

Western States Office and Professional Employees Pension Fund

NOTICE OF CRITICAL AND DECLINING STATUS

This is to inform you that on March 30, 2016 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Western States Office & Professional Employees Pension Fund (Plan) is in critical and declining status for the Plan Year beginning January 1, 2016. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in critical and declining 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, the Plan is projected to have an accumulated funding deficiency by December 31, 2016, the Plan is projected to become insolvent within the next 20 years (by December 31, 2035), the Plan's ratio of inactive to active participants is in excess of 2 to 1, and the Plan's funded percentage is less than 80%.

Rehabilitation Plan

Federal law requires pension plans in critical status or critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. This is the first year the Plan is in critical and declining status (such status was added by the Multiemployer Pension Reform Act of 2014 (MPRA)). The prior seven years the Plan was in critical status (the Plan was first certified to be in critical status on March 31, 2009 for the 2009 Plan Year). The law permits pension plans in critical status or critical and declining status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Trustees made some benefit reductions as part of their adoption of the rehabilitation plan in November 2009, which was subsequently updated in March 2011 and January 2013. The Trustees mailed notices explaining the benefit reductions and questions and answers about the rehabilitation plan, all of which are available on the Plan's web site or from the Trust office. In addition, as of January 1, 2010, 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. However, the Plan may still pay mandatory lump sum distributions as required by law. 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.

WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES

NOTICE OF CRITICAL AND DECLINING STATUS

Adjustable Benefits

The Plan offered the following adjustable benefits which were reduced or eliminated as part of the adopted rehabilitation plan:

- 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

The law requires that all contributing employers pay to the Plan 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 was applicable in 2009 (the initial critical year) and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status, until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to a rehabilitation plan.

Multiemployer Pension Reform Act of 2014 (MPRA)

Under the MPRA, a pension plan in critical and declining status may apply to the Secretary of Treasury to suspend benefits in order to avoid becoming insolvent. Any benefit suspensions under the MPRA provisions would be in addition to any reductions in adjustable benefits as discussed above.

The application process for benefit suspensions is as follows:

- The Plan sponsor must provide notice to all of the participants, beneficiaries, contributing employers, and unions that represent participants in the Plan at the same time it applies to the Secretary of Treasury to suspend benefits. The notice must include an individualized estimate of the effect of the suspensions on each participant and beneficiary's benefits if the suspension takes effect.
- The Secretary must publish a notice in the Federal Register soliciting comments from the participants, employers, and unions. The Secretary has 225 days to approve or deny the application (the application is deemed approved if the Secretary does not act within the 225-day period).

WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES

NOTICE OF CRITICAL AND DECLINING STATUS

- If the Secretary approves the application (or the application is deemed approved due to the expiration of the 225-day period), a vote of the Plan participants and beneficiaries takes place. The suspensions would go into effect unless a majority of all participants and beneficiaries in the Plan vote to reject the suspensions.
- The Secretary has the authority to allow the implementation of the suspensions notwithstanding the vote if the Plan is a systemically important plan as defined in the MPRA.

Benefits Subject to Suspension under the MPRA

In the event that a suspension of benefits is implemented, all benefits due under the plan may be suspended regardless of the participant's status as an active, terminated vested, or retired participant (including those benefits already in pay status), with the following exceptions:

- (1) The monthly benefit of any participant or beneficiary may not be reduced below 110 percent of the monthly benefit that is guaranteed by the Pension Benefit Guaranty Corporation;
- (2) The benefits of a participant or beneficiary who is 80 years old or older as of the effective date of the benefit suspension may not be suspended;
- (3) A participant or beneficiary who is at least 75 years old but less than 80 years old as of the effective date of the benefit suspension is subject to protections under which the maximum benefit suspension that would otherwise apply is limited based upon a percentage determined by dividing the number of months that remain (beginning with the month after the month in which the benefit suspension is effective) until the participant or beneficiary reaches 80 years of age by 60 months.
- (4) No benefits based on disability (as defined under the plan) may be suspended.

Where to Get More Information

For more information about this Notice, you may contact BeneSys, Inc. by phone at (800) 413-4928 or by mail at 1220 S.W. Morrison Street, Suite 300, Portland, Oregon, 97205-2222. You have a right to receive a copy of the rehabilitation plan from the Plan. Most documents can be found on <http://www.wsp.aibpa.com>