



American Federation
of Musicians &
Employers' Pension Fund

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Notice of Critical Status
American Federation of Musicians and Employers' Pension Fund
For Plan Year Beginning January 1, 2025 and Ending December 31, 2025

The purpose of this notice is to inform you that, on March 31, 2025, 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 status for the Plan year beginning January 1, 2025. Federal law requires that you receive this notice.

Critical Status

The Plan received \$1,527,839,375 of Special Financial Assistance in August 2024 from the Pension Benefit Guaranty Corporation (PBGC) under the American Rescue Plan Act. The Special Financial Assistance is intended to allow the Plan to pay all benefits due through the plan year ending in 2051, without reductions in already-earned benefits. The Plan is considered to be in critical status because plans that received this Special Financial Assistance are deemed to be in critical status regardless of their financial health.

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. Because the Plan was 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.

The Rehabilitation Plan was further updated in 2024 to reflect the Plan's receipt of Special Financial Assistance in 2024 under the American Rescue Plan Act. This update did not change the contribution schedule or the Plan's benefit provisions under the prior updates to the Rehabilitation Plan. Due to the receipt of Special Financial Assistance, the Plan is deemed under the law to remain in critical status through December 31, 2051, even if it would otherwise emerge prior to that date. The purpose of Special Financial Assistance is to provide the Plan with the additional funding it needs so that it is projected to be able to pay

benefits and administrative expenses through 2051. Accordingly, the objective of the Rehabilitation Plan is for the Plan to be able to pay benefits and administrative expenses through 2051.

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 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 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). A copy of the Updated and Restated Rehabilitation Plan, December 2024 is available by written request to the Fund Office and can also be accessed on the Plan's website at www.afm-epf.org/RehabUpdate2024.aspx