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April 27, 2018

Re: Funding Improvement Plan

Dear Bargaining Parties:

The North Central States Regional Council of Carpenters Pension Fund ("Fund") has notified participating employers and unions that the Fund was certified to be in endangered status within the meaning of the Pension Protection Act of 2006 ("PPA") for the plan year beginning January 1, 2018. Under the PPA, a plan in endangered status is required to adopt a Funding Improvement Plan ("FIP").

This letter provides background information about the FIP and describes the obligations of the bargaining parties to negotiate adoption of the FIP upon expiration of their current Collective Bargaining Agreements ("CBAs"). As will be explained, the bargaining parties need to adopt the updated FIP when their current CBAs expire. However, because the updated FIP continues the contribution rates and scheduled contribution rate increases established in the PPA Rehabilitation Plan that is reflected in your current CBA, adopting the updated FIP should merely be a formality.

Enclosed with this letter is the FIP adopted by the Board of Trustees which the Fund is legally required to send to you. The Fund recognizes that many Employers have assigned their bargaining rights to employer associations and that the associations have the authority to adopt FIP schedules on behalf of their members. The Fund has advised the AGC of Wisconsin and ACEA (Milwaukee) regarding the Fund's PPA status and the relevant deadlines.

BACKGROUND

As noted above, the Fund was certified to be in endangered status within the meaning of the PPA for the Plan Year beginning January 1, 2018. The PPA requires the Board of Trustees of the Fund to adopt a funding improvement plan to address the Fund's funding needs. A FIP is required to consist of one or more schedules that include benefit modifications and/or contribution rate increases that are projected to increase the Fund's funded percentage and avoid an accumulated funding deficiency by the end of the funding improvement period.

As required under the PPA, the Board of Trustees adopted a FIP on March 30, 2018 to address the Fund's funding needs. The Fund's FIP consists of one schedule. The schedule provides that employers are required to maintain the contribution rates and scheduled contribution rate increases in effect under their current CBA. The Board of Trustees has the sole discretion to amend and construe this FIP.

---OVER---

REQUIRED ACTION

As CBAs expire, the bargaining parties must negotiate ongoing participation in the Fund based on the Fund's most recently updated FIP within 180 days after the expiration of such CBA. If the bargaining parties fail to adopt a contribution schedule consistent with the updated FIP and any of its schedules within 180 days after the expiration of such agreement, the FIP schedule applicable to the expired agreement, as updated and in effect on such expiration date, will be automatically imposed. In addition, the Board of Trustees reserves the right to reject any CBA that is not in full compliance with the FIP and/or the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and thereby terminate participation in the Fund by that Employer. For purposes of the automatic imposition of a schedule, a CBA that is extended past its original scheduled expiration date is considered to have expired on its scheduled expiration date.

To be considered to have met the requirements of the FIP, any new CBA or any other agreement calling for participation in the Fund after the FIP is provided must contain written provisions for contribution rates that conform to the most recently issued schedule set forth in the enclosed FIP. The FIP requires that an employer maintain the contribution rates and scheduled contribution rate increases in effect under their current CBA. Therefore, adopting the updated FIP should merely be a formality.

WHERE TO GET MORE INFORMATION

For more information about this notice, you may contact the Fund Office by mail at P.O. Box 4002, Eau Claire, Wisconsin 54702 or by calling (715) 835-3174.

Sincerely,

NORTH CENTRAL STATES
REGIONAL COUNCIL OF
CARPENTERS PENSION FUND

Enc.

North Central States Regional Council of Carpenters' Pension Fund

Funding Improvement Plan

March 29, 2018

Introduction

In 2006, the Pension Protection Act ("PPA") was enacted. Beginning with the 2008 plan year, the PPA requires the Trustees to obtain an annual actuarial certification of the Fund's funding status as critical and declining (applicable only for plan years beginning after 2014), critical, endangered or none of these ("Green Zone").

On March 29, 2018, the North Central States Regional Council of Carpenters Pension Fund ("Fund") was certified by its actuary to be in endangered status (also known as "Yellow Zone" status) for the plan year beginning January 1, 2018. Federal law requires a pension plan in endangered status to adopt a funding improvement plan ("FIP") aimed at restoring the financial health of the plan. This FIP sets forth the actions to be taken by the bargaining parties and the Trustees designed to meet the legal requirements under the PPA for a funding improvement plan.

Goals and Requirements of the Funding Improvement Plan

As required by the PPA, this FIP is designed to accomplish the following:

1. **Increase in Funding Percentage.** The Fund's PPA funded percentage must increase by the end of the Funding Improvement Period (as set forth in the next section) by at least 33% of the difference between the funded percentage as of the beginning of the first plan year for which the Fund is certified to be in endangered status (i.e., the Plan Year beginning January 1, 2018) and 100%, and
2. **Avoidance of Accumulated Funding Deficiencies.** The Fund must not have an accumulated funding deficiency in the last plan year of the Funding Improvement Period.

Funding Improvement Period

The Funding Improvement Period is the period of 10 plan years beginning on January 1, 2021.

If the Fund's actuary certifies before the end of this period that the Fund is no longer in endangered status for a plan year, the Funding Improvement Period will end as of the close of the preceding plan year.

Schedule

Based on an estimated funded percentage of 75.0% as of January 1, 2018 (the percentage will be finalized once the January 1, 2018 actuarial valuation report has been completed), the FIP must contain schedules of Plan and/or contribution changes that are projected to enable the funded percentage to improve to 83.33% by December 31, 2030, the end of the Funding Improvement Period, and avoid an accumulated funding deficiency in the last plan year of the Funding Improvement Period.

Projections based on reasonable assumptions indicate that these requirements are expected to be met without the need for changes to the current Plan of benefits and the contribution rates provided in the collective bargaining agreements that are currently in effect. Accordingly, both the "default schedule" (the schedule that would be applicable should a schedule not be adopted in collective bargaining on a timely basis) and the "preferred schedule" consist of the following:

1. Maintain a contribution rate of at least the rate that is set forth in each employer's current Collective Bargaining Agreement for every year that the Fund is in endangered status, and
2. Maintain the Plan of benefits in effect as of the day before the date of certification of endangered status (March 30, 2018), for all current and future active participants and for every year that the Fund is in endangered status.

As collective bargaining agreements expire, the bargaining parties must negotiate ongoing participation in the Fund consistent with the terms set forth above. The bargaining parties should affirmatively adopt the Schedule of contribution rates described above into their collective bargaining agreements. If a collective bargaining agreement providing for contributions under the Fund in accordance with the Schedule expires while the Fund is still in endangered status, then the bargaining parties with respect to such agreement must adopt a contribution Schedule with terms consistent with the updated FIP.

If the bargaining parties fail to affirmatively adopt the Schedule described above, then it will automatically be imposed.

Endangered Status Limitations

The PPA imposes the following limitations upon the Trustees:

1. During the period beginning on the date of the initial endangered status certification and ending on the date of the adoption of this FIP, the Trustees may not accept a collective bargaining agreement that: (a) reduces contributions for any participants; (b) suspends contributions with respect to any period of service; or (c) includes any new direct or indirect exclusion of younger or newly hired employees from participation in the Fund; or

2. After the date of the adoption of this FIP, the Trustees may not amend the plan so as to increase benefits, including future benefit accruals, unless the Fund's actuary certifies that such increase is paid for out of additional contributions not contemplated by the FIP, and, after taking into account the benefit increase, the Fund still is reasonably expected to meet the applicable benchmark on the schedule contemplated in the FIP.

Notwithstanding the above restrictions, to the extent permitted by law, the Fund may also be amended to the extent any benefit change is required for the Fund to continue meeting the requirements to maintain its tax qualification under the Internal Revenue Code and comply with other applicable law.

Updating of FIP

Each year during the Funding Improvement Period, the Fund's actuary will review and certify the status of the Fund under the PPA's funding rules and determine whether the Fund is making the scheduled progress toward the goals of the FIP. If in light of the experiences of the Fund the Trustees determine that it is necessary, they will revise the FIP and the benefit and/or contribution schedules recommended under it.

Notwithstanding subsequent changes in benefit and contribution schedules, a schedule of contribution rates provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Trustees have approved and adopted this funding improvement plan effective this twenty-ninth (29th) day of March, 2018.

APPROVED:

FOR THE MANAGEMENT TRUSTEES:

Robert J. Barken

FOR THE UNION TRUSTEES:

IN WITNESS WHEREOF, the Trustees have approved and adopted this funding improvement plan effective this ~~twentieth~~ (29th) day of March, 2018.
twenty-ninth

APPROVED:

FOR THE MANAGEMENT TRUSTEES:

FOR THE UNION TRUSTEES:


