

ALUMINUM, BRICK & GLASS WORKERS UNION, AFL-CIO, CLC

EASTERN DISTRICT COUNCIL NO. 12 PENSION PLAN

P. O. BOX 218, SHILLINGTON, PA 19607-0218

610-775-0812 PHONE

EB3/PP05L DISCLOSURE

2019 MAY -1 AM 9:29

NOTICE OF CRITICAL AND DECLINING STATUS

This is to inform you that on March 31, 2019 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical and declining status for the plan year beginning January 1, 2019. Federal law requires that you receive this notice.

Critical and Declining Status

The plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the plan has an accumulated funding deficiency for the current plan year and the plan is projected to become insolvent in 2035.

Rehabilitation Plan

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the 1st year the plan has been in critical and declining status. The prior 11 years the plan was in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On April 25, 2008, you were notified that the plan may reduce or eliminate adjustable benefits and that 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. On October 20, 2008, the Trustees adopted a Rehabilitation Plan and on December 15, 2008, you were notified of certain benefit reductions adopted in that plan. On December 4, 2018, the Trustees updated the Rehabilitation Plan. If the trustees of the plan determine 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 (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, 2008.

Please see section below entitled, "**Multiemployer Pension Reform Act of 2014 (MPRA)**" for additional information on possible benefit reductions.

Adjustable Benefits

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

- Post-retirement death benefits
(currently \$10 times a participant's accrued months of credited service);
- Pre-retirement lump sum death benefits
(currently \$10 times a participant's accrued months of credited service);
- One hundred-twenty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit (a benefit which is not actuarially reduced for commencement prior to normal retirement age) or other retirement-type subsidy;

- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years);

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation until a rehabilitation plan schedule is adopted within the collective bargaining or participation agreement. 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 10% surcharge is applicable for this plan year and for each succeeding year while the Fund is in critical status until such time as one of the contribution increase schedules is adopted. Since all contracts have adopted contribution increases in accordance with the Rehabilitation Plan, no contribution surcharge is due at this time.

Multiemployer Pension Reform Act of 2014 (MPRA)

Under the MPRA, a pension plan in critical and declining status may suspend benefits. Generally, a suspension of benefits is a temporary or permanent reduction in current or future pension payments for participants, including reductions to the basic benefit payable to participants at normal retirement age and the pensions payable to retirees younger than age 80. This reduction is in addition to the reductions in adjustable benefits noted above.

There are a number of other requirements that must be satisfied in order for a suspension of benefits to occur. This includes an application to the Secretary of the Treasury and notice to all of the participants, beneficiaries, contributing employers, and unions that represent participants in the plan. The Board of Trustees has not taken any action to suspend benefits at this time.

Where to Get More Information

For more information about this Notice, you may contact Kel-Lee Wallace at P.O. Box 218, Shillington, PA, 19607 or by telephone at 610-775-0812. You have a right to receive a copy of the rehabilitation plan from the plan.