

# NORTH CAROLINA CARPENTERS PENSION FUND

ADMINISTRATIVE OFFICE  
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## Notice of Critical Status for the 2016 Plan Year for the North Carolina Carpenters Pension Fund

EIN: 54-0927040 Plan No.: 001

Date: October 28, 2016

Participants, Beneficiaries, Participating Unions and Contributing Employers:

The Pension Protection Act ("PPA" or "Act"), signed into law in 2006, is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a Plan's "financial health" with participants and other interested parties directly related to the Plan.

This Notice is to inform you that on September 28, 2016 the Plan's actuary certified to the U.S. Department of the Treasury and the Board of Trustees of the North Carolina Carpenters Pension Plan ("Plan") that the Plan continues to be in critical status (the "Red Zone") for the Plan Year beginning July 1, 2016. Federal law requires that you receive this Notice.

### **Critical Status**

A plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan has been certified to be in critical status in the 2016 plan year because it was in critical status in the 2015 plan year and the Plan's actuary has projected that an accumulated funding deficiency will occur within ten years.

### **Rehabilitation Plan**

The Act ("PPA") requires pension plans certified to be in critical status to adopt a "Rehabilitation Plan" aimed at restoring the financial health of the plan. This is the third consecutive year the Plan has been certified to be in critical status. A Rehabilitation Plan was adopted by the Board of Trustees on November 26, 2014 and subsequently adopted by the bargaining parties. The Rehabilitation Plan provided for employer contribution increases that were projected to enable the Plan to emerge from critical status by July 1, 2025. As permitted by the PPA, pension plans can reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. In accordance with the Internal Revenue Code, on January 30, 2015, a Notice of Adjustment to Benefits Due to Critical Status was sent to you explaining the changes to the Plan as mandated under the Rehabilitation Plan. These changes generally apply to participants whose benefit commencement date is on or after March 1, 2015. The changes include elimination of early retirement, the 36-month guarantee on the life annuity form of payment, disability benefits, and the pre-retirement lump sum death benefit. In addition, effective July 1, 2015, the future monthly benefit accrual was set to equal 1% of \$3.50 times hours worked in a plan year, up to a maximum of 1,600 hours.

The Trustees are required to review the Rehabilitation Plan annually and modify it, if necessary, on the basis of the Plan's experience and any changed circumstances. The Rehabilitation Plan was updated on May 18, 2016 to provide for additional employer contribution increases which were subsequently adopted by the bargaining parties.

**Where to Get More Information**

Since the law requires that the Plan's funded status be reviewed and certified annually, notices like this one will be sent to you each year if the Plan is in critical status.

For more information about this Notice, you may contact:

Rhonda P. St.Clair  
North Carolina Carpenters Pension Fund  
P.O. Box 13487  
Roanoke, VA 24034  
(540) 345-7735 or 1-800-562-6972

We understand that legally required notices like this one can create concern about the Plan's future. We are working closely with our professional advisors to monitor the Plan's condition and develop strategies to improve the Fund's funding status and provide you with sound pensions.

Sincerely,

Board of Trustees

c: Department of Labor  
Pension Benefit Guaranty Corporation