

**OPERATIVE PLASTERERS AND CEMENT MASONS
NEW ORLEANS AREA PENSION PLAN**

Administered by Southern Benefit Administrators, Incorporated

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Notice of Critical Status for the 2018 Plan Year

**Operative Plasterers and Cement Masons New Orleans Area Pension
Plan**

EIN: 72-6063351

PN: 001

November 26, 2018

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

Under the Pension Protection Act of 2006 (PPA), the Pension Fund's actuary is required to make a determination of the Fund's financial status every Plan Year, and certify that status to the IRS and the Trustees. If the Fund's status is "endangered" (Yellow Zone), "seriously endangered" (Orange Zone, a type of Yellow Zone) or "critical" (Red Zone), the Trustees must notify all plan participants, employers and other stakeholders and take corrective action to restore the financial health of the Fund.

Critical Zone Status

The 2018 zone certification shows for the Plan Year beginning August 1, 2018, there is a projected Funding Standard Account deficiency in the plan year ending July 31, 2025. Since this is within ten years and the Plan was in critical status last year, the Plan was categorized by the Fund's actuary as continuing to be in critical status (Red Zone) for the 2018 Plan Year, and a certification of this fact was provided to the IRS on October 29, 2018.

Rehabilitation Plan

As previously explained, the "Rehabilitation Plan", which is designed to restore the financial health of the Plan, was adopted by the Board of Trustees effective December 25, 2014 and subsequently adopted by the bargaining parties. In accordance with the Internal Revenue Code, on January 23, 2015, a Notice of Benefit Adjustments Because of 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, the pop-up feature on the 50% joint and survivor payment form, and the pre-retirement lump sum death benefit. In addition, effective August 1, 2015, future benefit credits used to determine the future monthly benefit accrual were reduced.

As noted last year, the withdrawal in 2015 of what was then the Fund's largest contributing employer resulted in a substantial decline in expected future contributions. The latest update to the Rehabilitation Plan was signed on June 19, 2018, effective June 1, 2018. This update indicates that emergence from critical status is not expected, and insolvency is projected during the 2034-2035 plan year. The Trustees decided to continue the Rehabilitation Plan's previously established schedules of contribution rate increases and revised benefit structures.

Adjustable Benefits

The Plan offers the following adjustable benefit that may be reduced or eliminated as part of the Rehabilitation Plan:

- Disability benefits (if not yet in pay status)

Where to Get More Information

You will receive notices like this each year, letting you know of the Plan's progress in stabilizing its financial status. Since the funding of the Plan is influenced by economic and financial variables beyond the control of the Trustees (such as investment market volatility and changes in employment levels and/or the number of contributing employers), unexpected developments can affect the Plan's status and cause modification of the Rehabilitation Plan and the required corrective actions needed.

In the event you have questions or would like additional information, you may contact the Board of Trustees, or the Plan's Administrator, Southern Benefit Administrators, Incorporated, at P.O. Box 1449, Goodlettsville, Tennessee 37070-1449, Telephone number 800-831-4914.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor (DOL)
Pension Benefit Guaranty Corporation (PBGC)