AUTOMOTIVE INDUSTRIES PENSION TRUST FUND

4160 DUBLIN BOULEVARD SUITE 400 | DUBLIN, CA 94568-7756
TELEPHONE (800) 635-3105 | FAX (925) 588-7121
www.aitrustfunds.org

DATE: APRIL 2020

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

FROM: BOARD OF TRUSTEES

NOTICE OF CRITICAL AND DECLINING STATUS

This is to inform you that on March 30, 2020 the actuary for the Automotive Industries Pension Plan (the "Plan") certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan is in "critical status" for the Plan Year beginning January 1, 2020. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is in critical status due to the following reasons. Note that any single reason by itself is sufficient to result in the Plan being certified as being in critical status.

- The Plan has an accumulated funding deficiency for the current 2020 Plan Year.
- The sum of the Plan's normal cost and interest on the unfunded benefits for the current Plan Year exceeds the present value of all expected contributions for the Plan Year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the Plan has an accumulated funding deficiency for current Plan Year.
- The funded percentage of the Plan is 65% or less and over the next four Plan Years, the Plan is projected to have an accumulated funding deficiency for the 2020, 2021, 2022 and 2023 Plan Years.
- The Plan was in critical status last year, the Plan is projected to have an accumulated funding deficiency for the current 2020 Plan Year and over each of the next nine years (2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028 and 2029) and the Plan is projected to become insolvent in 2032.

Rehabilitation Plan

The Pension Protection Act of 2006 ("PPA") requires a pension plan in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The Plan has been in critical status for the prior thirteen years. The law permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Since the adoption of the original rehabilitation plan, the following changes have been made to the Pension Plan. Participants and other interested parties received prior notices containing information concerning the specific changes and who would be affected by the changes. This Notice is not intended to describe those changes in any detail.

- Early Retirement Benefit subsidy removed.
- Elimination of Unreduced "Rule of 85" Early Retirement Benefit
- Elimination of Disability Benefit
- Elimination of 36-Payment Pre-Retirement Death Benefit
- Elimination of 36-month and 120-month guarantee of payments for single life annuity payment forms
- Elimination of "pop-up" feature and subsidy connected with the 50% Automatic Joint and Survivor Benefit
- Elimination of 100% Full Joint and Survivor Annuity Option
- Elimination of Social Security Option
- Elimination of automatic cashout of benefits
- Elimination of Early Retirement Benefit for "inactive Vested Participants effective February 1, 2011.

None of the above benefit changes has served to reduce the level of a participant's basic benefit payable at normal retirement age.

Following its 2011 annual review, and taking industry conditions into consideration, the Board of Trustees voted on March 8, 2012, to reduce the annual rate at which supplemental "off-benefit" contributions (i.e., additional contributions that do not count towards benefit accruals) will increase in future Plan Years from 12.5% to 5.0%.

Employer Surcharge

PPA required that all contributing employers pay to the Plan a surcharge (a percentage of an employer's then negotiated contribution rate) to help correct the Plan's financial situation beginning 30 days after the employer was notified of the Plan's initial critical status certification. The employer obligation to pay surcharges, terminated when an employer's employees became covered by a collective bargaining agreement or other contribution agreement which included terms consistent with a rehabilitation plan schedule adopted by the Board of Trustees. There are presently no employers paying surcharges.

Critical and Declining Status

Also, as required by the Multiemployer Pension Reform Act of 2014 ("MPRA"), the Plan's actuary certified the Plan as being in critical and declining status due to the following reasons. Note that any single reason by itself is sufficient to result in the Plan being certified as being in critical and declining status.

- The Plan is in critical status and the Plan is projected to be insolvent within 15 years.

- The Plan is in critical status and (1) the ratio of its inactive participants to active participants is at least 2 to 1, and (2) the Plan is projected to be insolvent within 20 years.

- The Plan is in critical status and (1) the funded percentage is less than 80% and (2) the Plan is projected to be insolvent within 20 years.

Benefit Suspensions

Under MPRA, a plan that has been certified as being in critical and declining status and is projected to become insolvent may be able to take certain additional actions to improve its funding status and avoid insolvency. Such actions include suspension (i.e. reduction) of accrued benefits, including benefits in pay status (retirees). MPRA contains limits on permissible reductions of accrued benefits. A participant's benefits may not be reduced to less than 110% of the PBGC benefit guarantee level and disability benefits or benefits being paid to participants over 80 years old may not be reduced (benefits being paid to participants age 75 to 80 may be reduced to a limited extent). Any proposed benefit suspension must be submitted and approved by the Secretary of the Treasury and then submitted to a vote of all plan participants, including retirees.

The Plan filed an application to the Secretary of Treasury for benefit suspensions on September 27, 2016. Plan participants and other interested parties were notified of the application filing and participants provided with individualized benefit statements on the effect of the proposed benefit suspensions on their ongoing or future pension benefits. In May 2017, the Treasury Department denied the Plan's application. At that time, the Board of Trustees decided not to refile a MPRA application.

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:

Plan Administrator
Automotive Industries Pension Trust Fund
c/o Health Services & Benefit Administrators, Inc.
4160 Dublin Blvd., Suite 400
Dublin, CA 94568
Telephone: (800) 635-3105

You have a right to receive a copy of the rehabilitation plan from the Pension Plan