

**Notice of Critical Status For**

**Sheet Metal Workers Local #44 Retirement Income Plan**

This is to inform you that on December 28, 2012 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 October 1, 2012. 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 was in critical status last year and that sometime within the next 9 years, the plan is projected to have an accumulated funding deficiency. The funded percentage of the plan is 65% or less, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2015 plan year.

**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 fifth 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. On December 9, 2008, you were notified that the Trustees adopted a Rehabilitation Plan that required contribution increases through May 1, 2018 and changed the annual benefit accrual level to 1.25% of contributions to a maximum of \$100. On October 30, 2008, you were notified that as of October 30, 2008 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. 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. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 30, 2008.

**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:

- Sixty-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);

**Employer Surcharge**

While a Fund is in critical status, the law requires that all contributing employers either comply with one of the contribution increase schedules of the Rehabilitation Plan or pay to the Pension Fund a surcharge to help correct the Pension Fund'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. A 10% surcharge is applicable for this plan year and for each succeeding year while the Fund is in critical status until such time as one of the contribution increase schedules is adopted. Since all contracts have adopted the Rehabilitation Plan, no contribution surcharge is due at this time.

**Where to Get More Information**

For more information about this Notice, you may contact SVS Associates, Inc. at 248 Parrish Street, Wilkes-Barre, PA 18702, by telephone at 570-829-4634 or by e-mail at svsassoc@aol.com. You have a right to receive a copy of the Rehabilitation Plan from the plan.