



# IRON WORKERS DISTRICT COUNCIL

PHILADELPHIA AND VICINITY PENSION PLAN

## Notice of Critical Status For Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan

As noted in the Annual Funding Notice for the Plan Year ended September 30, 2016, on December 20, 2016 the Fund's actuary certified to the U.S. Department of the Treasury, and also to the Fund's Board of Trustees (the "Trustees"), that under the provisions of the Pension Protection Act of 2006 (PPA'06), the Fund was in Seriously Endangered status for the Plan year beginning October 1, 2016.

However, a provision of the Multiemployer Pension Reform Act of 2014 (MPRA), which modified PPA'06, states that trustees of plans that are not in critical status in a current plan year but who are projected to be in critical status in any of the next five (5) years, may elect to be in critical status in the current plan year. As such, the Trustees have agreed that the Fund should be deemed to be in critical status as of October 1, 2016. Based on this election, Federal law requires that you receive this notice.

### Critical Status

The Fund is projected to be in critical status as of October 1, 2017, which is within the five-year MPRA period as noted above, because the Fund is projected to have an accumulated funding deficiency for the 2021 Plan year. This means that contributions will not be enough to meet government standards for funding promised benefits, plus those benefits that participants are currently earning.

### Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires a pension plan 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 Fund's Board of Trustees determines that benefit reductions are necessary, you will receive a separate notice 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, accrued to date, at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after January 28, 2017. But you should know that whether or not the Fund reduces adjustable benefits in the future, as of January 28, 2017 the Fund 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.

**Adjustable Benefits:** The Fund offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan it may adopt: post-retirement lump sum death benefits; 120-month payment guarantees; disability benefits (if not yet in pay status); early retirement benefits; subsidized husband-and-wife benefits; the 25-Year Service Pension; benefit payment options other than a qualified joint and survivor annuity (QJSA) and other similar benefits, rights or features under the Plan.

**Employer Surcharge:** The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation, beginning 30 days after the employer is notified that the plan is in critical status. The surcharge is a percentage of the employer's negotiated contribution rate. A 5% surcharge is applicable the first year the Fund is in critical status and the employers are notified of the surcharge. The surcharge goes up to 10% for each

succeeding plan year in which the Fund is in critical status, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the Rehabilitation Plan.

### **Where to Get More Information**

In the event you have questions or would like additional information, you may contact the Board of Trustees, or one of the Co-Plan Managers, Stephen Conley and Albert Frattali, at 2 International Plaza, Suite 120, Philadelphia, PA 19113, (215) 537-0900.

Sincerely,

The Board of Trustees

cc: US Department of Labor  
US Pension Benefit Guaranty Corporation

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