Notice of Critical and Declining Status
for
Local 1034 Pension Plan
EIN: 13-6594795 / PN: 001

This is to inform you that the plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor, that the Plan is in Critical and Declining status for the Plan year beginning January 1, 2023. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in Critical and Declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan has not passed the "Emergence Test", meaning that the Plan was in Critical status last year, is in critical status this year and is projected to become insolvent (that is, to lack sufficient assets to pay benefits) within the next 19 years, and the inactive to active participant ratio is in excess of 2 to 1. Currently, the Plan is expected to become insolvent and require financial assistance from the PBGC by the year 2038.

Rehabilitation Plan

Federal law requires pension plans in Critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the Plan. This is the 14th year the Plan has been in Critical status and the seventh year it is in Critical and Declining status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On April 27, 2010, you were notified that as of April 30, 2010 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. On November 23, 2010, the Board of Trustees adopted a Rehabilitation Plan, which included the reduction and/or elimination of some adjustable benefits under the Plan. You received a separate notification identifying and explaining the effect of those benefit changes. If the Trustees of the Plan determine that additional benefit changes are necessary in the future, you will receive a separate notice in the future identifying and explaining the effect of those changes. 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 benefit commencement date is on or after April 30, 2010.

In addition to permitting Plans to implement a rehabilitation plan as described above, the law now permits Plans certified as Critical and Declining to suspend (cut) accrued benefits (as described on the next page), including benefits currently in pay status. However, before this action is permitted, the benefit suspension must be approved by the Department of Treasury, Department of Labor, and the PBGC, and then by a vote of Plan participants. If a majority of all Plan participants reject the suspension, it may be modified by the Trustees and resubmitted, otherwise the suspensions take effect.

If the trustees of the Plan determine that further benefit suspensions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those cuts. You have a right to receive a copy of the Rehabilitation Plan from the Plan.

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 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

In general, trustees of a pension fund in critical and declining status may recommend and apply to the Internal Revenue Service and Department of Treasury for approval to amend the Plan to reduce current and future payment obligations to participants and beneficiaries. Any such reductions (referred to as a "suspension of benefits") are also subject to a participant vote. See the section entitled "Special Financial Assistance" later in this notice for more information on the potential for the Plan to receive a grant from the federal government that would improve the Plan's funding and reduce the risk of future insolvency and associated benefit reductions.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation until such time as their collective bargaining agreements are updated to reflect the contribution increases required by the Rehabilitation Plan. 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.

Special Financial Assistance

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed into law. ARPA created a Special Financial Assistance ("SFA") Program, which provides grants to eligible multiemployer plans that can demonstrate the need for SFA. The Plan is eligible to apply for and receive SFA. Further, the Trustees intend to apply for SFA on or about March 11, 2023, which is the earliest date the Plan is eligible to apply under current guidance. SFA is expected to significantly improve the funding of the Plan and reduce the risk of future insolvency and associated benefit reductions. Further, a pension fund that receives SFA is no longer eligible to apply for a suspension of benefits if it is certified in critical and declining status.

Where to Get More Information

For more information about this Notice, you may contact:

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Phone: (718) 937-7150

You have a right to receive a copy of the Rehabilitation Plan from the Plan.

DATE SENT: ________________________