

**NOTICE OF CRITICAL STATUS
FOR THE
EMPLOYERS-SHOPMEN'S LOCAL 516 PENSION TRUST**

This is to inform you that on March 30, 2020, the Plan actuaries certified to the U.S. Department of the Treasury, and also to the Board of Trustees of Employers-Shopmen's Local 516 Pension Trust (the "Board of Trustees"), that the Employers-Shopmen's Local 516 Pension Plan (the "Plan") is in critical status ("Red Zone") for the Plan Year beginning January 1, 2020. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status, but not in critical and declining status under the Multiemployer Pension Reform Act of 2014 (the "MPRA") for the plan year beginning January 1, 2020, because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that as of January 1, 2020, a funding deficiency is projected in four years.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. This is the fourth year the Plan has been in critical status. The law permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan.

The Board of Trustees adopted a Rehabilitation Plan on October 22, 2013 (the "Rehabilitation Plan"). The Rehabilitation Plan includes certain benefit modifications and increased employer contributions designed to enable the Plan to emerge from critical status by December 31, 2025.

On November 19, 2013 you were notified that the Board of Trustees reduced or eliminated certain adjustable benefits. On April 17, 2013, you were notified that as of April 30, 2013, the Plan was no longer permitted to pay lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity (except for the payout of benefits worth less than \$5,000) while it is in critical status.

The Rehabilitation Plan is subject to annual review and revision by the Plan's Board of Trustees, depending upon the Plan's financial condition and other factors. If the Board of Trustees of the Plan determines that further benefit reductions are necessary, you will receive a separate notice in the future 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 May 1, 2013.

A summary of the Rehabilitation Plan can be found in the Plan's Annual Funding Notice.

Adjustable Benefits

The Plan offers or offered the following Adjustable Benefits which **MAY** be reduced or eliminated as part of the current or future Rehabilitation Plan that the Plan may adopt. In no event will any change to these Adjustable Benefits be effective for retirements before May 1, 2013.

- Early Retirement Benefit or Retirement-type subsidy

- Disability Retirement Benefit (if not yet in pay status)
- 50% Husband-and-Wife Pension subsidy
- 75% Husband-and-Wife Pension subsidy
- 100% Husband-and-Wife Pension
- Husband-and-Wife Pension Single Life Annuity Reversion (Pop-up)
- Guaranteed 60-Month Pension
- 60-Month Pre-Retirement Death Benefit
- Benefit Improvements Made Within the Last 5 Years

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan 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. A five percent (5%) surcharge is applicable in the initial critical Plan Year and a ten percent (10%) surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status until the contributing employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The 5% surcharge applies for hours of work in Covered Employment (i.e., work for which contributions to this Plan are due) commencing on and after that date which is 30 days from the date of this Notice until December 31, 2013. The 10% surcharge goes into effect for hours of work in Covered Employment on and after January 1, 2014 and remains in effect until such time as the collective bargaining agreements are updated to reflect the contribution increases required by the Rehabilitation Plan.

Where to Get More Information

For more information about this Notice of Critical Status, you may contact:

Administrative Office – Employers Shopmen's Local 516 Pension Trust
c/o Zenith American Solutions
12205 SW Tualatin Road, Suite 200
Tualatin, OR 97062
(503) 486-2100 or (844) 900-3034

You have a right to receive a copy of the Rehabilitation Plan by submitting a request to the above address.

As required by law, this notice is being provided to all required parties including the PBGC, the U.S. Department of Labor, each Plan Participant and Beneficiary, all labor organizations representing Plan Participants and each employer which is a party to a collective bargaining agreement or other contribution agreement under which the Plan is maintained or which otherwise may be subject to withdrawal liability.