

**Notice of Critical Status For
Shopmen's Local No. 499 Employees' Pension Plan**

This is to inform you that on March 31, 2021 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2021. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding issues. More specifically, the Plan was in critical status in the prior plan year and did not emerge from critical status in the current year due to a projected funding deficiency within ten years. Note that a 'funding deficiency' is a legally defined term and that it does **not** mean the plan is projected to run out of money.

Rehabilitation Plan

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. Because the plan was initially certified to be in critical status in 2019, the trustees of the plan adopted a rehabilitation plan on May 23, 2019, which required an increase to the hourly contribution rate and a reduction to the future benefit accrual rate. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of benefits under a rehabilitation plan 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 the effective date of change. But you should know that whether or not the plan reduces adjustable benefits in the future, the plan was amended to not permit payment of lump sum benefits. Finally, should the health of the Plan improve to a level such that the restriction on benefit improvements is lifted, then benefits that were either reduced or eliminated may be restored if deemed prudent by the Trustees.

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:

- Post-retirement death benefits;
- 120-month payment guarantees;
- Disability benefits (if not yet in payment status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA)

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, 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, you may contact the Fund Administrator at 7142 Nightingale Dr, Holland, Ohio 43528, or call 419-248-2401.