Participants, Beneficiaries, Contributing Employers of the Sheet Metal Workers Local 98 Pension Fund, and Participating Unions:

The US Congress enacted the Pension Protection Act (PPA or Act) of 2006, in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. The Act implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan’s “financial health” with participants and others related to the plan.

Many of the Act’s safeguard provisions relate to funding, which, in simplest terms, is how much a pension plan has coming in, going out, and what is in reserve (or “in the bank”) to pay pension benefits in the future. These safeguards are intended to create more discipline in determining the funding strategy for pension benefits to prevent avoidable funding problems.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act established formal benchmarks for measuring a plan’s funding. Plans that are in the Yellow (“endangered”) or Red (“critical” or “critical and declining”) Zones must notify all plan participants, unions, and contributing employers of the plan’s status, as well as take corrective action to restore the plan’s financial health.

**Plan’s Status – Yellow Zone**

For the Plan Year beginning January 1, 2016, the Pension Plan is less than 80% funded (the Pension Plan’s projected funded percentage is 77.6%). The Pension Plan’s actuary provided this certification based on the Act’s funding measures. As a result, the Pension Plan was categorized as being in the Yellow Zone (“endangered” status) for the Plan Year beginning January 1, 2016.

**Funding Improvement Plan**

Yellow Zone status represents an early warning to focus on correcting funding percentages before they lead to more serious trouble. As required by the Act, after the Plan was certified as being in the Yellow Zone in 2013, the Trustees adopted a Funding Improvement Plan (“FIP”) in July 2013 designed to improve the Plan’s funded position during the Funding Improvement Period (a 10-year period). The FIP made no change in the plan of benefits but requires continuation of contribution rates at least as great as those in effect when the FIP was adopted. The Trustees review the progress of the FIP each year and make changes as necessary.

The Act requires that the Plan’s funding status be reviewed and certified annually, as the Plan’s financial condition generally fluctuates with changes in the economy. Consequently, you will receive a notice like this each year until the Plan is no longer in the Yellow Zone (the Plan was also in the Yellow Zone for the 2014 and 2015 plan years). We understand that legally-required notices like this one can create concern about the Plan’s future. While the “endangered” label is required by the PPA, we have been conferring with our actuaries and consultants for some time now to address these issues and continue to improve the Plan’s long-term financial stability. Improving the Plan’s funded status is our top priority, and we are committed to taking any actions necessary to ensure your core pension benefits will be there when you retire.

For more information about this Notice or the Pension Plan in general, contact the Plan’s Administrator at 3150 US Route 60, Ona, West Virginia 25545-9507.

Sincerely,

Board of Trustees

This Notice is being provided as required under the Pension Protection Act of 2006, which requires that certain information regarding the Pension Plan’s funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.