



LOCAL 1158 PENSION PLAN FUND

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS A.F.L.-C.I.O.

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Administrator

Affiliated:

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April 26, 2018

Notice of Critical Status

For

I.B.E.W. Local Union 1158 Pension Plan

This is to inform you that on March 30, 2018 the plan actuary certified to the U.S. Department of the Treasury and to the Board of Trustees 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 funding problems. More specifically, the Plan's actuary determined that the Plan was in Critical status last year and is projected to have an accumulated funding deficiency within the next nine years (beginning in 2024).

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 second year the Plan has been in critical status. On April 26, 2017, you were notified that the Plan was in Critical status (for the first year) and that it was no longer permitted to pay any amount in excess of the monthly amount paid under a single life annuity while in Critical status.

A Rehabilitation Plan was adopted by the Board of Trustees on October 25, 2017. The Rehabilitation Plan included two options for improving the Plan's funding situation. The Preferred Schedule includes no benefit changes and four contribution rate increases: a 1% increase on January 1, 2019, an additional 3% on January 1, 2020, an additional 5% on January 1, 2021, and an additional 5% on January 1, 2022. The Default Schedule includes the elimination of the Plan's adjustable benefits (see next section) and a single contribution rate increase of 12% on January 1, 2019. The election of one of these options will be collectively bargained. The Default Schedule will be imposed automatically in certain situations if the bargaining parties fail to adopt a new agreement with terms consistent with one of the two schedules.

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Adjustable Benefits

The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. The Plan offers the following adjustable benefits:

- Early retirement subsidy
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA)

If the Default Schedule is elected, or the Trustees of the Plan otherwise determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. However, no reduction of adjustable benefits will reduce the level of your 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 26, 2017.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan’s financial situation until the bargaining parties adopt a collective bargaining agreement that includes terms consistent with one of the schedules set forth in the Rehabilitation Plan. 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.

Where to Get More Information

For more information about this, you may contact Mr. George Serio, Fund Administrator, at I.B.E.W. Local Union 1158 Pension Fund, 1149 Bloomfield Ave., Clifton, NJ 07012-2314 or call (973) 773-3336. You have a right to receive a copy of the Rehabilitation Plan.