

**PLUMBERS, PIPE FITTERS & MECHANICAL EQUIPMENT SERVICE
LOCAL UNION NO. 392 PENSION PLAN
2013 NOTICE OF CRITICAL STATUS
September 2013**

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EBSA/PUBLIC INFORMATION

On August 26, 2013 the actuary for the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan ("Plan") certified to the United States Department of the Treasury, and also to the Plan Sponsor ("Board of Trustees"), that the Plan is in critical status for the 2013 Plan Year, which began on June 1, 2013 and ends May 31, 2014. Federal law requires that you receive this Notice.

Critical Status

The Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan is in critical status because the Plan has funding or liquidity problems, or both. The 2009 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2009 PPA certification date, the Plan was projected to have a funding deficiency for the 2010 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2013 Plan Year because the Plan's Actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this Test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

On October 1, 2009, the Board of Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties as required by the *Pension Protection Act of 2006* (PPA). This plan has been updated to reflect Plan experience and the adoption of the \$67 benefit credit effective June 1, 2012. The Plan's Actuary has certified that the Plan is making scheduled progress as required under its rehabilitation plan.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits". On September 25, 2009 you were notified that the Plan is not permitted to pay any "restricted benefits", such as lump sum death or disability benefits or any other payment in excess of the monthly amount paid under a single life annuity while it is in critical status. The following summarizes the changes included in the Plan's rehabilitation plan:

1. **Changes to the Early Retirement Pension Calculations.** The rules for Early Retirement Pensions were changed for benefit commencement dates on or after February 1, 2010 as follows:
 - a. **Basic Early Pension.** A participant will be eligible for a Basic Early Pension if he has: (1) attained at least age 55, (2) been credited with 10 or more years of Vesting Service but less

- than 25 years of Vesting Service, and (3) separated from service. The amount of the Basic Early Pension will be equal to the participant's Accrued Benefit with a full actuarial reduction for each month that his benefit commencement date precedes age 62.
- b. **Twenty-Five Year Early Pension.** A participant will be eligible for a Twenty-Five Year Early Pension if he has: (1) attained at least age 55, (2) been credited with at least 25 years of Vesting Service, and (3) separated from service. The amount of the Twenty-Five Year Early Pension will be equal to the participant's Accrued Benefit with a reduction for each month that his retirement date precedes his attainment or age 62. If a participant retires at any time between age 55 and age 57, his Accrued Benefit will be reduced by a full actuarial reduction. However, if a participant retires at age 58 through age 62, his Accrued Benefit will be reduced by a 50% actuarial reduction.
 - c. **Rule of 90 Early Pension.** A participant will be eligible for a Rule of 90 Early Pension if he has: (1) attained at least age 55, (2) his age plus his years of Vesting Service equal 90 or more, and (3) separated from service. The amount of the Rule of 90 Early Pension will be equal to the participant's Accrued Benefit reduced by $\frac{2}{10}$ of 1% (.002) for each month that he commences receipt of benefits prior to attainment of age 58. If he commences receipt of benefits on or after attaining age 58, there will be no reduction and his monthly benefit will be equal to his full Accrued Benefit.
2. **Changes to the Survivorship Benefits.** Effective for benefit commencement dates on or after February 1, 2010, the free 100% Joint and Survivor Benefit has been eliminated. All survivor benefits will be actuarially equivalent to the amount payable as a Single Life Annuity. However, the Plan will now offer three survivorship benefit options – the 50% Joint and Survivor Benefit, the 75% Joint and Survivor Benefit, and the 100% Joint and Survivor Benefit. If a participant is legally married on the date his monthly pension begins, his benefit will automatically be paid in the form of a 50% Joint and Survivor Benefit unless the participant and his spouse waive this form of benefit and select the 100% Joint and Survivor Benefit, the 75% Joint and Survivor Benefit, or the Single Life Annuity.
 3. **Change to the Qualified Preretirement Survivor Annuity.** Effective for deaths that occur on or after January 1, 2010, if a vested participant dies before commencing receipt of a retirement benefit from the Plan, the Plan will pay his surviving spouse a benefit for the remainder of her lifetime. The amount payable the participant's spouse will be equal to the amount payable under the 100% Joint and Survivor Benefit.
 4. **Changes to the Amount of the Trade Disability Pension.** Effective for Trade Disabilities occurring on or after January 1, 2010, the amount payable as a Trade Disability Pension will be equal to the participant's Accrued Benefit reduced by a full actuarial reduction, or 51.2639%.
 5. **Changes to the Payment of Disability Pensions.** For participants who are approved for a Full Disability, Trade Disability, or Contingent Disability Benefits on or after June 1, 2012, the payment of benefits for months prior to the date the participant's application is approved will be paid on a prospective basis only. No back payments will be made by the Plan. The participant's monthly pension amount will be actuarially increased, as applicable, to reflect any benefits attributable to months prior to the date the participant's application is approved.

6. **Suspension of Pension Benefits Rules Extended.** The trustees implemented suspension of benefit rules for retirees that engage in Disqualifying Employment. Effective January 1, 2010, the trustees have extended the suspension rules to apply to all benefit accruals for those participants who commence receipt of benefits on or after February 1, 2010.
7. **Retirement Incentive Benefit No Longer Available.** Effective September 25, 2009, the Retirement Incentive Benefit (RIB) is no longer an optional form of payment. Participants with a RIB in pay status prior to September 25, 2009, will continue to receive benefits in accordance with the RIB provisions in the Plan.

In addition to benefit changes described above, the Plan's rehabilitation plan calls for scheduled increases in the hourly contribution rate. The Journeyman hourly contribution rate is expected to increase as follows:

Plan Year	Updated Hourly Contribution Rate Schedule
June 1, 2009 - May 31, 2010	\$7.10
June 1, 2010 - May 31, 2011	\$7.30
June 1, 2011 - May 31, 2012	\$7.75
June 1, 2012 - May 31, 2013	\$8.45
June 1, 2013 - May 31, 2014	\$8.90
June 1, 2014 - May 31, 2015	\$9.35
June 1, 2015 - May 31, 2016	\$9.80
June 1, 2016 - May 31, 2017	\$10.25
June 1, 2017 - May 31, 2018	\$10.70
June 1, 2018 - May 31, 2019	\$11.15
June 1, 2019 - May 31, 2020	\$11.60
June 1, 2020 - May 31, 2021	\$12.05
June 1, 2021 - May 31, 2022	\$12.50

Contribution rate increases for participants with lower contribution rates will be proportionate to the Journeyman increases.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, the Plan offers the following "adjustable benefits" which could be reduced or eliminated:

1. Disability benefits (if not yet in pay status);
2. Early retirement benefits or retirement-type subsidies; and
3. Benefit payment options other than a qualified joint and survivor annuity ("QJSA").

If the Board of Trustees determines 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 your basic benefit payable at your

normal retirement date. In addition, the reductions can only apply to participants and beneficiaries whose benefit commencement date is on or after September 25, 2009.

Where to Get More Information

For more information about this Notice, you can contact the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan at 1228 Central Parkway, Room 100, Cincinnati, OH 45210, or by calling 513-241-0444. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number, or "EIN", is 31-0655223. You have a right to request a copy of the Plan's rehabilitation plan.