

## Notice Of Critical Status

All Participants, Beneficiaries, Participating Unions  
and Contributing Employers

July 2018

This notice advises you that the Pension Plan is in critical status for the current Plan Year beginning on April 1, 2018. The Pension Protection Act of 2006 (PPA) requires the Board of Trustees to test the Pension Plan annually to certify its funding status. Funds that are in “critical status” must notify all participants, beneficiaries, unions and contributing employers of the status, as well as take corrective action to restore the fund’s financial health.

On June 29, 2018, the Pension Plan’s actuaries certified to the U.S. Department of Treasury and the Board of Trustees that the Plan is in critical status, but not critical and declining status, for the plan year beginning April 1, 2018. The PPA requires that you receive this notice.

Each July, from 2008 through 2017, we sent you a notice very similar to this notice, advising you that the Pension Plan was in critical status for each Plan Year, beginning with the April 1, 2008–March 31, 2009 Plan Year through the April 1, 2017–March 31, 2018 Plan Year. This notice marks the eleventh year that the Pension Plan has been in Critical Status.

### Critical Status

The Plan is considered to be in critical status because it has funding problems. Specifically, the Plan’s actuaries determined that the Plan is projected to have an accumulated funding deficiency in four years.

### Rehabilitation Plan

The PPA requires every pension plan in critical status to adopt a “rehabilitation plan” that is designed to restore the financial health of the Pension Plan. The PPA permits pension plans in critical status to reduce, or even eliminate, benefits called “adjustable benefits,” (described later in this notice), as part of a rehabilitation plan. In September 2011, you were notified of the reduction or elimination of certain adjustable benefits effective for retirements on or after January 1, 2012. If the Board of Trustees determines that it is necessary to further reduce or eliminate adjustable benefits, you will receive a separate notice in the future identifying and explaining the effect of those changes. Any reductions to adjustable benefits will not be effective until after you receive that notice. Any reduction of adjustable benefits (other than repeal of a recent benefit increase, as described later in this notice) will not reduce the level of your basic benefits that are payable at normal retirement.

Reductions to adjustable benefits may only be applied to you if your benefit commencement date (pension effective date) is on or after July 28, 2008. Effective as of July 28, 2008, the Plan, while it is in critical status, is not permitted to make any benefit payment in excess of the monthly amount payable under a single life annuity. This means that, for now, the Plan may not pay benefits in the form of the Income Adjustment Option Annuity.

### Adjustable Benefits

The Plan’s “adjustable benefits” that are subject to reduction or elimination as part of a rehabilitation plan include:

1. Disability benefits not yet in pay status;
2. Any early retirement benefit or retirement-type subsidy;
3. Any benefit payments option, other than a qualified joint and survivor annuity; and
4. Benefit increases that were adopted or took effect less than 60 months before the Plan first entered critical status (April 1, 2008).

### Note to Retirees

If you are a retiree and your benefit commencement date (pension effective date) is before July 28, 2008, your pension benefit cannot be reduced or eliminated under a rehabilitation plan.

### Employer Surcharges

The PPA requires that all contributing employers pay to the Plan a surcharge to help correct the Plan’s financial health. 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. 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 until the employer agrees to a collective bargaining agreement that implements the rehabilitation plan.

### Where to Get More Information

For more information about this Notice, please contact the Fund Office, by telephone at 714-220-2297, 562-408-2715 or 877-284-2320, extension 434 or by mail at 6425 Katella Avenue, Cypress, California 90630- 5238 or P.O. Box 6010, Cypress, California 90630-0010. You have a right to receive a copy of the rehabilitation plan from the Plan.

