



PLUMBERS & PIPEFITTERS LOCAL UNION #51 TRUST FUNDS

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NOTICE OF CRITICAL STATUS FOR

UNITED ASSOCIATION OF PLUMBERS AND PIPEFITTERS LOCAL 51 PENSION PLAN

This is to inform you that on July 27, 2018 the plan 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 May 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 or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency (contributions are projected to be less than the minimum amount required to be made by law) within the current or next nine succeeding plan years.

Adopted Rehabilitation Plan and Actual 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. This is the eighth year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan in November 2010, a First Amended Rehabilitation Plan in April 2012, and a Second Amended Rehabilitation Plan in July 2016 designed to address the Plan's future funding needs. Lastly, the Plan was amended effective May 1, 2017 to lower future accruals from \$103 to \$55 per Pension Credit and the contribution rate from \$12.70 to \$10.70 per hour. Any benefit adjustments were communicated to plan members shortly thereafter. The Rehabilitation Plan will be re-evaluated and potentially updated annually in order to comply with the Pension Protection Act of 2006 (PPA) as long as the Plan is critical. You may obtain a copy of the Plan's rehabilitation plan by contacting the Plan administrator.

If the Trustees of the Plan determine that further benefit reductions are necessary in the future, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

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:

- 60-month or 120-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);
- Pre-retirement death benefit for an unmarried participant

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. Since the current collective bargaining agreement includes terms consistent with the rehabilitation plan adopted by the Board of Trustees, the employer surcharge requirement does not apply.

Where to Get More Information

For more information about this Notice, you may contact the Plan's administrator, BeneSys Inc., at 700 Tower Drive, Suite 300, Troy, MI 48098, telephone (248) 813-9800. You have a right to receive a copy of the rehabilitation plan from the Plan.