

2025 Notice of Critical Status for Local 74 USWU Pension Fund

This is to inform you that on March 27, 2025 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, 2025. 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 is projected to have an accumulated funding deficiency for the 2025 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. This is the fourth year the Plan has been in Critical Status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan.

When the Plan's actuary initially certified the Plan in critical status in 2021, the Board developed and implemented a "Rehabilitation Plan" designed to improve the Plan's funding. As part of the "Rehabilitation Plan", the Board established schedules that outlined the employer contributions and revised benefit structures designed to bring the Plan out of critical status by the end of the rehabilitation period. The "Rehabilitation Plan" established schedules of alternative benefits and contributions. These schedules outlined the acceptable alternatives that were presented to the parties for collective bargaining. In collective bargaining, the contributing employers and the local unions were required to agree to a schedule acceptable to the Board.

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. 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 March 31, 2021.

Under the current "Rehabilitation Plan", there are no reductions to the benefit levels in effect under the Plan. The "Rehabilitation Plan" is updated annually and will again be updated in 2026. If the trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

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:

- Certain pre- and post-retirement death benefits;
- Certain retirement provisions;
- Subsidized Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

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Employer Surcharges

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. Once an employer has adopted a Collective Bargaining Agreement that is compliant with the Plan's Rehabilitation Plan, the surcharges no longer apply.

Accelerated Distributions (Lump Sum Death Benefits / Minimum Disability Benefits)

As stated above, the Plan's Critical Status certification means the Plan is not able to pay what are known as "accelerated distributions" as of March 31, 2021.

Where to Get More Information

For more information about this Notice, you may contact Zachary Harkin, Administrator, Local 74 USWU Pension Fund, 36-36 33rd Street, Long Island City, NY 11106, (718) 729-7400. You have a right to receive a copy of the rehabilitation plan from the plan.