



LOCAL
ROAD CARRIERS 707 WELFARE AND PENSION FUNDS

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Notice of Critical and Declining Status For Road Carriers Local 707 Pension Plan

This is to inform you that on March 19, 2015 the Road Carriers – Local 707 Pension Plan's 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 February 1, 2015 pursuant to the recently enacted Multiemployer Pension Reform Act of 2014 ("MPRA").¹ Federal law requires that you receive this notice.

Critical and Declining Status

This is the first year the Plan has been certified in Critical and Declining status pursuant to MPRA. 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 meets the criteria for Critical status, plus the Plan is projected to become insolvent in the current or next nineteen years and the Plan's ratio of inactive to active participants is in excess of 2 to 1.

Rehabilitation Plan

Prior to this year and for the last eight years, the Plan was certified to be only in Critical status. 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. On December 16, 2008, you were notified that the Plan reduced or eliminated adjustable benefits, described below, and that, as of December 16, 2008, the Plan is not permitted to pay lump sum benefits in excess of \$5,000 (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in Critical status. This reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) did not reduce the level of a participant's basic benefit payable at normal retirement. In addition, these reductions did not apply to participants and beneficiaries whose benefit commencement date is on or after December 16, 2008.

Adjustable Benefits

The Plan offers the following adjustable benefits which have been reduced or eliminated as part of the Rehabilitation Plan adopted by the Plan:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefits or retirement-type subsidies; and
- Twenty-five year service pension (default schedule only).

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.

Multiemployer Pension Reform Act of 2014 and the Plan

MPRA contains certain tools that plan sponsors of multiemployer pension plans may utilize to attempt to improve the funding and liquidity problems facing their plans, including, mergers, partitions, and benefit suspensions. If the Trustees of the Plan determine that it is in the best interest of the Plan and the Plan's participants and beneficiaries to utilize one of the statutory tools set forth in this new law, such as further benefit reductions or benefit suspensions, you will receive a separate notice in the future identifying and explaining the effect of those reductions pursuant to the law.

Where to Get More Information

For more information about this Notice, you may contact the Kevin McCaffrey, Fund Manager, Road Carriers – Local 707 Pension Plan, 14 Front Street, Suite 301, Hempstead, NY 11550. You have a right to receive a copy of the Rehabilitation Plan from the Plan.

¹ Earlier this year, the Trustees amended the plan year for the Plan to run from February 1 to January 31. The current plan year is February 1, 2015 to January 31, 2016.