LOCAL 807 LABOR-MANAGEMENT HEALTH & PENSION FUNDS

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IMPORTANT INFORMATION—READ THIS FIRST

MPRA Pension Preservation Plan

January 2020

Dear Participant,

As you know, our Pension Fund is in Critical and Declining status and is projected to run out of money in 2030. Under current law, if the Fund becomes insolvent, a government agency, the Pension Benefit Guaranty Corporation (PBGC), will take over paying your pension if it still has enough money to do so. The pension you would receive from the PBGC would be significantly less than the benefits you have earned from the Fund.

While we cannot save your pension completely, we are working to provide you with the best benefits possible under these difficult circumstances. We have developed a **Pension Preservation Plan** under the Multiemployer Pension Reform Act (MPRA). Our application asking the Treasury Department to approve the Pension Preservation Plan was submitted to the government for approval on December 30, 2019. Although this plan provides for benefit reductions of up to 49% for many participants, retirees and beneficiaries, these reductions are smaller than the benefit cuts that would be imposed by the PBGC. Thus, if this Pension Preservation Plan is approved, you will receive a larger benefit than the one you would receive from the PBGC when the Fund becomes insolvent.

You may remember that we already submitted a Pension Preservation Plan and application for approval to the United States Treasury Department on June 29, 2018. Unfortunately, because of the federal government shutdown, the usual procedures for providing supplemental information about the plan to Treasury and PBGC staff were halted. As a result, we could not provide all of the additional information the agencies wanted to support the Preservation Plan. We were encouraged by the Treasury Department to withdraw our application with the understanding that it would be denied if we did not withdraw it. We withdrew the Fund’s application with the intent to file a new Pension Preservation Plan.

The new Pension Preservation Plan addresses issues from our last application that were under discussion with the Treasury Department and PBGC when the government shutdown occurred. We believe that the information and assumptions in the new application make a strong argument for approval of the Pension Preservation Plan.

What is the Attached Notice of Application for Approval of a Proposed Reduction of Benefits?

Under MPRA, Trustees of Critical and Declining funds like ours can seek the Treasury Department’s approval to reduce benefits of most active members, retirees already collecting their pensions, beneficiaries and terminated vested participants in order to save the funds from becoming insolvent. Our MPRA relief plan is called the Pension Preservation Plan.

As part of the MPRA process, we are required to send the attached notice to you. Much of the notice is legally required text that we could not change. We have put together this letter as well as the resources listed in the "Want More Information?" section to help you make sense of the attached notice and the Pension Preservation Plan in general.

The notice is divided into six main sections:

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Pension Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?
6. An individualized estimate* that explains how your pension will be impacted by the Pension Preservation Plan.

** If you are already collecting a pension, the amount of your current benefit in the individualized notice may not be the same as the amount of your monthly pension checks. This is because the notice shows the amount of your benefit before taxes and other deductions.*

What's Next?
Now that our revised Pension Preservation Plan has been submitted to the Treasury Department, you can review it, comment on it and, if it is approved by the Treasury Department, vote on whether to ratify it or not. The Treasury Department will post the full application and take comments on its website: https://www.treasury.gov/services/Pages/Plan-Applications.aspx. And, we will continue to keep you informed throughout the Pension Preservation Plan process.

Want More Information?
You can get more information through the following resources:

- **Pension Preservation Plan Call Center:** (833) 593-3023
- **Pension Preservation Plan Website:** www.807pensionpreservation.org. The website has information about the Pension Preservation Plan, including FAQs, updates, a video, as well as downloadable copies of documents and mailings.
- **Meeting:** We will hold a meeting on January 26 to explain our plan and answer your questions.
    - Sunday, January 26, at 9:00 AM at the IBT Local 282 Union Hall (2500 Marcus Avenue, Lake Success, NY 11042)

In Conclusion
Our Pension Fund is projected to run out of money in 2030—unless we act now. That is why we are taking these dramatic steps. And, our Pension Preservation Plan is far better than the alternatives.

Reducing pensions for current retirees and beneficiaries is not something we want to do. But it's the only way that we can prevent the Pension Fund from going broke, and your pension payments from being cut even more—or disappearing altogether. If the Pension Preservation Plan works as we expect it to, the result will be a Pension Fund you can count on for many years to come.

The Trustees will continue to monitor developments in Washington, including proposed legislation that might address the Fund's solvency problems. But we cannot wait for Congress to act. If we do not address our Fund's issues now, the Fund will become insolvent.

We encourage you to carefully review this notice and all of the other materials we have prepared. We hope that they will help you understand the seriousness of our situation and why we need your support for the Pension Preservation Plan.

Sincerely,

The Board of Trustees

NOTICE OF APPLICATION FOR APPROVAL OF A PROPOSED REDUCTION OF BENEFITS FOR LOCAL 807 LABOR-MANAGEMENT PENSION FUND

January 2, 2020

NOTICE OF A PROPOSED REDUCTION OF YOUR PENSION BENEFITS

On December 30, 2019, the Board of Trustees of the Local 807 Labor-Management Pension Fund (the "Plan") submitted an application to the United States Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction is allowed by the Federal law called the Multiemployer Pension Reform Act of 2014.

You are getting this notice because you have a pension benefit under the Plan. **The end of this notice describes the proposed reduction of your monthly payments**. This notice will also answer the following questions for you:

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?

1. Why is the Board of Trustees proposing to reduce benefits?

The Fund's actuary estimated that, unless benefits are reduced, the Fund will not have enough money to pay benefits in 2030. This estimate is based on how much money the actuary expects the Fund to receive and to pay out each year. The Fund's actuary estimated that, with the reduction of benefits that the Board of Trustees has proposed, the Fund should not run out of money.

2. What will happen if the Fund runs out of money?

If the Fund does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC") will be paid. You can find the amount of your benefit that is guaranteed by the PBGC at the end of this notice.

3. How did the Board of Trustees decide whose benefits to reduce and by how much?

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction:

- The total reduction of everybody's benefits must be estimated to be large enough to keep the Fund from running out of money but not larger than needed to do that.
- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by PBGC.
- Disability benefits (as defined under the Fund) cannot be reduced.
- The benefits of people who are at least 80 years old on November 1, 2020, and their beneficiaries cannot be reduced.

- The benefits of people who are at least 75 years old on November 1, 2020, and their beneficiaries are partially protected, and the closer the person is to age 80, the less the benefits can be reduced.
- The reduction of benefits must be spread fairly among the people who have a pension benefit under the Fund.

The Board of Trustees used the default method of a level percent decrease as described in the law. Everyone's benefits are reduced by the same amount and no one is treated differently, except as required by law.

4. What are the proposed reductions in benefits?

The Board of Trustees proposes the following reduction of benefits: The effective date of the proposed suspension (the reduction of benefits) is November 1, 2020, which is about 9 months after the date on which the Pension Fund's application was submitted. Once the suspension is implemented, it will not expire. Under the suspension:

- The monthly pension benefit payments of any pensioner who is in pay status as of November 1, 2020 will be reduced by up to 49% as of that date; and
- The monthly pension benefit payments of any participant or beneficiary who enters into pay status after November 1, 2020, will be reduced by up to 49% for benefits earned through October 31, 2020. Additional benefits earned after November 1, 2020, will not be reduced.

Payment reductions will be limited as follows:

- The monthly pension benefit payments of any individual will not be reduced below 110% of the monthly pension benefit which is guaranteed by the Pension Benefit Guaranty Corporation under section 4022A ERISA, as of the date on which the benefit reduction becomes effective above for such individual.
- In the case of any pensioner who is age 75 or older as of November 1, 2020, the payment reduction may not exceed the "applicable percentage" of the portion of the monthly pension benefit payments that would be reduced without regard to this sentence. The "applicable percentage" is a percentage of: (i) the number of months occurring in the period which begins with the month after November 1, 2020, and which ends with the month during which the pensioner attains the age of 80 (ii) 60 months.

In no event will a payment reduction apply to any participant who is receiving a disability pension, or who is in pay status as of November 1, 2020, and has reached age 80 by November 1, 2020.

The proposed suspension does not provide for different treatment of participants and beneficiaries, or of any group thereof (other than as a result of the application of the limitations on the pension benefit payment reductions, applied as set forth above).

5. What comes next?

Approval or denial of the application by the Treasury Department

The Treasury Department will review the application to see whether it meets all of the legal requirements under Federal law. If the application meets all of those requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until August 13, 2020, to make a decision.

You can get information from the Treasury Department

More information about the proposed benefit reductions and a copy of the application is available at www.treasury.gov/mpra.

The application will be available on that website within 30 days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details about: 1) the Fund actuary's certification that the Fund will run out of money (that is, that the Fund is in "Critical and Declining status"); 2) how the proposed reduction would satisfy the requirement that it be large enough so that the Fund is estimated not to run out of money, while not being larger than needed; and 3) the sensitivity of these estimates to the assumptions used.

The application describes the steps the Board of Trustees has already taken to keep the Fund from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the Fund from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among the people who have a pension benefit under the Fund.

The Treasury Department website will also provide updated information on the application, such as whether the application has been updated or withdrawn.

For further information and assistance, you can also write to the Treasury Department at the following address:

Department of the Treasury
Attn: MPRA Office, Room 1204
1500 Pennsylvania Avenue, NW
Washington, DC 20220

You can comment on the application to reduce benefits

You can submit a comment on the application by going to www.treasury.gov/mpra. Comments may also be mailed to the Department of the Treasury, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

Retiree Representative

If a Fund has 10,000 or more participants, the Board of Trustees must select a retiree representative to advocate for the interests of retirees, beneficiaries and deferred vested participants as part of this process. A Fund is required to pay the reasonable expenses of the retiree representative.

In this case, the Board of Trustees is not required to select a retiree representative, because the Fund has fewer than 10,000 participants. The Board of Trustees has chosen to not select a retiree representative.

Vote on the proposed benefit reduction

If the application for the proposed reduction of benefits is approved by the Treasury Department, then you will have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Fund vote to reject the reduction, the Treasury Department must allow the reduction of benefits to take effect. This means that not voting counts the same as a vote to approve the reduction.

Your right to see Plan documents

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefits. The Fund Administrator must respond to your request for the following documents within 30 days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement and other documents governing the Fund (such as collective bargaining agreements),
- The Fund's most recent summary plan description (SPD or plan brochure) and any summary of material modifications,
- The Fund's Form 5500 annual reports, including the accountant's report and audited financial statements, filed with the U.S. Department of Labor during the last six years,
- The annual funding notices furnished by the Fund during the last six years,
- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Fund within the last six years,
- The Fund's current rehabilitation plan, including contribution schedules, and, if the proposed benefit reduction goes into effect, annual Trustee determinations that all reasonable measures to avoid running out of money continue to be taken and that the Fund would run out of money if there were no benefit reductions, and
- Any quarterly, semi-annual or annual financial reports prepared for the Fund by an investment manager, fiduciary or other advisor and furnished to the Fund within the last six years.

The Fund Administrator may charge you the cost per page to the Fund for the cheapest way of copying documents but cannot charge more than 25 cents per page. The Fund's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at https://www.dol.gov/agencies/ebsa/key-topics/reporting-and-filing/form-5500. Some of the documents also may be available for examination, without charge, at the Fund Administrator's office, your worksite or union hall.

Your right to challenge incorrect calculations

If you think the Fund miscalculated the reduction to your benefits, then you have the right to submit a claim to the Fund to have the calculation corrected. The Fund's summary plan description (the "SPD") tells you how to submit a claim. The SPD also describes your right to have a court review the Fund's final decision on your claim. If you believe the information used to calculate your estimate at the end of this notice is wrong, please contact the Fund Administrator:

Address	32-43 49th Street, Long Island City, NY 11103
Call Center	(833) 593-3023
Website	www.807pensionpreservation.org
Fund Office	(718) 274-5353
Email	mpra@local807healthfund.org
Fax	(718) 728-4413