

**Notice of Endangered Status for the
Plumbers' Local No. 55 Pension Plan
(E.I.N. 34-6514703 / PN 001)
August 2019**

Dear Participants, Beneficiaries, Participating Union, and Contributing Employers:

As you may know, the Pension Protection Act of 2006 (PPA) instituted requirements for measuring the financial health of multiemployer plans such as ours.

PPA requires that a Pension Fund's actuary annually determine the Fund's status under these rules and certify that status to the IRS and the Board of Trustees, which is the plan sponsor. If the actuary determines that the Fund is in endangered status (Yellow Zone), or is in critical or critical and declining status (Red Zone), the Trustees must notify all plan participants, employers and other stakeholders, as well as take corrective action to restore the financial health of the Plan.

Endangered Status

This letter will serve as the Notice that, on July 29, 2019, our Pension Fund's actuary certified that the Fund is in endangered status for the 2019/2020 Plan year. This determination was made because, based on the PPA funding measures, the Fund is funded at less than 80%. This means that the ratio of the Plan's assets to liabilities is not high enough to meet government standards for funding the promised benefits. The Plan was first certified to have been in endangered status in 2013.

Funding Improvement Plan

The PPA also requires any pension fund in the Yellow Zone to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to restore the Plan to financial health, improve the balance of assets and liabilities, and avoid any accumulated funding deficiency.

The Trustees of the Plan previously adopted a Funding Improvement Plan and have since updated it. The goal of this Funding Improvement Plan is to increase the Plan's funded percentage by 7.2% from 78.3% as of May 1, 2014 to 85.5% as of April 30, 2024 and to avoid any accumulated funding deficiency during the funding improvement period. The goal of increasing the funded percentage by 7.2% represents 33% of the difference between the funded percentage as of the beginning of the funding improvement period (78.3% as of May 1, 2014) and 100%.

Also, the most recent projection presented to the Board of Trustees indicated that the funded percentage is projected to be over 80% as of April 30, 2023 and over 100% as of April 30, 2029. This projection is based on the assumptions, plan provisions and methods as described in the May 1, 2018 Actuarial Valuation, and that all experience will emerge as assumed. It also assumes that the hourly contribution rate will increase as described in the Alternative Schedule, future accruals were eliminated as of January 1, 2018, the number of active participants will remain level at 413, and each active employee will work an average of 1,500 hours each year in the future.

The updated Funding Improvement Plan's Alternative Schedule requires an increase in the Journeyman contribution rate by \$0.98 per hour for all employers (with proportional increases for the other classes at lower contribution rates) effective on May 1, 2019, and 2020 for every year that the Fund is in endangered status. As of the date of this notice, four contribution rate increases per hour have been bargained and made. However, the Funding Improvement Plan may need to be updated if the Plan is projected to not meet scheduled progress at some point in the future. We will not make any changes in the Plan's benefit formula without alerting you first.

Please note that the PPA requires that our Plan's funding status be reviewed and certified annually, and notices like this one will be sent each year, if applicable. There are several variables beyond our control that our advisors are monitoring, including investment market volatility and changes in employment levels and/or the number of contributing employers, which could affect the Plan's status and the Trustees' recommended corrective actions in the future.

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees remains confident that, with the appropriate adjustments, the Fund will continue to provide our participants and their families with secure retirement benefits.

Where to Get More Information

For further information, please contact the Board of Trustees of the Plumbers' Local No. 55 Pension Plan, 980 Keynote Circle, Cleveland, OH 44131 (216-459-9110).

Sincerely,

The Board of Trustees
Plumbers' Local No. 55 Pension Plan

cc: U.S. Department of Labor
Pension Benefit Guaranty Corporation

This Notice is dated August 28, 2019.

As required by law, this notice is being provided to all required parties including the Pension Benefit Guaranty Corporation (PBGC), the U.S. Department of Labor, each Plan Participant and Beneficiary, the Union and each Contributing Employer.