



American Federation  
of Musicians &  
Employers' Pension Fund

P.O. Box 2673  
New York, NY 10117-0262  
(212) 284-1200  
Fax (212) 284-1300  
[www.afm-epf.org](http://www.afm-epf.org)

**Notice of Critical and Declining Status**  
**American Federation of Musicians and Employers' Pension Fund**  
For Plan Year Beginning January 1, 2023 and Ending December 31, 2023

The purpose of this notice is to inform you that, on March 31, 2023, the actuary for the American Federation of Musicians and Employers' Pension Fund (the "Plan") certified to the U.S. Department of the Treasury, and also to the Plan's Board of Trustees ("Board"), that the Plan is in critical and declining status for the Plan year beginning January 1, 2023. Federal law requires that you receive this notice.

**Critical and Declining/Critical Status**

The Plan is in critical and declining status because it is projected to become insolvent during the Plan year ending December 31, 2034 and has a funded percentage of less than 80%.

The Plan also remains in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that (i) the Plan was in critical status last year and it is projected to have an accumulated funding deficiency over the next nine years (including for the Plan Year ending December 31, 2023) and (ii) 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 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 is projected to have an accumulated funding deficiency over the next four plan years (including in the Plan year noted above).

In an effort to avoid the projected insolvency and potential benefit reductions, on March 10, 2023, the AFM-EPF applied for \$1.5 billion of special financial assistance. The PBGC has 120 days to review the application and expects to make the requested payment within 60 to 90 days of approval. If the PBGC has any issues with our application, we will have the opportunity to withdraw it, address those matters and resubmit.

**Rehabilitation Plan**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate benefits called "adjustable benefits" as part of a rehabilitation plan. On April 30, 2010, you were notified that the Board had adopted a rehabilitation plan (the "Rehabilitation Plan") that reduced or eliminated adjustable benefits. As of June 1, 2010, the Plan was not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity). The Rehabilitation Plan originally employed reasonable measures to enable the Plan to emerge from critical status at a later date than the 10-year rehabilitation period. As the Plan is currently not projected to ever emerge from critical status, the Rehabilitation Plan was restated in 2016 to employ reasonable measures to forestall insolvency.

In June 2018, the Trustees updated the Rehabilitation Plan to require a non-benefit bearing 10% increase in the rate of contributions in collective bargaining agreements (and extensions thereof) that expire on or after August 1, 2018. This increase is in addition to the 9% additional increase in the rate of contributions previously required by the original Rehabilitation Plan.

A separate notice was sent to you July 16, 2018, entitled Benefit Change Effective August 1, 2018. This notice described the new 10% increase in the rate of contributions on scale wages and the fact that those increases in contributions will not generate any new benefits on your behalf. Remember, however, that, the contribution rate increase will not affect any benefits you had already accrued when the new collective bargaining agreement became effective or becomes effective in the future.

### **Adjustable Benefits**

The Plan previously offered the following adjustable benefits that the rehabilitation plan could have reduced or eliminated:

- ☐ Post-retirement death benefits/guarantees
- ☐ Disability benefits (if not yet in pay status)
- ☐ Early retirement benefit or retirement-type subsidy
- ☐ Benefit payment options other than a qualified joint-and survivor annuity (QJSA)
- ☐ Post-normal retirement age subsidy

As noted above, the Rehabilitation Plan eliminated a number of these adjustable benefits, as described in the notice entitled Important Notice of Benefit Changes, which was sent to you April 30, 2010. Those changes and others were incorporated in the restated Pension Plan (2014) and Summary Plan Description - 2020 ("SPD"). The SPD was distributed to all participants. Both the restated Pension Plan and the SPD are available on the Plan's website at [www.afm-epf.org](http://www.afm-epf.org) under Plan Documents or by written request to the Fund Office.

### **Employer Surcharge**

When the Plan was first certified in critical status, the law required that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation until the bargaining parties amended their collective bargaining agreement to include terms consistent with the schedules set forth in the original Rehabilitation Plan. The amount of the surcharge was equal to a percentage of the amount an employer was otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge was applicable in the Plan year ended March 31, 2011 and a 10% surcharge was applicable for the Plan year beginning April 1, 2011 and remained applicable for each succeeding Plan year thereafter in which the Plan was in critical status. Further information regarding the employer surcharge can be found in the Rehabilitation Plan effective June 27, 2016, which is available at [www.afm-epf.org/RehabPlan.aspx](http://www.afm-epf.org/RehabPlan.aspx) or by written request to the Fund Office.

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

For more information about this Notice, you may contact the Fund Office at 1-800-833-8065 or email us through the "Contact Us" link on the Plan's web site ([www.afm-epf.org](http://www.afm-epf.org)). Copies of the following are available by written request to the Fund Office and can also be accessed on the Plan's website:

- Rehabilitation Plan Effective June 27, 2016 which is available on the website at [www.afm-epf.org/RehabPlan.aspx](http://www.afm-epf.org/RehabPlan.aspx)
- Update to the Rehabilitation Plan June 2018 which is available on the website at [www.afm-epf.org/RehabUpdate2018.aspx](http://www.afm-epf.org/RehabUpdate2018.aspx)