

## **Notice of Critical Status For The Juan de la Cruz Pension Plan**

This is to inform you that on March 29, 2019, the Plan Actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that for the Plan Year beginning January 1, 2019, the Plan is in Endangered Status and is projected to be in Critical Status within the succeeding five Plan Years. On March 29, 2019, in accordance with Section 432(b)(4) of the Internal Revenue Code, the Board of Trustees elected that the Plan be in Critical Status for the Plan Year beginning January 1, 2019. Federal law requires that you receive this notice.

### **Critical Status**

The plan is considered to be in critical status because the plan is projected by the plan actuary to have funding or liquidity problems, or both within the succeeding 5 plan years. More specifically, the plan's actuary determined that the plan is projected to enter critical status in 2022 because it is projected to have an accumulated funding deficiency within the 3 plan years following 2022, not taking into account any extension of amortization periods under section 431(d).

### **Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that 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.

### **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:

- Early retirement benefit or retirement-type subsidy;
- Future voluntary contributions and the benefits associated with voluntary contributions.
- 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. It is the Plan's intent to begin the initial surcharge on employer contributions beginning for hours worked on or after June 01, 2019. The surcharge is eliminated once the Rehabilitation Plan is adopted by the bargaining parties.

### **Where to Get More Information**

For more information about this Notice, you may contact the Plan's Administrative Office at:

Juan de la Cruz Pension Plan Administrative Office  
PO Box 47, Keene CA 93531  
(800) 321-6607 or (661) 823-6900

You have a right to receive a copy of the rehabilitation plan from the plan.