Iron Workers' Locals No. 15 and 424 Pension Plan

Notice of Plan Funding Status

October 2013

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 and 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. In past years, we notified you that the Pension Plan was in critical status for the plan years beginning July 1, 2008, July 1, 2009, July 1, 2010, July 1, 2011, and July 1, 2012.

Pension Plan's Status – Red Zone – Critical Status

On September 27, 2013, our actuary certified the Pension Plan as being in critical status (the red zone) for the plan year beginning July 1, 2013. The zone certification reflects the Board of Trustees' decision to take advantage of funding relief legislation (as described in a Notice of Election of Funding Relief we sent you on June 30, 2011), and a long-term assumed rate of return on Pension Plan assets that was lowered from 8.0% to 7.5%. This critical status is based on the actuary's determination that the funded percentage of the Pension Plan is 65% or less as of June 30, 2013 and it had a funding deficiency in the Plan Year ending June 30, 2013. 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. Our actuary had 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 Rehabilitation Period. Accordingly, based our actuary's recommendation, the Trustees reviewed and updated the Rehabilitation Plan on May 21, 2013. Our actuary has projected that the updated Rehabilitation Plan places the Pension Plan back on track to emerge from critical status before the end of the Rehabilitation Period.

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. That Rehabilitation Plan was reviewed by the Trustees on March 3, 2011 and 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. As noted above, the initial Rehabilitation Plan was then reviewed and updated by the Trustees on May 21, 2013, to ensure the Pension Plan was still on track to emerge from critical status before the end of the Rehabilitation Period. Employers and unions were again notified of the items covered by the updated Rehabilitation Plan and applicable collective bargaining agreements were amended effective July 1, 2013.

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 on contributing employers to the Pension Plan because the collective bargaining agreement was amended by November 25, 2008 to include terms consistent with the initial Rehabilitation Plan. The collective bargaining agreement was renewed for the period July 4, 2011 through June 29, 2014, and its terms continue to be consistent with the current 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 Pension Plan's status and any future corrective actions needed.

The Rehabilitation Plan and any benefit or other Pension 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 currently in pay status (with benefits started by October 26, 2008).**

For more information about this notice or a copy of the Rehabilitation Plan, contact the Plan 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)[by email to multiemployerprogram@pbgc.gov or by mail to Multiemployer Program Division, PBGC, 1200 K Street NW, Suite 930, Washington DC 20005] ***and*** *to the Department of Labor [by email to criticalstatusnotice@dol.gov or by mail to U.S. Department of Labor, Employee Benefits Security Administration, Public Disclosure Room, N-1513, 200 Constitution Ave NW, Washington DC 20210].*