NOTICE OF CRITICAL STATUS

FOR

IRON WORKERS DISTRICT COUNCIL (PHILADELPHIA AND VICINITY) RETIREMENT AND PENSION PLAN

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer plans such as ours.

Starting with the 2008 plan year, the PPA requires that a Pension Fund's actuary determine the Fund's status under these new rules annually and certify that status to the IRS and the Trustees (who are the plan sponsor). If the actuary determines that the Fund is in "endangered" status ("yellow zone") or "critical" status ("red zone") for the year, the Trustees must notify all plan participants, employers and other stakeholders and take corrective action to restore the financial health of the plan.

Critical Status

This letter will serve as the Notice that, on December 29, 2022, our Pension Fund's actuary certified that the Fund is in "critical" status for the plan year beginning October 1, 2022. This determination was made because, based on the PPA's funding measures, the Fund has a projected accumulated funding deficiency within the next four years.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires a pension plan in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the Fund's Board of Trustees determines that benefit reductions are necessary, you will receive a separate notice 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, accrued to date, at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after January 28, 2023. But you should know that whether or not the Fund reduces adjustable benefits in the future, as of January 28, 2023, the Fund 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.

Adjustable Benefits

The Fund offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan it may adopt: post-retirement death benefits; 120-month payment guarantees; disability benefits (if not yet in pay status); early retirement benefits; subsidized husband-and-wife benefits; the 25-Year Service Pension; benefit payment options other than a qualified joint and survivor annuity (QJSA) and other similar benefits, rights or features under the Plan.

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation, beginning 30 days after the employer is notified that the plan is in critical status. The surcharge is a percentage of the employer's negotiated contribution rate. A 5% surcharge is applicable the first year the Fund is in critical status and the employers are notified of the surcharge. The surcharge goes up to 10% for each succeeding plan year in which the Fund is in critical status, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the Rehabilitation Plan.

The negotiated contribution rates in current contracts are expected to be sufficient to fund the benefits that participants are earning each year, to pay the Fund's operating costs, to improve the Plan's funding percentage and to otherwise satisfy the funding requirements of the PPA. Therefore, the Board does not expect many changes will be needed while the current CBA is in effect. Please note that the PPA requires that our Plan's funding status be reviewed and certified annually and notices like this one, explaining the outcome, will be sent each year until our plan is no longer in the red zone. There are several variables beyond our control that our advisors are monitoring, including investment market volatility and changes in employment levels and/or the number of contributing employers, which could affect the Plan's status and the Trustees' recommended corrective actions in the future.

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees remains confident that the Fund will continue to provide our participants and their families with secure retirement benefits.

Where to Get More Information

In the event you have questions or would like additional information, you may contact the Board of Trustees, or one of the Plan Managers, Bonnie Landsmann and William Kolfenbach, at 1807 Spring Garden Street, Philadelphia, PA 19130, (215) 537-0900.

Sincerely,

The Board of Trustees

cc: US Department of Labor
US Pension Benefit Guaranty Corporation