



**PLAN DE
PENSIONES**



UNION DE TRONQUISTAS DE PUERTO RICO LOCAL 901

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Notice of Critical Status For UNION DE TRONQUISTAS DE PUERTO RICO, LOCAL 901, PENSION PLAN

This is to inform you that on March 31, 2015 the actuary for the Union de Tronquistas de Puerto Rico, Local 901, Pension Plan certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the plan is in critical and declining status (the “red zone”) for the plan year beginning January 1, 2015. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding problems. More specifically, the plan's actuary determined that due many factors including that the plan was in critical status last year, and the plan is projected to have an accumulated funding deficiency for the 2015 through 2023 plan years.

Critical and Declining Status

Also, as required by the recently enacted Multiemployer Pension Reform Act of 2014, the Plan was certified being in critical and declining status because the actuary determined that the plan is projected to become insolvent within 15 years, the funded percentage was less than 80%.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan or postponing insolvency. This is the eighth year the plan has been in critical status. The Rehabilitation Plan adopted by the Trustees on November 11, 2008 requires employer contribution increases and reductions in certain benefits, called “adjustable benefits.” The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan.

In April, 2008, you were notified that the plan may eliminate early retirement subsidies, disability benefits, and the 40-month payment guarantee, and that 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.

The benefit/contribution schedules under the Rehabilitation Plan were provided by the Board of Trustees to the bargaining parties for consideration in negotiations when the collective bargaining agreements expire, or if they had already expired. The default schedule will reduce or eliminate the adjustable benefits, and significantly increase the employer contributions. The bargaining parties may also agree on an alternative schedule that significantly increases employer contributions but does not reduce benefits.

If the bargaining parties cannot agree on one of the two schedules, the law requires Trustees to impose the default schedule for any bargaining unit in this situation. The default schedule and benefit reductions also apply

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to participants in a bargaining unit covered by a collective bargaining agreement that expired before December 1, 2008 whose employer continues to contribute to the Plan.

Under the Rehabilitation Plan, if you are working for an employer who is contributing to the Plan under the default schedule, your adjustable benefits will be reduced. You will receive a separate notice identifying and explaining the effect of those reductions at least 30 days in advance of the effective date of any such reduction. The adjustable benefits that will be reduced or eliminated under the default schedule for those participants and beneficiaries who first start to receive pension benefits on or after April 25, 2008 include disability benefits not yet in pay status, the early retirement subsidy, and the 40-month payment guarantee.

If the Trustees of the Plan determine that further 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, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 25, 2008.

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. 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, until the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan.

For those employers who have not yet agreed to a new collective bargaining agreement that includes a schedule of the Rehabilitation Plan, the 10% surcharge for 2015 is due with respect to any contributions required to be paid on or after January 1, 2015, or actually paid after that date even if the obligation to the Plan arose earlier, regardless of when the work was actually performed. The surcharge contribution should be included with the regular negotiated contribution in one check, as it is due at the same time and under the same conditions as the negotiated contributions. However, the invoices employers receive from the Plan require them to list the surcharges separately so they can be tracked, as required by law.

Benefit Suspension and Partition

Under MPRA, a plan that has been determined to be in critical and declining status and projected to become insolvent may be able to adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is projected to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor 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 suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is in critical and declining status for the 2015 plan year, the plan sponsor is eligible to apply to Treasury for approval of benefit suspensions and, if necessary, to PBGC for a partition.

Where to Get More Information

Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Plan. With the assistance of the Plan's actuary and other professionals, and working with the employers and the Union, the Trustees developed a Rehabilitation Plan to address the funding concerns of the Plan while recognizing the budgetary and financial constraints on the employers. As is clear from the foregoing notice, everyone, that is, the employers, the union, active and former employees and retired pensioners and their beneficiaries, is participating in the work of stabilizing the financial condition of the Plan and postponing insolvency to enable the Plan to continue to provide the benefits accrued under the Plan in prior years for as long as possible.

For more information about this Notice, you may contact Marta Lozada at (787) 721-8980, or in writing at Union de Tronquistas de Puerto Rico, Local 901, Pension Fund, 352 Calle del Parque, San Juan, Puerto Rico 00912. The Plan will send you a copy of the Rehabilitation Plan itself upon written request.