

# BRICKLAYERS PENSION FUND OF WESTERN PENNSYLVANIA

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EBSA/PUBLIC DISCLOSURE

## NOTICE OF CRITICAL STATUS

This is to inform you that on March 30, 2016 the plan actuary certified to the U.S. Department of the Treasury, and also the Plan Sponsor, that the Bricklayers Pension Plan of Western Pennsylvania (Pension Plan) is neither in endangered, critical nor critical and declining status for the plan year beginning January 1, 2016 as defined under the Pension Protection Act of 2006 (PPA). However, due to the losses in the investment markets in the third and fourth quarter of 2015, the Plan would again be in critical status within 5 years. The Trustees determined that taking additional remedial steps to improve the funding for the Plan now would result in fewer benefit reductions than waiting 5 years when the funding level again becomes critical. Under the Multiemployer Pension Relief Act of 2014, the Trustees were provided with the ability to "elect" critical status in this situation. The Board of Trustees elected to be in critical status as for the Plan Year beginning January 1, 2016 on April 30, 2016. Federal law requires that you receive this notice.

### Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the plan is projected to have another accumulated funding deficiency for 2022 and subsequent plan years due to asset losses in 2015. Based upon this information, on April 30, 2016, the Board of Trustees for the Bricklayers Pension Fund for Western Pennsylvania elected to continue in "critical status" for the Plan Year beginning January 1, 2016 as allowed under Internal Revenue Code Section 432(b)(4).

### Rehabilitation Plan and Possibility of Reduction in Benefits

In March 2015 when the Pension Plan was first certified in critical status, the Trustees developed a plan to restore the financial health of the Pension Plan referred to as a "Rehabilitation Plan." The Trustees made changes to the benefits provided under the Pension Plan as part of this Rehabilitation Plan. These changes included the reduction and elimination of benefits called "Adjustable Benefits." PPA defines certain types of benefits that are considered "Adjustable Benefits" which can be reduced or even eliminated as part of a Rehabilitation Plan even if they would otherwise be protected under ERISA's anti-cutback rules. The term "Adjustable Benefit" generally includes all of the following:

1. Benefits, rights and features under the Pension Plan, including post-retirement death benefits, disability benefits not yet in pay status and similar benefits; and
2. Any early retirement benefit or retirement type subsidies and any benefit payment options, other than the 50% and 75% qualified joint and survivor annuity; and
3. All benefit increases that would not be eligible for a guarantee under ERISA Section 4022A on the first day of the Pension Plan's critical year because the increase was adopted less than 60 months prior to January 1, 2015.

This initial Rehabilitation Plan, which was adopted March 19, 2015 with plan changes effective May 1, 2015, only included one schedule called the "Default Schedule" that reduced benefit accruals and early retirement subsidies. The benefit changes applied to any participant which was not retired and receiving a pension benefit on March 20, 2015. Due to the implementation of the Rehabilitation Plan, the funded position of the Pension Plan was restored effective January 1, 2016 so it is no longer in endangered, critical or critical and declining status.

Because of the new funding deficiency looming in 2022, the Trustees elected to have the Pension Plan again be considered in critical status for the Plan Year beginning January 1, 2016 effective as of April 30, 2016. Federal law now requires the Board of Trustees for the Pension Plan to adopt a new rehabilitation plan aimed at restoring the financial health of the Pension Plan. This new Rehabilitation Plan will be adopted by November 2016 as required by the federal law and you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described above) will not reduce the

level of a participant's basic benefit payable at normal retirement. In addition, the new reductions under this new Rehabilitation Plan may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2016. But you should also know that effective as of April 30, 2016, the Pension Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

### **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge 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. This surcharge was supposed to begin 30 days after the date of the 2015 Notice of Critical Status. However, since the bargaining parties adopted the default schedule prior to the date the surcharges were to begin, no surcharges were triggered. Additionally, since surcharges only apply to the first plan year a Pension Plan is determined to be in critical status, the employers will not be subject to surcharges at this time.

### **Where to Get More Information**

For more information about this notice, you may contact Fund Office at 1-800-242-8923 or (412) 471-2885. Please ask for the Pension Department. Or you may write to the Bricklayers Pension Plan of Western Pennsylvania c/o GEMGroup, 3 Gateway Center, 401 Liberty Ave., Ste. 1200, Pittsburgh, PA 15222. You have a right to receive a copy of the rehabilitation plan from the plan.

Issued: April 2016