

**Notice of Critical Status**  
**Heat and Frost Insulators and Allied Workers Local No. 4 Pension Fund**  
(EIN: 16-1068939; Plan Number: 001)

[DATE]

This is to inform you that on March 29, 2019, the Fund Actuary certified to the United States Department of the Treasury, and also to the plan sponsor, that the Heat and Frost Insulators and Allied Workers Local No. 4 Pension Fund (“Fund”) is in critical status for the Plan Year beginning January 1, 2019. Federal law requires that you receive this Notice.

**Critical Status**

The Fund is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Fund’s actuary determined that the Fund has accumulated funding deficiency for the current plan year.

**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 Fund 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 (other than a repeal of a recent benefit increase, as described below) 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 date is on or after March 29, 2019. But you should know that whether or not the Fund reduces adjustable benefits in the future, effective as of March 29, 2019, the Fund is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

**Adjustable Benefits**

The Fund offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt: (1) post-retirement death benefits; (2) disability benefits (if not yet in pay status); (3) early retirement benefit or retirement-type subsidy; (4) benefit payment options other than a qualified joint and survivor annuity (QJSA); and (5) other similar benefits, rights, or features under the plan.

## **Employer Surcharge**

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund'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 Fund 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 Fund is in critical status.

## **Where to Get More Information**

For more information about this Notice, you may contact the Heat and Frost Insulators and Allied Workers Local No. 4 Pension Fund, 2484 Seneca Street, Buffalo, New York 14210, or call the Fund Office at (716) 821-7919. You have a right to receive a copy of the rehabilitation plan from the Fund.

**HEAT AND FROST INSULATORS AND ALLIED  
WORKERS LOCAL NO. 4 PENSION FUND  
BOARD OF TRUSTEES**

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