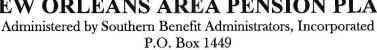


# **OPERATIVE PLASTERERS AND CEMENT MASONS**

# NEW ORLEANS AREA PENSION PLAN



Goodlettsville, Tennessee 37070-1449 Phone: (615) 859-0131 Toll-Free: (800) 831-4914 Fax: (615) 859-0324

# Notice of Critical and Declining Status for the 2024 Plan Year Operative Plasterers and Cement Masons New Orleans Area Pension Plan

EIN: 72-6063351 November 25, 2024

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

Under the Pension Protection Act of 2006 (PPA), the Pension Fund's actuary is required to make a determination of the Fund's financial status every Plan Year and certify that status to the IRS and the Trustees. If the Fund's status is "endangered" (Yellow Zone), "seriously endangered" (Orange Zone, a type of Yellow Zone) or "critical" (Red Zone), the Trustees must notify all plan participants, employers and other stakeholders and take corrective action to restore the financial health of the Fund.

### Critical Zone Status

For the Plan Year beginning August 1, 2024, the Plan is in critical status because there is a Projected Funding Account deficiency within four years.

The Plan was categorized by the Fund's actuary as continuing to be in critical status (Red Zone) for the 2024 Plan Year, and a certification of this fact was provided to the IRS on October 29, 2024.

# Rehabilitation Plan

A "Rehabilitation Plan," which was designed to restore the financial health of the Plan, was adopted by the Board of Trustees effective December 25, 2014 and subsequently adopted by the bargaining parties. In accordance with the Internal Revenue Code, on January 23, 2015, a Notice of Benefit Adjustments Because of Critical Status was sent to you explaining the changes to the Plan as mandated under the Rehabilitation Plan. These changes generally apply to participants whose benefit commencement date is on or after March 1, 2015. The changes include elimination of early retirement, the 36-month guarantee on the life annuity form of payment, the pop-up feature on the 50% joint and survivor payment form, and the pre-retirement lump sum death benefit. In addition, effective August 1, 2015, future benefit credits used to determine the future monthly benefit accrual were reduced.

As previously noted, the withdrawal in 2015 of what was then the Fund's largest contributing employer resulted in a substantial decline in expected future contributions. The latest update to the Rehabilitation Plan was signed in June 2024; it is effective August 1, 2023. This update indicates that emergence is not expected and insolvency is projected during the 2035-2036 Plan Year. The Trustees decided to continue the Rehabilitation Plan's previously established schedules of contribution rate increases and revised benefit structures.

#### Adjustable Benefits

The Pension Plan continues to offer the following adjustable benefit that may be reduced or eliminated as part of the Rehabilitation Plan:

Disability benefits (if not yet in pay status)



PN: 001

## Critical and Declining Status

The Multiemployer Pension Reform Act of 2014 ("MPRA") added an additional funding status category – critical and declining. The Plan is in critical and declining status for the Plan Year beginning August 1, 2024, due to the following reasons:

- The Plan is in critical status;
- The Plan is projected to become insolvent within 15 years.

### <u>Critical and Declining Status - Possible Actions</u>

Under MPRA, a plan that has been certified to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits ("benefit suspensions"). subject to various requirements and limitations, if the plan has taken all other reasonable measures to avoid insolvency and the benefit suspensions are projected to prevent insolvency. Generally, in order for a plan sponsor to adopt what are termed "benefit suspensions," the suspensions must be approved by the Department of the Treasury ("Treasury") in consultation with the Department of Labor ("DOL") and the Pension Benefit Guaranty Corporation ("PBGC") and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspensions alone, may be eligible to apply to the PBGC for a partition – subject to various requirements and limitations – if a partition (in addition to suspensions) is projected to prevent insolvency. Because the Plan is in critical and declining status for the 2023 Plan Year, the Board of Trustees is eligible to apply to Treasury for approval of benefit suspensions and, if necessary, to the PBGC for a partition. In the event an application is made to the Treasury for approval of benefit suspensions and/or to the PBGC for partition, the Plan must provide a notice to participants, beneficiaries, contributing employers and participating unions, containing information regarding the proposed benefit suspensions and/or partition. The notice would include an individualized estimate of the effect of such benefit suspension on each participant and beneficiary.

#### Where to Get More Information

You will receive notices like this each year, letting you know of the Plan's progress in stabilizing its financial status. Since the funding of the Plan is influenced by economic and financial variables beyond the control of the Trustees (such as investment market volatility and changes in employment levels and/or the number of contributing employers), unexpected developments can affect the Plan's status and cause modification of the Rehabilitation Plan and the required corrective actions needed.

In the event you have questions or would like additional information, you may contact the Board of Trustees, or the Plan's Administrator, Southern Benefit Administrators, Incorporated, at P.O. Box 1449, Goodlettsville, Tennessee 37070-1449, Telephone number 800-831-4914.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor (DOL)
Pension Benefit Guaranty Corporation (PBGC)