

October 28, 2022

## **NOTICE OF ENDANGERED STATUS**

### **BUILDING SERVICE 32BJ PENSION FUND**

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

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

Starting with the 2008 Plan Year, the PPA required that a pension plan's actuary determine the Plan's status under these new rules and annually certify that status to the IRS and the Trustees (who are the Plan Sponsor). If the actuary determines that the Plan 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.

#### **Red Zone Status for 2021**

In 2021, the actuary for the Building Service 32BJ Pension Fund ("Fund") certified that the Plan was in "critical" status for the Plan Year beginning July 1, 2021. This determination was made because, the Plan had funding or liquidity problems, or both. More specifically, the Fund's actuary had determined that the Fund had a projected accumulated funding deficiency for the 2021 Plan Year.

However, based on the most recent valuation, including all negotiated contribution rate increases, the Plan emerged from critical status to endangered status as of July 1, 2022.

#### **Yellow Zone Status for 2022**

On September 28, 2022, the actuary certified that the Plan is now in "endangered" status for the Plan Year beginning July 1, 2022. This is an upgrade from the 2021 Plan Year. This determination was made because, based on the PPA's funding measures, the Plan is currently less than 80% funded. However, the Plan is expected to meet its funding goals in the future.

#### **Funding Improvement Plan for Yellow Zone Plans**

The PPA requires every multiemployer plan in endangered status to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to increase the Plan's funding percentage and to assure that contributions will be enough to meet the minimum required under the law.

The actuary has informed us that based on anticipated experience and reasonable assumptions, future contribution levels, including those required in the participation agreements, will be sufficient to meet the requirements of a FIP and the Plan is expected to emerge from endangered status within the statutory timeframe. The formal FIP for the 2022 Plan Year will be adopted in the coming months.

#### **What's Next**

The PPA mandates that the Plan's funding status be reviewed and certified annually and notices like this will be sent to you each year the Plan is in endangered (or critical) status. In addition, the FIP will be reviewed and updated each year. Please note, however, since the Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the

number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed.

We understand that legally required notices like this can create concern. Be assured that we take our obligation to preserve the financial viability of the Plan very seriously. The Trustees have developed a plan that addresses these issues to improve the Plan's financial condition and help to secure your pensions.

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

For more information about this notice or the Plan, you may contact the Fund Office at 25 West 18th Street, New York, NY 10011-4676 or 212-388-3500. You have a right to receive a copy of the Fund Improvement Plan from the Fund.