

April 30, 2019

**TO: ALL PARTICIPANTS, BENEFICIARIES, LOCAL UNIONS, CONTRIBUTING EMPLOYERS,  
PENSION BENEFIT GUARANTY CORPORATION AND SECRETARY OF LABOR**

**Notice of Critical Status  
for  
Western Metal Industry Pension Fund**

The purpose of this notice is to inform you that on March 29, 2019, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Western Metal Industry Pension Fund (the "Plan") is in critical status for the Plan Year beginning January 1, 2019. Federal law requires that you receive this notice.

A similar notice was provided at this time last year, with notification of the Plan's critical status in 2018. The Plan was amended with a Rehabilitation Plan in 2010. The Rehabilitation Plan was further updated in 2012 and 2016.

**Critical Status**

The Plan is considered to be in critical status because it has funding or liquidity issues, or both. More specifically, the Plan was in critical status last year and is projected to have an accumulated funding deficiency in one or more of the next nine plan years. This means that contributions coming into the Plan are not expected to be sufficient to meet minimum contribution requirements as provided by the federal government. It does not mean that the Plan does not have sufficient assets to pay current retirees.

The projected funding deficiency is the direct result of the investment losses experienced by the Plan in 2008, due to the deterioration of nearly all investment markets during that year. These investment losses resulted in the value of plan assets falling significantly below plan liabilities. A similar decline was experienced by other pension plans across the country. While the Plan has experienced investment gains in most of the years since 2008, it has not yet recovered.

The Fund's investment portfolio remains well diversified and is positioned to participate in further market recovery.

**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 tenth 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. In February 2010 you were notified that the Plan was in critical status and reductions in adjustable benefits were possible. In May 2010 you were notified that the Plan reduced or eliminated adjustable benefits for participants whose collective bargaining parties adopted the Preferred Schedule of the Rehabilitation Plan. The reduction of adjustable benefits does not reduce the level of a participant's basic benefit payable at normal retirement.

The Rehabilitation Plan does not affect the following participants:

- Any participant or beneficiary whose benefit commencement date was on or before February 1, 2010.
- Any participant who submitted a retirement application that was received by the Trust Office on or before February 24, 2010, and who subsequently retired on or before the benefit commencement date specified in that application (no later than September 1, 2010).
- Any active participant, defined as a participant with at least 360 Credited Hours in 2009, who submitted a retirement application on or before March 31, 2010, and retired with a benefit commencement date on or before June 1, 2010.

### **Adjustable Benefits**

The Retirement Plan still offers the following adjustable benefits which may be reduced or eliminated as part of any revised Rehabilitation Plan. Although these benefits were not eliminated, much of the additional value of these benefits was reduced under the Rehabilitation Plan adopted in 2010:

- Disability benefits (if not yet in pay status)
- Early retirement benefits
- Benefit payment options other than qualified joint and survivor annuity (QJSA)
- Other similar benefits, rights, or features under the Plan including pre-retirement death benefits.

You will receive a separate notice if the Trustees decide to adjust benefits again, as part of a revised Rehabilitation Plan.

### **Employer Surcharge and Additional Contributions**

Prior to the adoption of the Rehabilitation Plan by the employer and union, the law requires that all contributing employers pay to the Retirement Plan a surcharge to help correct the Retirement 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 in which the Retirement Plan is in critical status.

The surcharge contribution ends for an employer once the collective bargaining parties adopt the Rehabilitation Plan, or when the Rehabilitation Plan is automatically adopted as provided under the Pension Protection Act. At that time, the employer's contribution increases are defined by the applicable Rehabilitation Plan schedule, as updated in 2012 and 2016.

### **Where to Get More Information**

For more information about this Notice, contact the Plan's Administrative Office.

Mailing address:	P.O. Box 34203 Seattle, WA 98124
Location:	7525 SE 24 <sup>th</sup> Street Suite 200 Mercer Island, WA 98040
Telephone:	(206) 441-7574 or toll free 1 (800) 732-1121

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