

April 2026

Notice of Critical Status for Sheet Metal Workers Pension Plan of Northern California

This is to inform you that on March 31, 2026 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor (the Board of Trustees of the Sheet Metal Workers Pension Plan of Northern California), that the Plan is in critical status for the Plan year beginning January 1, 2026. Federal law requires that you receive this notice.

Critical Status

The Sheet Metal Workers Pension Plan of Northern California is considered to be in critical 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.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the Plan. This is the 16th year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" and to take other actions to improve the Plan's funding position as part of a Rehabilitation Plan. The Trustees have taken numerous actions over the past sixteen years to attempt to improve the Plan's funding condition.

From 2009 through 2020, the Trustees amended the Plan in several ways to improve Plan funding, including limiting benefit accruals to exclude certain contributions, reducing benefit accrual rates, introducing a variable "VBAR" formula (discussed below), and removing the eligibility for an unreduced benefit at age 52. In addition, contribution rates were substantially increased under the relevant collective bargaining agreements. However, by 2021, the Plan had still not exited Critical Status.

The Rehabilitation Plan was most recently amended on December 13, 2021. The updated Rehabilitation Plan included significant changes, such as elimination of the VBAR formula structure and the National Pension Plan Make-Up Benefit, as well as changes to early retirement benefits, Disability benefits, and Pre-Retirement Death Benefits. The amended Rehabilitation Plan also called for increases in employer contribution rates and an additional \$9 million to be contributed by Local 104. This updated Rehabilitation Plan is aimed at enabling the Plan to emerge from Critical Status within 25 years (i.e., by 2046).

The Board of Trustees will continue to monitor the Plan's progress under the Rehabilitation Plan. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. The above is an attempt to briefly summarize actions that have taken place. The Plan documents and amendments, as well as the Rehabilitation Plan, provide for these changes in more detail. You may request a copy of these documents by contacting the Plan Administrator.

Adjustable Benefits

Pursuant to the Pension Protection Act of 2006 and DOL guidance, the Plan currently offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan the pension Plan may adopt. While some changes have been made to adjustable benefits, the following benefits still remain in the Plan in some form.

- Pre-retirement death benefits;
- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early or unreduced retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

Where to Get More Information

For more information about this notice, you may contact

Soyara Guzman, BeneSys Administrators
3240B Constitution Drive
Livermore, CA 94551
925-208-9994.

For identification purposes, the official Plan number is 001, and the Plan sponsor's name and employer identification number or "EIN" are Sheet Metal Workers Pension Trust and 51-6115939.