

Notice of Critical Status
for
The Plumbers & Pipefitters Local No. 396 Pension Plan
October 2015

This is to inform you that on September 25, 2015 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 July 1, 2015 as defined by the Pension Protection Act of 2006 (PPA). 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 2015 Plan Year is the first year that the Plan is certified to be in critical status. More specifically, the plan’s actuary determined that the funded percentage of the plan is less than 65% and the plan is projected to have an accumulated funding deficiency for the July 1, 2015 to June 30, 2016 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.

Rehabilitation Plan

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 Board of Trustees of the Plan determines that 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 would only apply to participants and beneficiaries whose benefit commencement date is on or after October 25, 2015.

Whether or not the Plan reduces adjustable benefits in the future, effective as of the date of this Notice, 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. The following benefits will be restricted under the Plan:

- lump sum death benefits;
- the Joint and Survivor “pop-up” benefit option;
- the Single Life Annuity will no longer provide the guarantee of 60 months.
- Also the disability benefit will be reduced to the accrued benefit, adjusted for early receipt.

Participants who are already in pay status will continue to receive the pop-provision, the 60 payment guarantee for participants who are receiving their pension as a Single Life Annuity, and the current amount of disability benefit.

Adjustable Benefits

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

- Unreduced Early Retirement benefits payable before age 65;
- future benefit accruals;
- pre-retirement death benefits.

If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice identifying the type of the reduction and the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age.

Employer Surcharge

If a rehabilitation plan is not adopted the law requires that all contributing Employers pay 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. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. This surcharge would not generate benefit accruals.

Where to Get More Information

For more information about this Notice, you may contact the plan administrator at 33 Fitch Blvd., Austintown, OH 44515 or by calling toll free at 1-800-435-2388. Also, once the Plan’s rehabilitation plan has been negotiated by the bargaining parties and adopted by the Trustees, you will have the right to receive a written copy of the rehabilitation plan. For identification purposes, the official Plan number is 001 and the Plan sponsor’s employer identification number is 34-6727007.

October 25, 2015