

**Notice of Critical Status for
U.F.C.W. Local 1500 Pension Plan
EIN: 23-7176372 / PN: 001
Plan Year Beginning January 1, 2020**

The purpose of this notice is to inform you that, on March 30, 2020, the actuary of the U.F.C.W. Local 1500 Pension Plan “Plan” certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the plan is in “critical status” 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 (often referred to as the “red zone” for the plan year beginning January 1, 2020 because the Plan’s actuary determined that the Plan is expected to have an accumulated funding deficiency within the current or next three plan years. The Plan was first certified to be in critical status for the plan year beginning January 1, 2019.

**Rehabilitation Plan and
Possibility of Reduction in Benefits**

Because the Plan was in critical status for the prior plan year that began January 1, 2019, federal law required the Board of Trustees to adopt a “rehabilitation plan” aimed at restoring the financial health of the plan. The Board of Trustees adopted a rehabilitation plan on November 16, 2019.

The adopted Rehabilitation Plan includes reductions in the rate of future benefit accruals. In addition, as described below, the law permits pension plans in critical status to reduce or eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. The adopted Rehabilitation Plan includes no changes to adjustable benefits. If the Board of Trustees determine that benefit reductions are necessary as part of an update to the Rehabilitation Plan, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

Adjustable Benefits

Adjustable benefits offered under the Plan that may be reduced or eliminated as part of any rehabilitation plan include early retirement benefits and subsidies, and disability benefits.

Any reduction of adjustable benefits will not reduce the level of a participant’s basic benefit payable at normal retirement. In addition, any reductions will not apply to participants and beneficiaries whose benefits have already commenced as of the date of this notice.

Employer Surcharge

Federal 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.

A 5% surcharge was applicable in the initial critical year, 2019. A 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

The surcharge ceased to apply effective January 1, 2020 for collective bargaining agreements that include contribution and benefit terms consistent with the adopted Rehabilitation Plan. The 10% surcharge remains in effect for any collective bargaining agreements that do not include contribution and benefit terms consistent with the adopted Rehabilitation Plan. As of the date of this notice, all collective bargaining agreements are consistent with the terms of the adopted Rehabilitation Plan.

Where to Get More Information

For more information about this notice, you may contact the Board of Trustees at the address or phone number below. You have a right to request and receive a copy of the rehabilitation plan that was adopted by the Board of Trustees.

Board of Trustees
U.F.C.W. Local 1500 Pension Plan
425 Merrick Avenue
Westbury, NY 11590
800) 522 0456