

PLUMBERS & PIPEFITTERS LOCAL UNION NO. 396 PENSION PLAN
2018 NOTICE OF CRITICAL STATUS
October 2018

On September 28, 2018 the actuary for the Plumbers & Pipefitters Local Union No. 396 Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan continues to be in "critical status" for the 2018 Plan Year as defined by the *Pension Protection Act of 2006* (PPA). The 2018 Plan Year began on July 1, 2018 and will end on June 30, 2019. Federal law requires that you receive this Notice.

Critical Status

The Plan is in critical status because it has funding or liquidity problems, or both. The 2015 Plan Year was the first year that the Plan was certified to be in critical status.

The Plan continues to be in critical status for the 2018 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this Test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

The Trustees of the Plan adopted a rehabilitation plan that has been ratified by the bargaining parties. The Plan is continuing to operate in accordance with this rehabilitation plan. For the 2018 Plan Year, the Plan's actuary has certified that the Plan is making scheduled progress in meeting the requirements of its rehabilitation plan.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the plan's funded percentage. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a rehabilitation plan that includes scheduled increases in the hourly contribution rate, as well as changes to the Plan's Early Retirement and Disability Benefits and the elimination of the Life Annuity with the 60 payment guarantee and the pop-up benefit on the Qualified Joint & Survivor Annuity.

The rehabilitation plan will continue to be reviewed with the Plan's actuary and other professionals. Based upon such review, the rehabilitation plan may be amended to include additional benefit reductions and/or contribution increases. You can request a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, federal law permits pension plans in critical status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the rehabilitation plan:

- Early Retirement Benefits or retirement-type subsidies;
- Disability Benefits (if not yet in pay status);
- Benefit payment options other than a Qualified Joint and Survivor Annuity (QJSA);
- Death Benefits;
- Recent benefit increases (i.e., occurring in past 5 years);
- Other similar benefits, rights, or features, including future benefit accruals.

If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate Notice identifying the type of the reduction and the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age (generally, age 65).

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator, the Board of Trustees of the Plumbers and Pipefitters Local Union No. 396 Pension Plan, at 33 Fitch Boulevard, Austintown, Ohio 44515 or by calling (330) 270-0453. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 34-6727007.