

BRICKLAYERS PENSION PLAN OF WESTERN PENNSYLVANIA

Fund Office: **Zenith American Solutions**, Administrator, 3 Gateway Center, 401 Liberty Ave. Ste 1200, Pittsburgh, PA 15222-1024
Phone: (412) 471-2897 / 1-888-817-8197 / Fax: (412) 471-2891

NOTICE OF CRITICAL STATUS

This is to inform you that on March 29, 2019 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 in endangered status for the plan year beginning January 1, 2019. However, due to the losses in the investment markets in the fourth quarter 2018, the Pension Plan is projected to become "Critical" in the near future. Based upon this impending funding issue, the Board of Trustees determined that taking additional remedial steps to improve the funding of the Pension Plan now was in the best interest of the participants and beneficiaries. 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 on April 25, 2019 made an election to immediately enter critical status, as is permissible under IRC Section 432(b)(4). Federal law requires that you receive this notice.

Critical Status

The Pension Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Trustees made an election to be in critical status because the Pension Plan's actuary determined that the Pension Plan is projected to have another accumulated funding deficiency for 2024 and subsequent plan years due to the asset losses in 2018.

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 Pension Plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Board of Trustees has spent significant time reviewing the funding concerns of this Pension Plan. They will be reviewing the options available to see if benefit reductions are necessary to restore the financial condition of this Pension Plan. You will receive a separate notice in the next month identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 25, 2019. But you should know that effective as of April 25, 2019, 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.

Adjustable Benefits

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

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Post retirement death benefits.

Employer Surcharge

The law requires that all contributing employers pay to the Pension Plan a surcharge to help correct the Pension Plan's financial situation, unless a Rehabilitation Plan is adopted within 30 days from the date of this notice. The Board of Trustees fully intends to adopt a Rehabilitation Plan within this time frame so as to not have the surcharge apply. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Pension 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 Pension Plan is in critical status. This surcharge begins 30 days after the date of this notice.

Where to Get More Information

For more information about this Notice or to request a copy of the Rehabilitation Plan, you may contact:

**Zenith American Solutions
3 Gateway Center
401 Liberty Ave., Ste. 1200
Pittsburgh, PA 15222**

Telephone: 1-888-817-8197 or (412) 471-2897 – Ask for the Pension Department