



Bay Area Painters and Tapers

Pension and Annuity Trust Funds

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NOTICE OF ENDANGERED STATUS

April, 2016

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

This is to inform you that on March 30, 2016 the actuary for the Bay Area Painters and Tapers Pension Plan (the “Plan”) certified to the U.S. Department of the Treasury, and to the Board of Trustees that the Plan remains in endangered status (the “yellow zone”) for the Plan Year beginning January 1, 2016 . Federal law requires that you receive this notice.

PRIOR FUNDING STATUS

The Pension Protection Act of 2006 requires the annual certification of the funded status of each multiemployer defined benefit plan by an actuary. Based on criteria specified in the Act, plans are classified as being in one of three funding zones:

- “Endangered status,” which is often called the “yellow zone,”
- “Critical status,” which is often called the “red zone,” or
- “Neither endangered nor critical status,” which is often called the “green zone.”

The Multiemployer Pension Reform Act of 2014 created an additional funding zone – Critical and Declining status.

Beginning with the January 1, 2009 Plan Year, the Plan had been certified as being in the critical status. As required of plans in critical status, the Board of Trustees adopted a rehabilitation plan aimed at restoring the financial health of the Plan by calling for increased employer contributions and the cutback or elimination of certain “adjustable benefits.” Plan participants and other parties were previously notified of these and other Plan changes.

As permitted under the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA), the Board of Trustees elected to extend the rehabilitation period from 10 to 13 years. Subsequently, the Trustees also elected funding relief as permitted under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010.

The preceding actions and the economy contributed to the Plan’s emergence from critical status (and ending the rehabilitation period) when it was certified as being in endangered status for the

Plan Year beginning January 1, 2012. It has remained in endangered status for the January 1, 2013, January 1, 2014, and January 1, 2015 Plan Years.

ENDANGERED FUNDING STATUS FOR 2015

The Plan is again certified to be in endangered status for the Plan Year beginning January 1, 2016 because its funded percentage is less than 80%.

FUNDING IMPROVEMENT PLAN

Federal law requires pension plans in endangered status to adopt a funding improvement plan aimed at restoring the financial health of the Plan. Based on the Plan's initial January 1, 2012 endangered status certification, , the Board of Trustees adopted a Funding Improvement Plan on November 8, 2012. The Funding Improvement Plan retained the benefit reductions and employer contribution rate increases of the Rehabilitation Plan's recommended schedule, recognizing that virtually all participants are covered under agreements that were renewed to conform to the Recommended Schedule of the Rehabilitation Plan. Based on the timing of bargaining agreements, the Funding Improvement Period will run from January 1, 2015 through December 31, 2024. The Funding Plan Adoption Period ran through December 31, 2014.

ANNUAL CERTIFICATION OF FUNDED STATUS

The Pension Protection Act of 2006 requires that the Plan's funding status be reviewed and certified annually. Each year around the end of March, the Plan's funded status is certified by its actuary as being in one of the previously described funding zones. You will be notified of its status and steps that the Plan may need to take due to being in a particular funding status zone.

WHERE TO GET MORE INFORMATION

For more information about this notice or the Trust, contact the Administration Office at the following address or phone number:

Pension Department
Associated Third Party Administrators
1640 South Loop Road
Alameda, CA 94502
(510) 433-4400

You have a right to receive a copy of the funding improvement plan from the Pension Plan by contacting the Plan at the above address.

Sincerely,

Board of Trustees

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