Notice of Endangered Status for
Mechanical Contractors –
U. A. Local 119 Pension Plan

EIN: 63-6055121 Plan Number: 001

Plan Year Ended December 31, 2018

Participants, Beneficiaries, Participating Unions and Contributing Employers:
The Pension Protection Act of 2006 added requirements for measuring the financial health of multiemployer pension plans such as ours. It requires that the Pension Plan’s actuary determine annually the Plan’s financial status and certify that status to the IRS and the Trustees. It is important to note that if the Plan’s status for a plan year is either “endangered” or “critical”, the Trustees must notify all participants, employers, unions and other parties in writing of this certification, as well as take corrective action to restore the financial health of the Pension Plan.

Plan’s Status – Endangered Zone
As required, the Pension Plan’s actuary again formally reviewed the status of the Plan’s financial health for the 2018 Plan year and certified on 3/30/2018 that the Pension Plan is now in endangered status for the 2018 Plan year. In 2008 and 2010-2017, the Plan Actuary determined and certified that the Mechanical Contractors U.A. Local 119 Pension Plan was in critical status for the 2008 and 2009-2017 Plan years. This determination was made because the Plan was in critical status for 2017 and was projected to have a funding deficiency in the current Plan year that no longer exists for 2018.

Funding Improvement Plan
The Pension Protection Act requires any pension plan in the red zone to adopt a “funding improvement plan” that is designed to restore the financial health of the plan. The funding improvement plan requires that the Plan’s funded percentage improve at least 33% of the way to 100% over a 10-year period. The target for this Plan under the law is a funded percentage of 83.9% by 2031. The Plan must also meet the Federal minimum funding requirements during the final year of this 10-year period.

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contributions 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 7.25% (in the 2018 Plan year or later), 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.

Commitment to Continue Improvement
Based on our most current actuarial projections, we are well on track to meet or exceed these benchmarks. Once the funding improvement plan is implemented, the Trustees anticipate that the Fund will eventually emerge from endangered status and continue to see improved funded percentages. The Trustees maintain their commitment to providing a retirement benefit on which you can rely to pay a lifetime benefit that will play a significant role in your overall retirement planning.

However, under no circumstances is the level of our accrued normal retirement benefit payable at normal retirement age subject to reduction or elimination.

What’s Next
Since the law requires that the Plan’s funding status be reviewed and certified annually, notices like this one will be sent each year. You will also be receiving formal Annual Funding Notices giving other details about the Plan’s finances, in addition to other communications about the Plan that the Trustees send out from time to time. If you have any questions about this notice or about the Plan generally, please contact the Plan administrator’s office at the number listed below.

We understand that legally required notices like this one can create anxiety and concern about the Pension Plan’s future. The Board of Trustees is working with contributing employers and the unions toward taking appropriate actions to improve the financial health of the Plan so that retirement benefits for participants and their families are secure into the future.

Where to Get More Information
For more information about this Notice contact:

Mechanical Contractors U.A. Local 119 Pension Plan

c/o Alabama Administrators – Plan Manager

1717 Old Shell Road

Mobile, AL 36604

(251) 478-5412

Board of Trustees

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CC: DOL-criticalstatusnotice@dol.gov

PBGC-multiemployerprogram@pbgc.gov

GOOD NEWS –
The Pension Plan’s financial health has greatly improved due to the assistance of our members. The Trustees sincerely appreciate your help in making our Pension Plan financially sound.