

**Notice of Critical Status
For
North Central State Regional Council of Carpenters' Pension Fund**

This is to inform you that on March 31, 2017 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in endangered status for the plan year beginning January 1, 2017. The Plan Actuary also certified that the Plan is projected to be in critical status within the next 5 plan years, which gave the Trustees the option to elect critical status early. As a result, the Trustees have elected to be in critical status this year. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both, that would cause the Plan to enter critical status in the five years following the current plan year and the Board of Trustees of the Plan have elected to enter critical status effective January 1, 2017. More specifically, on March 31, 2017, the Plan Actuary certified that the Plan is projected to be in critical status within the next 5 plan years. The Plan Actuary projects that, if no further action is taken, the Plan will enter critical status in 2022 because of a projected funding deficiency (without amortization extension) as of December 31, 2025. The Board of Trustees decided to elect critical status under section 102 of the Multiemployer Pension Reform Act of 2014 for the plan year beginning January 1, 2017. Note, an "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Plan would become insolvent or run out of money.

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 first year the Plan has been in critical status. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. As of the date of this notice of critical status, the plan is not permitted to pay lump sum benefits in excess of \$5,000 (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 further 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 available under the Plan 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 April 28, 2017.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated (for participants not in pay status as of the date of notice) as part of any rehabilitation plan the Plan may adopt:

- 60-month payment guarantees;
- Disability benefits;
- Early retirement benefits or subsidies.

If the Trustees of the Plan determine that the above benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. But you should know as noted above that whether or not the Plan reduces adjustable benefits, effective as of April 28, 2017, the Plan is not permitted to pay any lump sum benefits in excess of \$5,000 (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge beginning on May 28, 2017 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.

The surcharges continue until the bargaining parties formally implement the rehabilitation plan. It is the intention of the Board of Trustees to have the rehabilitation plan distributed to the bargaining parties in the near future, so that formal implementation of the rehabilitation plan can be made before May 28, 2017. If the bargaining parties are able to adopt a schedule provided within the rehabilitation plan prior to that date, surcharges would not be required.

Where to Get More Information

You have a right to receive a copy of the rehabilitation plan from the Plan. For more information about this Notice or to receive a copy of the rehabilitation plan, you may contact the Fund Office at P.O. Box 4002, Eau Claire, Wisconsin 54702 or by calling (715) 835-3174.