NEW JERSEY BUILDING LABORERS' STATEWIDE BENEFIT FUND
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Notice of Critical Status
New Jersey Building Laborers Statewide Pension Fund

April 2025

Participants, Beneficiaries, Contributing Employers and Union:

This is to inform you that on March 31, 2025, the actuary for the New Jersey Building Laborers Statewide Pension Fund (the "Fund") certified to the U.S. Department of the Treasury and to the Board of Trustees that the Fund is in critical status but not in critical and declining status for the plan year beginning January 1, 2025. Federal law requires that you receive this notice.

Introduction

The Pension Protection Act (the "Act"), which became law in 2006, is intended to improve the financial condition of pension plans. The Act introduced several formal safeguards and controls and added notification requirements for Trustees to share more information about a plan's financial circumstances with participants, contributing employers and others directly related to the Plan.

Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent future funding problems and correct those that have already developed.

Starting with the 2008 plan year, the Act requires that the Pension Plan be tested by its actuary annually to classify its funding status. Standardized measurements were established for classifying plans based on their funding issues. Plans that are in "seriously endangered" or "endangered" status (yellow zone) or "critical" status (red zone) must notify all Plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the Plan's financial health.

Fund's Status – Red Zone

On March 31, 2025, our actuary certified the Pension Plan continues to be in critical status (the red zone) but not in critical and declining status for the Plan year beginning January 1, 2025. This is based on the actuary's determination that the Pension Plan has an accumulated funding deficiency for the current plan year. The economic collapse of 2008 and the subsequent stagnancy in the financial markets negatively affected the Plan's level of investment returns and contribution hours. As a result, the Board of Trustees initially adopted a Rehabilitation Plan in 2010 that is reviewed annually to address the Pension Plan's long-term funding issues.

Rehabilitation Plan and Possibility of Reduction in Benefits

The Act requires that a plan in the red zone adopt a Rehabilitation Plan designed to enable the Plan to improve its funded position to meet statutory funding requirements over time. The law permits pension plans in the red zone to reduce, or even eliminate benefits called "adjustable benefits" as part of a Rehabilitation Plan.

Under the Act, a Rehabilitation Plan may eliminate or reduce adjustable benefits, as well as revise future benefit accruals. Adjustable benefits include:

- Plan benefits, rights, and provisions, including post-retirement death benefits, post-retirement guarantees (such as 60-month or 120-month guarantees), disability benefits not yet in pay status, and similar benefits; and Early retirement benefits or retirement-type subsidies, and any benefit payment options (other than qualified joint and survivor annuities)

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. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, reductions, if any, may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2010.

But you should know that whether the Plan reduces adjustable benefits in the future, the plan is not permitted to pay a participant's accrued benefit in the form of a lump sum or any other benefit form in excess of the monthly amount paid under a single life annuity (except for the involuntary payout of benefits worth less than $5,000) while it is in critical status. Therefore, those forms of benefit will not be available for pensions that begin on or after April 30, 2010.

Effective March 30, 2023, the Trustees extended the Rehabilitation Plan to December 31, 2027 (i.e. a 5-year extension) and recommended that the bargaining parties add four annual increases of $0.50/hour to the contribution rate beginning May 1, 2023.

Employer Surcharge

The Act requires all contributing employers to pay a surcharge to the Fund (5% of the contribution amount in the first year of critical status and 10% each year thereafter) unless a Rehabilitation Plan is in effect by May 30, 2010. The Board of Trustees adopted a Rehabilitation Plan prior to May 30, 2010, and the Union implemented the Rehabilitation Plan prior to May 30, 2010. Therefore, there are no surcharges currently in effect. For your information a description of the Rehabilitation Plan is set forth in the Annual Funding Notice which is enclosed in this mailing.

What's Next

We understand that legally required notices like this one can create concern about the Fund's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Fund.

As a final note, since the Pension Fund is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Fund's status and any future corrective actions needed. Each year the Trustees will be reviewing the Fund's progress with its professional advisors, which may lead to future changes in the recommended contribution and benefit schedules.

For more information about this notice or the Fund, contact the Fund Office at:

NJBLS Pension Plan, 485B US Highway 1 S., Suite B-401, Iselin, NJ 08830 (201) 963-0633

Sincerely,
The Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.