
**Notice of Critical Status
For
Retirement Plan of the Plumbers & Steamfitters Local No. 489**

This is to inform you that on June 30, 2017, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning May 1, 2017. Federal law requires that you receive this notice.

Critical Status

The plan currently has assets on hand to cover 78% of the retirement benefits under the plan. Based on the current projections of the plan, expected contributions, and an investment return of 6.5%, the plan is projected to be able to meet all of its obligations to provide annuity payments to retirees. However, the plan is not projected to be able to meet IRS funding requirements if lump sums continue to be paid out from the plan. This is because the interest rates the IRS requires to calculate lump sums from the plan result in lump sum amounts that exceed plan liabilities by over 35%. If lump sums continue to be paid from the plan, the plan is projected to fail to meet IRS minimum funding requirements by the year 2021.

As a result, the plan is projected to be in critical status. To address this issue, the Trustees elected to enter critical status and develop a rehabilitation plan to protect the solvency of the plan. Note this does **not** mean that the Plan is insolvent and does **not** mean that the Plan cannot currently pay benefits as they come due.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring and maintaining the financial health of the plan. This is the first year the plan will be in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Attached is a separate notice explaining how the Trustees have modified the plan's adjustable benefits as part of the rehabilitation plan.

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 whose benefit commencement day is on or after June 1, 2017.

Adjustable Benefits

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

- Accelerated payment forms such as lump sums;

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and-survivor annuity (QJSA);
- Other similar benefits, rights, or features under the plan

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. In the particular circumstances of this Plan, however, the surcharge will not apply because the Trustees have adopted and implemented a Rehabilitation Plan prior to the effective date of the surcharge.

Where to Get More Information

For more information about this Notice, you may contact the Plan Administrative Agent, Plumbers & Steamfitters Local 489 Pension Trust Fund Trustees at 2 Park Street, Cumberland, Maryland 21502, or by phone at (301) 722-8515. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-0580681. You have a right to receive a copy of the Rehabilitation Plan from the plan.

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