



OPERATIVE PLASTERERS' AND CEMENT MASONS' INTERNATIONAL ASSOCIATION
LOCAL UNION 394'S BENEFIT FUNDS

Administrative Office

P.O. Box 21240 ♦ Denver, Colorado 80221-0240 ♦ Toll Free: 1-844-556-4088 ♦ Fax: (303) 429-1359

TO: Participants, Beneficiaries, Contributing Employers and Local Unions

FROM: Board of Trustees
Operative Plasterers and Cement Mason Local 394 Pension Fund

SUBJECT: Notice of Actuary's Certification of Funding Status for the 2018 Plan Year

This is to inform you that on March 30, 2018, the Plan's actuary certified to the U.S. Department of Treasury that the Plan is in critical and declining status (as defined under the Pension Protection Act of 2006 ("PPA") and also known as "Red Zone" status) for the Plan Year beginning January 1, 2018.

CRITICAL AND DECLINING STATUS

The plan is considered to be in critical and declining status because it has severe funding problems. More specifically, the plan's actuary determined that the plan has a projected funding deficiency in the next 5 years, the normal cost plus interest on the unfunded actuarial accrued liability is greater than the contributions for the current year, and the plan is projected to be insolvent within 15 years.

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 third year the plan has been in critical status. In addition to revising the plan's formula for future benefit accruals and making similar changes, the law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On April 29, 2016 you were notified that as of May 1, 2016 the plan is not permitted to pay lump sum benefits in excess of \$5,000 and that various adjustable benefit were changed or eliminated effective January 1, 2017. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries for benefits that are payable for calendar months following the mailing by the Fund Office of a notice explaining what reductions will be made.

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:

- 36-month payment guarantee that is currently part of the Life Annuity payment form
- Early Retirement Benefit, Late Retirement Benefit, or other retirement-type subsidy
- Pre-retirement death benefit, including spouse 36-month guarantee, other than Pre-Retirement Husband-and-Wife Pension
- Retirement-type subsidies in connection with joint and survivor benefit options
- Disability Pension

EMPLOYER SURCHARGE

The law requires all Contributing Employers to 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 or subscription agreement. With some exceptions, a 5% surcharge is applicable to the initial critical year (ending December 31, 2016) and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. The imposition of surcharges cease for a Contributing Employer when that Employer adopts or renews a collective bargaining agreement or subscription agreement containing terms consistent with a schedule of the rehabilitation plan.

WHERE TO GET MORE INFORMATION

We understand that legally required notices like this one can create concern about the Trust's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Trust, or if that is not possible, to forestall the insolvency of the Trust. With the assistance of the Trust's actuary, legal counsel and other professionals, and working with the Union, the Trustees will develop a Rehabilitation Plan that addresses these issues. As a final note, since the Pension Trust is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Trust's status and any future corrective actions needed. Each year the Board of Trustees will be reviewing the Trust's progress with its professional advisors, and which may lead to future changes in the recommended contribution and benefit schedules.

For more information about this notice or the Trust, contact the Administration Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.