
**Notice of Critical and Declining Status
For
Warehouse Employees Local 169 and Employers Joint Pension Fund**

This is to inform you that on March 30, 2020 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, 2020. Federal law requires that you receive this notice.

Critical and Declining Status

Critical and declining status is a category of pension plan funding status created by the Multiemployer Pension Reform Act of 2014. 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 is likely to be insolvent within the next 20 years.

One of the primary reasons that the Plan is in such a precarious financial position is the continued decline in the hours worked for which contributions are required to be made to the Plan. The Plan is not yet insolvent however, so there are steps that can be taken and time to improve the funding status of the Plan, as explained below.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The plan was in critical status for the seven (7) plan years preceding 2016 and has been in critical and declining status each Plan Year thereafter, beginning with the 2016 Plan Year. A pension plan in critical status is permitted under the law to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Trustees of the Plan have adopted a rehabilitation plan that meets the requirements of the law. On or about April 29, 2010, you were notified that as of April 29, 2010 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 or about December 13, 2010, you were notified that the plan reduced or eliminated adjustable benefits. 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 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 29, 2010.

Federal law also 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 fourth year the plan has been in critical and declining status. With the certification as a critical and declining plan, there are additional benefit adjustments the Trustees are permitted to make to improve the financial health of the plan. The law permits the Trustees, in

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addition to reducing or eliminating adjustable benefits, to propose suspending (i.e. reducing) accrued benefits for participants, including those in pay status (retirees). There are limits on how much accrued benefits may be suspended (i.e. reduced) and before they can be suspended the law requires the proposed benefit suspension to be submitted to, and approved by, the Secretary of the Treasury and be submitted to a vote of the participants, including retirees. The Trustees have not yet made a determination of whether benefit suspensions (i.e. reductions) will be necessary and if such a decision is made, you will be provided advance notice and given an opportunity to vote on the suspensions.

Any reduction of adjustable benefits, as allowed for critical status plans, will not reduce the level of a participant's accrued benefit payable at normal retirement. However, reductions in the participant's accrued benefit payable at normal retirement may occur if benefits are suspended, as allowed for critical and declining status plans.

Adjustable Benefits

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

- Sixty-month payment guarantees;
- Early retirement benefit 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 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. 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 plan is in critical status. The law provides that the employer surcharge ceases to apply on the effective date of a bargaining agreement that includes terms consistent with a rehabilitation plan.

Where to Get More Information

For more information about this Notice, you may contact the plan administrator at Fabian & Byrn, LLC, 215-483-6000, 400 Franklin Avenue, Suite 135, Phoenixville, PA 19460. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 23-6230368.

You have a right to receive a copy of the rehabilitation plan from the plan.

Issued: April 2020

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