DATE: April 28, 2017

TO: Participants, Beneficiaries, Contributing Employers and Local Unions

FROM: Board of Trustees
Arizona Bricklayers’ Pension Trust Fund

SUBJECT: Notice of Actuary’s Certification of Funding Status for the 2017 Plan Year

This is to inform you that on March 31, 2017, the Plan’s actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that as defined under the Pension Protection Act of 2006 (“PPA”), the Plan is in critical status (also known as “Red Zone” status), but not critical and declining status for the Plan Year beginning January 1, 2017.

CRITICAL STATUS

The plan is considered to be in critical status because it has funding problems. More specifically, the plan's actuary determined that the plan was in endangered status last year and the Trustees elected to categorize the plan as a plan in critical status for the 2016 Plan Year and notified the Department of Treasury appropriately. Because the plan has not emerged from critical status, it remains in critical status. In addition, the plan is projected to have an accumulated funding deficiency in 5 years.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. On January 27, 2017, you were notified that the plan reduced or eliminated adjustable benefits and were notified that as of January 1, 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. 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. 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 that are payable for calendar months following the mailing by the Fund Office of a notice explaining what reductions will be made.
ADJUSTABLE BENEFITS

The Plan offers the following adjustable benefits that may be reduced or eliminated as part of any rehabilitation plan the Trustees may adopt:

- Early Retirement benefits, Late Retirement benefits, or other retirement-type subsidies;
- Disability benefits;
- Pre-retirement death benefits other than the Pre-Retirement Husband-and-Wife Pension; and
- Retirement-type subsidies in connection with joint and survivor benefit options.

EMPLOYER SURCHARGE

The law requires all Contributing Employers to 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 or subscription agreement. With some exceptions, a 5% surcharge is applicable to the initial critical year (ending December 31, 2016) and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. The imposition of surcharges cease for a Contributing Employer when that Employer adopts or renews a collective bargaining agreement or subscription agreement containing terms consistent with a schedule of the rehabilitation plan.

WHERE TO GET MORE INFORMATION

We understand that legally required notices like this one can create concern about the Trust’s future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Trust, or, if that is not possible, to forestall the insolvency of the Trust. With the assistance of the Trust’s actuary, legal counsel and other professionals, and working with the contributing employers and the Union, the Trustees have developed a Rehabilitation Plan that addresses these issues. You should know that we expect that both contribution increases and benefit reductions will be necessary to improve the Plan’s serious financial condition. As a final note, since the Pension Trust is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Trust's status and any future corrective actions needed. Each year the Board of Trustees will be reviewing the Trust’s progress with its professional advisors, which may lead to future changes in the recommended contribution and benefit schedules.

For more information about this notice or the Trust, contact the Administration Office at the address or phone number listed at the top of this letter. You have a right to receive a copy of the rehabilitation plan.

Sincerely,

Board of Trustees

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