

**Notice of Critical and Declining Status
for the
Pension Fund of Amalgamated Industrial and
Toy & Novelty Workers of America Local 223**

General

This is to inform you that on September 29, 2017, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Plan is in critical and declining status for the plan year beginning July 1, 2017. Federal law requires that you receive this notice.

The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary has determined that the Plan has an accumulating funding deficiency for the current plan year, plus the Plan is projected to become insolvent in the next nineteen years and the Plan's ratio of inactive to active participants is in excess of 2 to 1.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical or critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. 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 October 28, 2008.

This is the tenth year the plan has been in critical status. This is the third year the plan has been in critical and declining status since this status was added to federal law for plan years beginning in 2015.

In addition, with the new certification of critical and declining status, there are additional benefit adjustments the trustees are permitted to make to improve the financial health of the plan. The law permits the Trustees, in addition to reducing or eliminating adjustable benefits, to propose suspending accrued benefits for participants, including those in pay status (retirees). There are limits on how much accrued benefits may be suspended and before they can be suspended the law requires the proposed benefit suspension be submitted to and approved by the Secretary of the Treasury and be submitted to a vote of the participants, including retirees.

If the trustees of the plan determine that benefit reductions are necessary, 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:

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status); and
- Early retirement benefits or retirement-type subsidies.

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. It should be noted, however that these surcharges are completely superseded by any negotiated contributions that conform to the rehabilitation plan.

Where to Get More Information

For more information about this notice, you may contact the Board of Trustees of the Pension Fund of Amalgamated Industrial and Toy & Novelty Workers of America Local 223, at 147 East 26th Street, New York, NY 10010, or by telephone at (212) 889-8180. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 13-1798229. You have a right to receive a copy of the rehabilitation plan from the Plan.