

Iron Workers' Locals No. 15 and 424 Pension Plan

Notice of Plan Funding Status

October 2014

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.

Starting with 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. Plans that are in "critical" status (red zone) must notify all plan participants, beneficiaries, unions, and contributing employers of the plan's status, as well as have a plan to restore the plan's financial health. We have consistently notified you that the Pension Plan has been in critical status as required by the Act, and our most recent notice was provided last year (indicating critical status for the plan year beginning July 1, 2013).

Plan's Status – Red Zone – Critical Status

On September 26, 2014, our actuary certified the Pension Plan as being in critical status (the red zone) for the plan year beginning July 1, 2014. 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, 2014, and it had a funding deficiency in the Plan Year ending June 30, 2014. 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 plan in the red "critical" 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, in 2013, our actuary projected that due to adverse investment and employment experience, the Pension Plan was no longer on track to emerge from critical status on or before June 30, 2024, which is the end of the Pension Plan's Rehabilitation Period. Accordingly, based on our actuary's recommendation, the Trustees reviewed and updated the initial Rehabilitation Plan on May 21, 2013, which is known as the "Updated Rehabilitation Plan." Our actuary projected in 2013 that the Updated Rehabilitation Plan placed the Pension Plan back on track to emerge from critical status on or before June 30, 2024. Employer and unions were then notified of the items covered by the Updated Rehabilitation Plan, and the applicable collective bargaining agreements were amended effective as of July 1, 2013 and June 30, 2014.

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.

Any reductions will apply only to participants and beneficiaries whose benefit begins after October 26, 2008. Benefits for pensioners and beneficiaries already receiving benefits on October 26, 2008 will not be affected.

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 its terms 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 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 zone label is 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 and changes in participation and/or the number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed.

The Rehabilitation Plan and any benefit or other Plan provision changes will be communicated to all affected individuals and parties before any changes are made. **Please remember that no future benefit changes will apply to any retiree or beneficiary in pay status (assuming benefits started by October 26, 2008).**

Where to Get More Information

For more information about this notice or to obtain a copy of the Rehabilitation Plan (Initial or Updated), contact the Fund Office at 1(800) 982-3709 (toll free) or 1(203) 238-1204 or 321 Research Parkway, P.O. Box 762, 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.