

NOTICE OF ENDANGERED STATUS
Sheet Metal Workers' Local 7 - Zone 1 Pension Plan
(EIN: 38-6234066 / PN: 001)

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The Pension Protection Act (PPA or Act), signed into law in 2006 and amended by the Multiemployer Pension Reform Act of 2014, is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

The Act requires that the plan be tested annually to determine how well it is 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

As of December 1, 2017, the Sheet Metal Workers' Local 7 – Zone 1 Pension Plan has emerged from critical status, and is now in endangered status, or the "*yellow zone*," since the Plan's funded percentage is projected to be less than 80% and there is no projected Funding Standard Account deficiency within seven years.

Funding Improvement Plan

As required by the Act, after the Plan was certified as being in critical status ("*red zone*") as of December 1, 2016, the Trustees adopted a rehabilitation plan in February 2017 that projected the Plan would emerge from critical status effective December 1, 2017. As you were previously notified, the rehabilitation plan included changes in the plan of benefits, including modification of the Plan's lump sum benefit options. However, the rehabilitation plan required no contribution rate increases and provided for an increase in the Plan's benefit accrual rate.

Federal law requires a pension plan in endangered status ("*yellow zone*") to adopt a funding improvement plan (FIP) aimed at restoring the financial health of the plan. The Trustees review the progress of the funding improvement plan each year and make changes as necessary.

If benefits must be modified under the FIP, that will only affect the rate of future accruals and/or disability benefits for future disabilities. We will not make any changes in the Plan's benefit formula without alerting you first.

Please note that the PPA requires that our Plan's funding status be reviewed and certified annually and notices like this one will be sent each year. There are several variables beyond our control that our advisors are monitoring, including investment market volatility, changes in employment levels, and the number of contributing employers, which could affect the Plan's status and the Board of Trustees' recommended corrective actions in the future.

We understand that legally required notices like this one can create anxiety and concern about the Plan's future. The Board of Trustees remains confident that, with the appropriate adjustments, the Plan will continue to provide our participants and their families with secure retirement benefits.

What's Next

Since the plan's financial condition generally changes with changes in the economy, the Act requires that the plan's funding status be reviewed and certified annually, which means that you will receive a notice like this each year until the plan is no longer in the *yellow zone*.

Where to Get More Information

For more information about this Notice or the Pension Plan in general, please contact the Board of Trustees of the Sheet Metal Workers' Local 7 – Zone 1 Pension Trust Fund, P.O. Box 1156, Troy, MI 48099-1156 (248-641-4971 or 866-822-7037).

Sincerely,

Board of Trustees

Sheet Metal Workers' Local 7 – Zone 1 Pension 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.

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