The Plan is considered to be in "Critical" status because it has a funding problem. More specifically, the Plan's actuary has determined that the Plan is projected to have an "accumulated funding deficiency" within the next three Plan Years. You received information earlier this year that contained additional detail about this year's funding status.

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 a pension plan to reduce, or even eliminate, benefits called "adjustable benefits" as part of its "Rehabilitation Plan." If the Trustees of this Plan were to determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions; at this time, no such changes are needed. Any reduction of "adjustable benefits" 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 April 30, 2018. Whether or not the Plan reduces "adjustable benefits" in the future, effective as of April 30, 2018, 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 Trustees have developed a "Rehabilitation Plan" that reflects the Trustees' implementation of a provision of the current Collective Bargaining Agreement requiring active Participants to contribute 2% of pay to the Plan.

Adjustable Benefits

The Plan offers the following "adjustable benefits" that may be reduced or eliminated as part of the "Rehabilitation Plan." At this time, none of these benefits are being removed from the Plan:

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy; and
- Benefit payment options other than a Qualified Joint and Survivor Annuity (QJSA).

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. An employer will not be subject to the surcharge if the employer, through collective bargaining, agrees to make contributions at a rate that equals or exceeds the contribution rate necessary for the Plan to carry out its "Rehabilitation Plan."

Looking Ahead

The Plan's funding status must be reviewed and certified annually. Notices like this one will be sent each year until the Plan is no longer in "Critical" or "Endangered" status. The "Rehabilitation Plan" will also be updated each year, if changes are needed.

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees of the Connecticut Health Care Associates Pension Plan / c/o Richard Poulaino / Zenith American Solutions / 10 Technology Drive / Wallingford, CT 06492-7617, or call (203) 269-7741. You have a right to receive a copy of the "Rehabilitation Plan."