

PLUMBING AND PIPE FITTING INDUSTRY LOCAL 219 PENSION PLAN
2020 NOTICE OF CRITICAL STATUS
August 2020

On July 28, 2020 the actuary for the Plumbing and Pipe Fitting Industry Local 219 Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan is in critical status for the 2020 Plan Year as defined by the *Pension Protection Act of 2006* ("PPA"). The 2020 Plan Year began on May 1, 2020 and will end on April 30, 2021. Federal law requires that you receive this Notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. The 2012 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2012 certification date, the Plan was projected to have an accumulated funding deficiency for the 2015 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2020 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

On July 27, 2012, the Board of Trustees adopted a rehabilitation plan that was ratified by the bargaining parties on September 12, 2012. The Plan is continuing to operate in accordance with this rehabilitation plan, and the Plan's actuary has certified that the Plan is making scheduled progress in meeting the requirements of its rehabilitation plan.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the plan's funded percentage. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. The Board of Trustees adopted a rehabilitation plan that includes the reduction of "adjustable benefits" and increases in the Plan's hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a rehabilitation plan, which was ratified by the Bargaining Parties. This rehabilitation plan includes scheduled increases in the hourly contribution rate and changes in the Plan's Early Retirement Benefits. In addition, the free pop-up provision was eliminated for participants who elect to receive their monthly pension as a Qualified Joint & Survivor Annuity for retirements on or after August 24, 2012, and 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). If the Board of Trustees determines that any

further benefit reductions are necessary, you will receive a separate notice in the future explaining the effect of those reductions.

You can request a copy of the Plan's rehabilitation plan, any updates to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, federal law permits pension plans in critical status to reduce or eliminate "adjustable benefits". The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- ☒ Subsidized Early Retirement benefits for participant's with 10 or more years of Vesting Service;
- ☒ Disability benefits (if not yet in pay status);
- ☒ Other similar benefits, rights, or features under the Plan, including the Plan's pre-retirement death benefits and suspension rules.

If the Board of Trustees determines that further benefit reductions are necessary, you will receive a separate Notice identifying the type of reduction and the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age (generally, age 62). In addition, the reductions will only apply to Participants and beneficiaries whose Annuity Starting Date is on or after August 24, 2012.

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator, the Board of Trustees of the Plumbing and Pipe Fitting Industry Local 219 Pension Plan, at BeneSys, Inc., 33 Fitch Boulevard, Austintown, OH 44515, or by calling 330-779-8859. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 34-6682376.