

Notice of Critical and Declining Status

TO: All Plan Participants, Beneficiaries Receiving Benefit Payments, QDRO Alternate Payees, Employers Obligated to Contribute, Iron Workers Local 473, Secretary of Labor, Pension Benefit Guaranty Corporation

FROM: Board of Trustees

DATE: October 28, 2016

RE: **Notice of Critical and Declining Status of the Plan for the Iron Workers Local 473 Pension Plan**

This is to inform you that on September 28, 2016, the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Plan will be in critical and declining status for the Plan year beginning July 1, 2016. Federal law requires that you receive this notice.

Critical and Declining Status

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 as of July 1, 2016, the Plan is projected to be insolvent in the plan year beginning July 1, 2026.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status or critical and declining 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. In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan on October 30, 2012. The rehabilitation plan requires that the annual contribution rate be raised by 25 cents per hour to \$1.40 per hour effective July 1, 2013 with additional incremental increases every year thereafter for the period from July 1, 2013 through July 1, 2023 resulting in an ultimate contribution rate of \$6.65 effective July 1, 2023.

Because the Pension Plan was certified to have remained in critical and declining status as of July 1, 2016, the Trustees are required to update the rehabilitation plan originally adopted on October 30, 2012. In general, a rehabilitation plan must be projected to achieve certain funding improvement benchmarks within a specified time frame. It is still possible that future annual updates will require that the rehabilitation plan be modified to require either benefit reductions or additional contribution rate increases (or both) in response to future developments in the funding position of the Pension Plan.

You should know that effective October 30, 2012, the plan is not permitted to pay lump sum benefits while it is in critical status. Therefore, the \$7,500 lump sum benefit payable upon death before retirement is eliminated.

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: (i) disability benefits (if not yet in pay status); (ii) early retirement benefit or retirement-type subsidy, (iii) pre-Retirement death benefits and (iv) benefit payment options other than a qualified joint-and survivor annuity (QJSA).

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge until a Rehabilitation Plan is adopted 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.

Where to Get More Information

For more information about this Notice, you may contact the Trust Fund's Administrative Office at:

Benefits Management Group
1520 Kensington Road, Suite 200
Oakbrook, Illinois 60523
(630) 230-3902

You have a right to receive a copy of the rehabilitation plan from the plan.