April 28, 2016

United States Department of Labor
Employee Benefits Security Administrators
Public Disclosure Room; N-1513
2000 Constitution Avenue, N.W.
Washington, DC 20210

RE: OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
EIN #38-6222545 PLAN #001

Dear Representative:

Attached is the Notice of Critical Status for the Plan Year Beginning January 1, 2016, on behalf of the Outstate Trowel Trades Pension Fund.

If you have any questions with regard to this Notice, please feel free to contact me, or in my absence, Robert Merrick at (517) 327-2139.

Sincerely,

James E. Schreiber
Administrative Manager

Attachments

xc: Robert Merrick
Bryan Stulz
Derek Watkins
Kyle Weaver
Paul Wedding
David Wernecke
Nikki Blevins
Notice of Critical Status

This is to inform you that on March 30, 2016, the Fund’s Actuary certified that if no further action was taken the Plan would be in Critical Status for the Plan Year beginning January 1, 2019. Because the Plan is projected to be in Critical Status within the succeeding five Plan Years, the Outstate Michigan Trowel Trades Pension Fund’s Board of Trustees elected, under the Multiemployer Pension Reform Act (“MPRA”), to be in Critical Status for the Plan Year beginning January 1, 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, if no further action was taken the Plan would be in Critical Status for the Plan Year beginning January 1, 2019 because: (1) contributions would be less than current year costs plus interest on any unfunded past liabilities; (2) the value of vested benefits for Inactive Participants would be greater than that for Active Participants; and (3) an accumulated funding deficiency (not recognizing any amortization extensions) would occur for the Plan Year ending December 31, 2023. Accordingly, in order to avoid the need for greater benefit reductions and contribution increases at that time, the Board of Trustees elected to be in critical status beginning January 1, 2016 and take more measured steps today to improve the funding of the Plan.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a Rehabilitation Plan. If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant’s basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 29, 2016. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 29, 2016, the 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.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Certain Pre and Post-Retirement Death Benefits;
- Disability Benefits (if not yet in pay status);
- Early Retirement Benefits or retirement-type subsidy;
- Benefit payment options other than a qualified joint and survivor annuity (QJSA).

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan to help correct the Plan’s financial situation if the Rehabilitation Plan is not timely adopted. The amount of the surcharge is equal to a percentage of the amount the 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 Plan Year in which the Plan is in critical status. The Board of Trustees and the Bargaining Parties have taken action to timely adopt a Rehabilitation Plan and avoid the imposition of surcharges.

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees of the Outstate Michigan Trowel Trades Pension Plan at (517) 321-7502 or 6525 Centurion Drive, Lansing, Michigan, 48917-9275. You have a right to receive a copy of the Rehabilitation Plan.