

Local Union Officers and Employees Pension Fund

International Union of Bricklayers & Allied Craftworkers

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**Notice of Critical Status
for the
International Union of Bricklayers and Allied Craftworkers
Local Union Officers and Employees Pension Plan (“LOEPF” or “Plan”)**

April 30, 2014

This is to inform you that on March 31, 2014, 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 January 1, 2014. Federal law requires that you receive this Notice.

Critical Status

The Plan is considered to be in critical status because it is projected to have an accumulated funding deficiency for the current Plan Year and for the three (3) succeeding Plan Years, without taking into account any extension of amortization periods under IRC § 431(d). Because the actual employer contributions received for the 2013 Plan Year were lower than projected, the Plan has a funding deficiency of \$1,768,635.00 as of January 1, 2014. This is due, in part, to the continuing decline in the number of active LOEPF participants. Please note that although the Fund experienced an accumulated funding deficiency, according to the PPA measure, which excludes certain legal relief actually afforded to the Fund, it experienced an accumulated funding surplus of over \$6 million, rather than a deficiency, when the extension of amortization periods is taken into account. The LOEPF PPA funding percentage, as of January 1, 2014, is 76.3%.

Rehabilitation Plan and Possibility of 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. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. 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 these reductions. Any reduction of adjustable benefits, other than a repeal of benefit increases in the last five (5) years, will not reduce the level of a participant’s accrued benefit payable at Normal Retirement Age and will apply only to participants and beneficiaries whose benefit commencement date is after April 30, 2014. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 2014, 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. This means that the Social Security Option is no longer available for retirements after April 30, 2014.

Adjustable Benefits

The Plan offers the following adjustable benefits, which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Early Retirement benefits for retirements after April 30, 2014;
- Disability Pensions not yet in pay status;
- 13th Check benefit increases, which took effect after January 1, 2009;
- 13th Check for non-retired participants;
- Subsidized benefit payment options, such as the unreduced 100% and 50% Qualified Joint and Survivor Annuities;

Employer Surcharge

The law requires that contributing employers that fail to timely adopt a required rehabilitation plan schedule must pay a surcharge equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement, participation agreement and/or Convention Resolution. Generally, the surcharge is imposed on the contributing employer thirty (30) days after the employer receives this notice of critical status and terminates upon the effective date the bargaining parties adopt a schedule, which incorporates the terms of a rehabilitation plan. It is the Trustees' intent to adopt a rehabilitation plan prior to May 30, 2014, and that such rehabilitation plan will not require any change in the current contribution rate of all employers. Accordingly, all participating employers that continue to remit LOEPF contributions at the required rate of twenty-three percent (23%) of Salary will have adopted a schedule in compliance with the rehabilitation plan and no surcharge will be imposed. The LOEPF's rehabilitation plan may be modified by the Trustees at any time and, as explained above, may reduce or eliminate certain benefits.

Where to Get More Information

For more information about this Notice, you may contact Gary F. Farrall, Executive Director of the International Union of Bricklayers and Allied Craftworkers Local Union Officers and Employees Pension Fund, at 1-888-880-8222, via email at gfarrall@bacweb.org or write to 620 F Street, N.W., Suite 846, Washington, DC 20004.