

Iron Workers' Locals No. 15 and 424 Pension Plan

Notice of Plan Funding Status

October 2015

Participants, Beneficiaries, Contributing Employers and Iron Workers' Locals No. 15 & 424:

The Pension Protection Act (the "Act"), signed into law in 2006, is intended to improve the financial condition of pension plans. The Act introduced several formal safeguards, controls, and added notification requirements for Trustees to share more information about a plan's financial circumstances with participants, contributing employers and others directly related to the plan. Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent future funding problems and correct those that have already developed.

Since the 2008 plan year, the Act requires us to test the Pension Plan annually to classify its funding status. Standardized measurements were established for classifying plans based on their funding issues. Also, on December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act of 2015 (Public Law 113-235), and this law included the Multiemployer Pension Reform Act of 2014 or "MPRA." MPRA established a new funding status classification for multiemployer plans called "critical and declining status." So, based on the Act as modified by MPRA for plan years beginning in 2015, multiemployer plans in "endangered status" (generally funded percentage is less than 80 percent), "critical status" (generally funded percentage is less than 65 percent), or "critical and declining status" (in critical status *and* is projected to become insolvent, i.e., run out of money, within: (1) 15 years, or (2) 20 years if a special rule applies) must notify all plan participants, beneficiaries, unions, and contributing employers of the plan's funding status, as well as have a plan to restore the plan's financial health. Last year, we notified you that the Pension Plan was in critical status (for the plan year beginning July 1, 2014).

Plan's Status – Red Zone – Critical Status

On September 28, 2015, our actuary certified the Pension Plan as being in "critical status" (also known as the "red zone") for the plan year beginning July 1, 2015. The Pension Plan is considered to be in critical status because of the actuary's determination that the funded percentage of the Pension Plan is 65% or less as of June 30, 2015, and it had a funding deficiency in the Plan Year ending June 30, 2015. A "funding deficiency" means that contributions are not expected to be high enough to meet government standards for funding promised benefits plus those that participants are currently earning.

Rehabilitation Plan

The Act requires that a pension plan in the "red zone" adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. To comply with the Act, the Pension Plan adopted an initial Rehabilitation Plan on October 21, 2008. Employers and unions were notified of the items covered by that Rehabilitation Plan and applicable collective bargaining agreements were amended effective November 25, 2008. The Initial Rehabilitation Plan was periodically reviewed by the Trustees, including a review which occurred on March 3, 2011. At that time, the Trustees agreed to accept the Fund actuary's recommendation to elect funding relief in order to spread out investment losses the Pension Fund experienced in the plan year ended June 30, 2009. Later, based on our actuary's recommendation, the Trustees reviewed and updated the initial Rehabilitation Plan on May 21, 2013, to ensure that the Pension Plan could emerge from critical status on or before June 30, 2024. The Plan's Trustees continue to review the Rehabilitation Plan on an annual basis and most recently updated it on May 26, 2015 (known as the "Updated Rehabilitation Plan") based on additional recommendations of the Plan's actuary. The primary purposes of the Updated Rehabilitation Plan were to reflect changes in the law made by MPRA and to ensure the Plan could still emerge from critical status on or before June 30, 2024.

Adjustable Benefits

The Act allows a Rehabilitation Plan to eliminate or change adjustable benefits, which include:

- Plan benefits, rights, and provisions, including pre-retirement death benefits (other than qualified joint and survivor annuities), ten-year guarantees, disability benefits not yet in pay status, and similar benefits; and
- Early retirement or service pension benefits or retirement-type subsidies and lump-sum payments.

If the trustees of the Pension Plan determine that additional benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age.

Also, the Act, as modified by the MPRA, now permits a multiemployer plan which is in "critical and declining status" to institute a temporary or permanent reduction of pension benefits if various legal requirements are met. *While the MPRA does not apply to our Pension Plan* (as it is not in "critical and declining status"), we wanted to alert you of this as we have seen numerous news articles on the subject.

Employer Surcharge

The law requires that all contributing employers pay a contribution surcharge to a plan to help correct the plan's financial situation. The amount of the surcharge is 5% of the amount employers were otherwise required to contribute to the Plan under the applicable collective bargaining agreement, increasing after time to 10% of the negotiated contribution rate. These contribution surcharges were never imposed because the collective bargaining agreement was amended November 25, 2008 to include terms consistent with the initial Rehabilitation Plan. The collective bargaining agreement was then renewed for the period July 4, 2011 through June 29, 2014, and the terms of that agreement continued to be consistent with both the initial and Updated Rehabilitation Plans. Finally, the collective bargaining agreement was renewed for the period June 30, 2014 through June 29, 2018, and its terms continue to be consistent with the most recently adopted Updated Rehabilitation Plan.

What's Next

We understand that legally required notices like this one can create concern about the Pension Plan's future. While the "critical status" and "red zone" labels are required to be used by law, the fact is that we are working with our actuaries and consultants to address these issues and take the actions necessary to improve the Pension Plan's financial condition. However, since the Pension Plan is influenced by economic and financial variables beyond our control (such as market volatility, work levels and changes in participation and/or the number of contributing employers), unexpected developments can affect the Pension Plan's status and any future corrective actions needed.

Updates to the Rehabilitation Plan and any Pension Plan provision changes, along with advance notice of any Pension Plan benefit changes, will be communicated to all affected individuals and parties.

Where to Get More Information

For more information about this notice or to obtain a copy of the Rehabilitation Plan (Initial or any Updated), contact the Fund Office at 1(800) 982-3709 (toll free) or 1(203) 238-1204 or 321 Research Parkway, Meriden, CT 06450.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.