



Heat & Frost Insulators and Allied Workers Local 25 Fringe Benefit Funds

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April 30, 2017

TO: All Plan Participants, Beneficiaries, Alternate Payees, Labor Organizations, and Contractors of the International Association of Heat and Frost Insulators and Allied Workers Local No. 25 Pension Fund

NOTICE OF ENDANGERED STATUS For INTERNATIONAL ASSOCIATION OF HEAT AND FROST INSULATORS AND ALLIED WORKERS LOCAL NO. 25 PENSION FUND

This is to inform you that on March 31, 2017 the Pension Plan actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in endangered status for the plan year beginning January 1, 2017. Federal law requires that you receive this notice. In the future, you will receive an annual update of this status and the progress the Pension Plan is making towards the goals described below.

Endangered Status

The Plan is considered to be in endangered status because it is projected to satisfy the following:

Funded percentage less than 80% - The Plan's actuary determined that the Plan's funded percentage is 60% on January 1, 2017. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets. A funding deficiency is not expected to occur during the current plan year or within the next-following six plan years. The Plan also passes four tests under the Internal Revenue Code to avoid being certified as critical.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in current collective bargaining or participation agreements. The current collective bargaining agreement expires on May 31, 2019

Rehabilitation/Funding Improvement Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in endangered and critical status to adopt a funding improvement or rehabilitation plan aimed at restoring the financial health of the Pension Plan. Based on its endangered status, the Plan's trustees adopted a Funding Improvement Plan on November 10, 2008 designed to improve the Plan's funded percentage. The Trustees then adopted a Rehabilitation Plan on May 16, 2016 with a rehabilitation period beginning May 31, 2019. The Trustees are following a "Preferred Schedule," which includes annual contribution increases effective June 1, 2017 and benefit changes that became effective January 1, 2017. This schedule will be followed until a new Funding Improvement Plan has been adopted and agreed upon by bargaining parties.

Future Experience and Possible Adjustments

The rehabilitation/funding improvement plan is based on a number of actuarial assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 6.75%, a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Where to Get More Information

You have a right to receive a copy of the rehabilitation plan once it has been formally approved by the bargaining parties. To receive a copy, you may contact the Board of Trustees of International Association of Heat and Frost Insulators and Allied Workers Local No. 25 Pension Plan at P.O. Box 836, Troy, MI 48099-0836 or by telephone at (248) 641-4925 or toll free at (800) 864-1115.

EC: Pension Benefit Guaranty Corporation
Department of Labor