

**ILA LOCAL 1478-2 PENSION PLAN
2015 NOTICE OF CRITICAL STATUS**

This is to inform you that on March 31, 2015 the plan actuary for the ILA Local 1478-2 Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan is in critical status for the 2015 Plan Year as defined by the *Pension Protection Act of 2006* ("PPA"). The 2015 Plan Year began on January 1, 2015 and will end on December 31, 2015. 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. The 2009 Plan Year was the first year that the Plan was certified to be in critical status by virtue of having a projected funding deficiency by the end of 2009. 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 2015 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to exit 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 and the Plan must not be projected to be insolvent in the next 30 years.

On December 19, 2011, the Board of Trustees of the Plan adopted an updated Rehabilitation Plan that has been ratified by the bargaining parties. The Plan is continuing to operate in accordance with this Rehabilitation Plan.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires plans in Critical status to adopt a Rehabilitation Plan aimed at improving the plan's funded percentage. 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", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

The rehabilitation plan that was adopted by the Board of Trustees includes the following benefit change:

Elimination of Disability Retirement Pensions. Any Participant who is awarded a Social Security Disability Insurance Benefit which indicates a disability onset date on or after January 1, 2013, as determined by the Social Security Administration, shall not be eligible to receive a Disability Retirement Pension, regardless of his or her age and years of credited service when he or she becomes disabled.

In addition to the benefit change outlined above, the Rehabilitation Plan adopted by the Board of Trustees also calls for scheduled increases in the hourly contribution rate. The hourly contribution rate

was increased by \$0.45 per hour effective January 1, 2015. In addition, the hourly contribution rate will increase by \$0.45 per year in 2016 and 2017. This means that the contribution rate will increase from \$3.10 per hour on January 1, 2015 to \$4.00 per hour on January 1, 2017. These additional contributions will not result in any additional benefit accruals under the Plan.

Adjustable Benefits

If it is ever determined that the Plan's Rehabilitation Plan needs to be amended, federal law permits pension plans in Critical status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the Rehabilitation Plan:

- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint and survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years).

If the Board of Trustees determines that further benefit reductions are necessary, you will receive a separate Notice identifying and explaining the effect of those additional reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age.

Where to Get More Information

For more information about this Notice, you may contact Ms. Maria Forte, Plan Administrator, ILA Local 1478-2 Pension Fund at (973) 467-4441, 99 Morris Avenue, Springfield, NJ 07081. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number, or "EIN", is 22-2318984. You have a right to receive a copy of the rehabilitation plan from the plan.