

Notice of Critical Status For Carpenters Local No. 496 Pension Plan

This is to inform you that on August 29, 2014 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning June 1, 2014. 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. More specifically, the plan's actuary determined that over the next three plan years, the plan is projected to have an accumulated funding deficiency without regard to the 5-year amortization extension under IRC Section 431(d).

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 fourth year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On August 27, 2010, you were notified that as of that date 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) while it is in critical status. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after August 27, 2010.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Pre-retirement death benefit;
- Five year, ten year, and fifteen year payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit subsidy

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status, and the employer has not agreed to a schedule under the Rehabilitation Plan. All collectively bargained parties adopted the Preferred Schedule under the original Rehabilitation Plan in April 2011, and most recently under the updated Rehabilitation Plan in May 2014. Accordingly, the employer surcharge was never assessed by the Plan.

Where to Get More Information

For more information about this Notice, you may contact:

Ms. Kristina M. Guastaferrri
Administrator
Carpenters Local No. 496 Pension Plan
12 East Erie Street
Chicago, Illinois 60611
(312) 787-9455

You have a right to receive a copy of the Rehabilitation Plan from the Plan.