

## **2017 Notice of Critical Status for Laborers Local No. 35 Pension Plan**

This is to inform you that on March 31, 2017 the Plan's actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan is in "Critical" status for the plan year beginning January 1, 2017. Federal law requires that you receive this Notice.

### **Critical Status**

The Plan is considered to be in "Critical" status because it has a funding problem. More specifically, the Plan's actuary has determined that the Plan is projected to have an "accumulated funding deficiency" as of December 31, 2019, which is within the next three plan years.

### **Rehabilitation Plan and Possibility of Reduction in Benefits**

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 a pension plan to reduce, or even eliminate, benefits called "adjustable benefits" as part of its "Rehabilitation Plan." If the Trustees of this Plan were to determine 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 may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2017. Whether or not the Plan reduces "adjustable benefits" in the future, effective as of April 30, 2017, 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 Trustees have developed a "Rehabilitation Plan" schedule that includes a \$1.00/hour increase to the Plan's current contribution rate in 2017.

### **Adjustable Benefits**

The Plan offers the following "adjustable benefits" that may be reduced or eliminated as part of the "Rehabilitation Plan." At this time, none of these benefits are being removed from the Plan:

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Death benefits, other than the Qualified Pre-Retirement Survivor Annuity (QPSA); 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. 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. An employer will not be subject to the surcharge if the employer, through collective bargaining, agrees to make contributions at a rate that equals or exceeds the contribution rate necessary for the Plan to carry out its "Rehabilitation Plan."

### **Looking Ahead**

The Plan's funding status must be reviewed and certified annually. Notices like this one will be sent each year until the Plan is no longer in "Critical" or "Endangered" status. The "Rehabilitation Plan" will also be updated each year, if changes are needed.

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

For more information about this Notice, you may contact the Board of Trustees of the Laborers Local No. 35 Pension Plan / c/o Richard Poulaino / Insurance Programmers, Inc. / 10 Technology Drive / Wallingford, CT 06492-7617, or call (866) 749-0644. You have a right to receive a copy of the "Rehabilitation Plan."