



Paper Products, Miscellaneous Chauffeurs, Warehousemen, Helpers, Messengers, Production, and Office Workers Pension Fund

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NOTICE OF CRITICAL STATUS

PAPER PRODUCTS, MISCELLANEOUS CHAUFFEURS, WAREHOUSEMEN, HELPERS, MESSENGERS, PRODUCTION, AND OFFICE WORKERS PENSION PLAN

(for the Plan Year beginning January 1, 2021)

This is to inform you that on March 31, 2021 the actuary for the Paper Products, Miscellaneous Chauffeurs, Warehousemen, Helpers, Messengers, Production, and Office Workers Pension Plan (the “Plan”) certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the Plan is neither in endangered status nor critical status (i.e., the “Green Zone”) for the plan year beginning January 1, 2021, and that it is projected to be in critical status in one of the succeeding five plan years. On April 23, 2021 the Board of Trustees voluntarily elected for the Plan to be in critical status effective for the plan year beginning January 1, 2021 to strengthen the Plan’s financial health as permitted under the law. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan’s actuary determined that the Plan was projected to be in critical status in the plan year beginning January 1, 2026, because, for that plan year: (1) the Plan’s normal cost plus interest on the unfunded liability exceeds the present value of employer contributions; (2) the present value of non-forfeitable benefits for inactive participants is greater than the present value of non-forfeitable benefits of active participants; and (3) the Plan is expected to have a funding deficiency for the plan year or any of the four succeeding plan years.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at strengthening 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. Since the Board of Trustees have determined that certain benefit reductions are necessary, you are also receiving a separate notice 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. In addition, the reductions may only apply to participants and beneficiaries whose annuity starting date is on or after June 1, 2021. In addition, effective as of April 30, 2021, the Plan 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.

Important: If you have already retired, then your monthly pension benefit will not be reduced.

Adjustable Benefits

Examples of adjustable benefits, which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt, are:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidies, including the Plan's Age-Service Pension;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Recent benefit increases (*i.e.*, occurring in past 5 years);
- Other similar benefits, rights, or features under the Plan, if any

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 (or other such 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 until the employer's collective bargaining agreement (or other such agreement) includes terms consistent with a schedule of the Rehabilitation Plan.

Important: All collective bargaining agreements (or other such agreements) are deemed to have incorporated the Default Schedule of the Rehabilitation Plan as of April 30, 2021. Therefore, contributing employers are **not** subject to a surcharge under the Rehabilitation Plan.

Where to Get More Information

For more information about this notice or the Plan, you may contact the Fund Office at (718) 937-7150 or 48-18 Van Dam Street, Suite 201, Long Island City, New York 11101. The Plan will send you a copy of the Rehabilitation Plan upon written request to the Fund Office.