

Ironworkers Local 498 Defined Benefit Plan

2001 North Mayfair Road
Milwaukee, WI 53226
(877) 870-2470

Notice of Plan Status

April 13, 2017

Participants, Beneficiaries, Participating Unions, and Contributing Employers:

This is to inform you that on March 29, 2017, the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the Plan is in critical status (the "red zone") for the Plan year beginning January 1, 2017. Federal law requires that you receive this notice.

Plan's Status – Red Zone

The Plan is considered to be in critical status because it has funding problems. More specifically, the Plan's actuary determined that without consideration of any amortization extension, the Plan has a projected funding deficiency on December 31, 2016 that cannot be eliminated before December 31, 2017. This means that, if we had not extended the period over which benefits are being funded, the contributions at current rates would not be high enough to meet government standards for funding the promised benefits as well as those that participants are continuing to earn.

Also, as required by the Multiemployer Pension Reform Act of 2014, the Plan was certified as not being in critical and declining status.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. In addition to revising the plan's formula for future benefit accruals and making similar changes, the law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan.

The Trustees annually review the Rehabilitation Plan and if they determine that further benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. Unless the Plan is in critical and declining status, any reduction of benefits will not reduce the level of a participant's basic benefit payable at normal retirement, and the reductions may only apply to participants and beneficiaries whose pension commencement date is after March 2, 2009.

In 2014, the Trustees adopted an updated Rehabilitation Plan with two schedules. The Preferred Schedule has contribution rate increases and no changes in the Plan of Benefits and a Default Schedule that has smaller contribution rate increases but with the elimination of the disability benefit.

Adjustable Benefits

The following are adjustable benefits that may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy; and
- 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 until a Rehabilitation Plan is adopted. 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. A 10% surcharge is applicable for the 2017 Plan year and after while the plan is in critical status, until the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The collective bargaining parties adopted the original Rehabilitation Plan and continued to pay contributions according to subsequent updates of the Rehabilitation Plan since 2009.

Multiemployer Pension Reform Act of 2014

Under the Multiemployer Pension Reform Act of 2014 (MPRA), a plan that has been determined to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is projected to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is not in critical and declining status for the 2017 plan year, the plan sponsor is not eligible to apply for either benefit suspension or partition.

What's Next

The Trustees adopted an updated Rehabilitation Plan in 2014. If the Trustees determine that another update is required, any necessary changes will be communicated to all affected individuals and/or parties. However please note that since the Plan's financial condition generally changes with changes in the economy, the Act requires that the Plan's funding status be reviewed and certified annually, which means that you will receive a notice like this each year until the Pension Plan is no longer in the red zone.

We understand that legally required notices like this one can create concern about the Pension Plan's future. While the "critical" label is required to be used by law, the fact is that we have been working with our actuaries and consultants for some time now to address these issues. Any future update of the Rehabilitation Plan will be shared with you once it has been finalized. Please be aware that improving the Plan's funded status is a top priority and we are committed to taking any actions necessary to ensure your benefits will be there when you retire.

For more information about this notice or the Pension Plan in general, contact the Plan's administrative office at toll free (877) 870-2470.

Sincerely,

The Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.