

AMERICAN FEDERATION OF MUSICIANS AND EMPLOYERS' PENSION PLAN

REHABILITATION PLAN

UPDATED AND RESTATED AS OF DECEMBER 2024

The Rehabilitation Plan of the American Federation of Musicians and Employers' Pension Plan (the "Plan") has been updated and restated to reflect the Plan's receipt of special financial assistance under the American Rescue Plan Act of 2021. This update does not change the contribution schedule or the Plan's benefit provisions under the prior updates to the Rehabilitation Plan (see Section 7 for historical changes to the Rehabilitation Plan).

The law requires an annual actuarial status determination for multiemployer pension plans including the Plan. On April 15, 2010, the Plan was certified by its actuary, Milliman, Inc., to be in critical status, also known as the "red zone", for the plan year beginning on April 1, 2010 and ending on March 31, 2011. The initial certification of critical status was based upon the Plan actuary's determination that the Plan was projected to have an accumulated funding deficiency for the plan year ending March 31, 2011. The Plan was further certified in critical status each plan year thereafter to date. The most recent certification as of the date of the adoption of this updated and restated Rehabilitation Plan was for the plan year beginning January 1, 2024.¹

The law requires that the board of trustees of a multiemployer pension plan that has been certified by its actuary as being in critical status develop a rehabilitation plan that is intended to improve the plan's funding over a period of years. A rehabilitation plan sets forth the actions to be taken by the pension plan's trustees, as well as the collective bargaining parties, to enable the plan to emerge from critical status or forestall possible insolvency. The rehabilitation plan must be based on reasonably anticipated experience and reasonable actuarial assumptions regarding investment income and other experience of the plan over a period of future years.²

1. Rehabilitation Plan Objectives

A rehabilitation plan consists of either (i) actions (including increases in employer contributions to, and/or reductions in benefits under the plan) that, based on reasonably anticipated experience and reasonable actuarial assumptions, are formulated to enable the plan to emerge from critical status no later than the end of a 10-year "rehabilitation period"; or (ii) reasonable measures implemented by the plan's trustees that are expected to enable the plan to emerge from critical status after such 10-year period, or to forestall possible plan insolvency, if the trustees determine that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to

¹ The plan year was changed to the calendar year effective December 31, 2022.

² All of these requirements are set forth in Section 305(e)(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 432(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

emerge from critical status by the end of the 10-year rehabilitation period. The Plan's 10-year rehabilitation period began on April 1, 2013.

The original Rehabilitation Plan adopted in 2010 consisted of measures adopted by the Board of Trustees of the Plan (the "Board") which, based on reasonable actuarial assumptions, were expected to enable the Plan to emerge from critical status at a later time than the end of the 10-year rehabilitation period. The reasons that the Plan was not expected to emerge from critical status within the 10-year rehabilitation period and the alternatives considered were described in the 2016 Rehabilitation Plan update, and that description is incorporated herein by reference. The Rehabilitation Plan was subsequently revised to modify the objective to taking reasonable measures to forestall possible insolvency.

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 have emerged prior to that date. As of the receipt of special financial assistance, the Plan was expected to emerge from critical status on that date. The actual date of emergence could change based on a variety of factors, some of which are described below.

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. The Plan's future actual experience will drive its future funded status. If the Plan's actual experience outperforms the assumptions that the Plan was required to use in determining the amount of its special financial assistance, it may remain solvent long beyond that date. Market conditions, investment returns, and future contributions to the Plan are a few of the many factors that will have an impact on the Plan's financial health in the long term.

2. Rehabilitation Plan Standards

The law requires that a plan set forth annual standards for meeting the requirements of its rehabilitation plan.

The law does not define the annual standards applicable to a rehabilitation plan, such as this Rehabilitation Plan, that is:

- not designed to emerge from critical status at the end of the 10- year rehabilitation period and
- subject to the special rule for plans receiving special financial assistance described above.

The Board recognizes the possibility that the Plan's actual experience could be more or less favorable than the assumptions used as the basis for developing the Rehabilitation Plan. The Board also recognizes the need to review and update the Rehabilitation Plan on an annual basis. Consequently, the Board will rely on an annual updated assessment as the basis for evaluating the Plan's progress under this Rehabilitation Plan.

The annual standard for meeting the requirements of the Rehabilitation Plan will be a demonstration, based on the updated actuarial projections each year using reasonable assumptions, of whether the Plan is projected to remain solvent through 2051.

3. AFM-EPF Rehabilitation Plan

Contribution Rates

- A new contributing employer to the Plan may contribute between 4% and 15% of scale wages (without specific Board approval). However, 9.09% of the contribution rate (which is equivalent to the 10% increase required for existing employers by the 2018 update to the Rehabilitation Plan) will not be considered when determining the amount of a participant's benefit. As described below, it will also generally be disregarded in determining the amount of, and payment schedule for, withdrawal liability.
- Employers contributing to the Plan before August 2018 were required to increase contribution rates by 10%. This increase was in addition to the 9% increase previously required by the original 2010 Rehabilitation Plan and was required to be included in the successor to any collective bargaining agreement (or extension of that collective bargaining agreement) that expired on or after August 1, 2018. There were special rules for contributions made under the arbitration award of Burton Turkus, single engagements, agreements without specified expiration dates, already expired agreements, non-collectively bargained employees, new use/reuse under expired agreements and contracts with terms that were agreed to prior to July 1, 2018 but remained subject to ratification. These rules are incorporated by reference into this Rehabilitation Plan. Employers can contact the Fund Office for further details regarding the 2018 Update to the Rehabilitation Plan.
- The Board previously announced that the contribution rates in any collective bargaining agreement may not be decreased. See this link for further information regarding the Plan's policies on limitations on reductions in contributions <http://afm-epf.org/RateReduction.aspx>.
- In addition to this previously announced rule, plans that receive special financial assistance are subject to other limitations on contribution decreases. Specifically, the contributions to the Plan required for each contribution base unit (which is the unit on which an employer is required to contribute – e.g., if the rate is x% of scale wages, then the contribution base unit is scale wages) cannot be less than that set forth in an employer's collective bargaining or participation agreement in effect on March 11, 2021. In addition, the definition of contribution base units used for this purpose cannot be different from that set forth in the employer's collective bargaining or participation agreement in effect on March 11, 2021. This restriction applies through December 31, 2051. The law provides for exceptions in very limited, specified circumstances, which exceptions require Trustee and, in certain cases, governmental approval.

Benefit Provisions

- Benefit accruals

The monthly pension benefit payable to participants in the form of a single life annuity is computed by multiplying each \$100 of employer contributions earned by a participant by a specified dollar amount (the “Benefit Multiplier”) set forth in the chart below. Before the Rehabilitation Plan, the portion of early retirement benefits earned by the participant before 2004 included a costly subsidy from the Plan. The Rehabilitation Plan eliminated the subsidy. Thus, the Benefit Multiplier for benefits beginning at ages prior to 65 (expressed as a single life annuity) is the actuarial equivalent of the Benefit Multiplier for benefits beginning at age 65, without any subsidy.

Under the Rehabilitation Plan, all benefits are based on the applicable Benefit Multiplier per \$100 of contributions (rounded to the nearest \$100) set forth in the chart below. Benefit Multipliers for early retirement benefits (ages 55 to 64) for amounts earned beginning in 2004 were never subsidized, so only the shaded Benefit Multipliers reflected in column A are adjusted by the Rehabilitation Plan.

Benefit Period	A	B	C	D	E
Age at Pension Effective Date	Contributions earned before January 1, 2004	Contributions earned on or after January 1, 2004 and before April 1, 2007	Contributions earned on or after April 1, 2007 and before May 1, 2009	Contributions earned on or after May 1, 2009 and before January 1, 2010	Contributions earned on or after January 1, 2010
65 or older	\$4.65	\$3.50	\$3.25	\$2.00	\$1.00
64	\$4.16	\$3.13	\$2.91	\$1.79	\$0.90
63	\$3.75	\$2.82	\$2.62	\$1.61	\$0.80
62	\$3.36	\$2.53	\$2.35	\$1.45	\$0.72
61	\$3.04	\$2.29	\$2.13	\$1.31	\$0.65
60	\$2.75	\$2.07	\$1.92	\$1.18	\$0.59
59	\$2.48	\$1.87	\$1.74	\$1.07	\$0.53
58	\$2.26	\$1.70	\$1.58	\$0.97	\$0.49
57	\$2.05	\$1.54	\$1.43	\$0.88	\$0.44
56	\$1.86	\$1.40	\$1.30	\$0.80	\$0.40
55	\$1.70	\$1.28	\$1.19	\$0.73	\$0.37

- Elimination of the Benefit Guarantee for Single Life Annuity

For pension benefits payable in the form of a single life annuity, there was previously a guaranteed payment of 100 times the portion of the monthly pension benefit as of the participant's pension effective date for accruals earned prior to 2004. Under the guarantee, if a participant died before receiving a total of 100 times the portion of the monthly benefit earned prior to 2004, the designated beneficiary received the balance of that amount. The Rehabilitation Plan eliminated the guaranteed payment. Thus, the single life annuity under the Rehabilitation Plan provides for monthly payments for the life of the retired participant and ceases at the participant's death.

- Elimination of the "Pop-Up" Feature of the 50% Joint and Survivor Annuity

For pension benefits payable in the form of a 50% joint and survivor annuity, if the joint annuitant dies before the participant, and within five years of the participant's pension effective date, the portion of the benefit earned prior to 2004 previously increased to what it would have been if the participant had elected a single life annuity form of benefit. The Rehabilitation Plan eliminated this "pop-up" feature. Accordingly, the death of the joint annuitant after the pension effective date no longer has any effect on the participant's monthly benefit.

- Elimination of the Benefit Guarantee for 50% Joint and Survivor Annuity

For pension benefits payable in the form of a 50% joint and survivor annuity, if the participant and joint annuitant both die within five years of the participant's pension effective date, the Plan previously paid the participant's beneficiary the balance of the five years of monthly benefit payments on the portion of the benefit earned by the participant prior to 2004. The Rehabilitation Plan eliminated this payment guarantee. Accordingly, there are no longer any continuing payments after the death of the retired participant and his or her joint annuitant.

- Elimination of the Post-Normal Retirement Age Subsidy

For participants who begin to receive their pension benefit after normal retirement age (generally age 65), the Plan previously paid the amount payable at normal retirement age, increased to account for the late commencement using simplified factors. This resulted in a benefit that was greater than if it were computed using actuarial equivalent factors. Under the Rehabilitation Plan, the benefit payable after normal retirement age is increased using the interest and mortality assumptions that achieve actuarial equivalence.

- Elimination of Merged Plan Forms of Benefit

Under the Rehabilitation Plan, benefits earned by individuals who participated in either the AFM Retirement Plan or the AFM-EPF Staff Retirement Plan prior to merger with the Plan are paid to these individuals only in the same benefit forms that are generally available with respect to benefits under the Plan.

- Elimination of Lump-Sum Form of Payment for Retirement Account Benefit

The Plan previously permitted participants to receive a lump-sum payment of the amounts attributable to contributions earned before 1968, plus interest (also known as the Retirement Account Benefit). This form of payment was eliminated under the Rehabilitation Plan.³

4. Delinquent Employer Contributions/Withdrawal From the Plan

A contributing employer's failure to contribute to the Plan timely at the rates required by the Rehabilitation Plan schedule (once agreed to or imposed) will result in the deficient amounts being treated as delinquent employer contributions under the Plan. In addition, the contributing employer will be subject to excise taxes (equal to 100% of the unpaid contributions) as provided under applicable law. Additionally, this may result in a determination by the Board that the employer has failed to maintain (and thus has withdrawn from) the Plan, in which case such employer will then be subject to withdrawal liability under the terms of the Plan and Title IV of ERISA. Further, under the law, any failure to make a surcharge payment will also be treated as a delinquent contribution.

Employers should note that the 10% additional contribution rate increase first instituted by the 2018 Update to the Rehabilitation Plan is considered required by the Rehabilitation Plan under Section 432(g)(3) of the Code. Therefore, generally speaking, for withdrawal liability purposes, the increase in the contribution rate is disregarded in determining the allocation of unfunded vested benefits to an employer when calculating such employer's withdrawal liability. It is also disregarded in determining the employer's highest contribution rate for the purposes of determining the payment schedule for withdrawal liability in the event of a withdrawal.

5. Application of Rehabilitation Plan to Future Agreements

If a collective bargaining agreement providing for contributions to the Plan in accordance with the Rehabilitation Plan schedule expires while the Plan is still in critical status and the bargaining parties to the agreement fail to adopt a contribution schedule with terms consistent with the updated Rehabilitation Plan and its contribution schedules, then the contribution schedule under the expired collective bargaining agreement (as updated and in effect on the date the collective bargaining agreement expires) is implemented 180 days after the date on which the collective bargaining agreement expires.

³ The Plan does not provide for any other lump-sum benefits other than those benefits with an actuarial present value of \$7,000 or less.

6. Construction and Modifications to this Rehabilitation Plan

This Rehabilitation Plan is intended to present only a summary of the law, the Plan and the changes to the Plan. It is not intended to serve as an exhaustive, complete description of the law, the Plan or the modifications discussed herein.⁴

The Board reserves the right, in its sole and absolute discretion, to construe, interpret and/or apply the terms and provisions of this Rehabilitation Plan in a manner that is consistent with applicable law. Any and all constructions, interpretations and/or applications of the Plan (and other plan documents) or the Rehabilitation Plan by the Board, in its sole and absolute discretion, shall be final and binding on all parties affected thereby. Subject to applicable law, and notwithstanding anything herein to the contrary, the Board further reserves the right to make any modifications to this Rehabilitation Plan that it, in its sole and absolute discretion, determine are necessary and/or appropriate (including, without limitation in the event of any omission or the issuance of any future legislative, regulatory or judicial guidance).

7. Summary of historical changes to the Rehabilitation Plan

2010 Rehabilitation Plan

The 2010 Rehabilitation Plan increased the contribution rate to 104% of the prior contribution rate for contributions earned between June 1, 2010 and April 1, 2011 and increased the contribution rate to 109% of the prior contribution rate (excluding the 4% increase, which was not cumulative) for contributions earned after April 1, 2011. These increases were benefit-bearing. For collective bargaining agreements with a term of four years or more, the 2010 Rehabilitation Plan increased the contribution rate by an additional 25% above the contribution rate otherwise applicable to the contributions (and the portion of the increase above 9% did not generate benefit accruals), effective as of the fifth year of the agreement.

The 2010 Rehabilitation Plan eliminated the following benefits and benefit alternatives: (i) early retirement subsidies; (ii) benefit guarantees for the single life annuity; (iii) “pop-up” and benefit guarantee features of the 50% joint and survivor annuity; (iv) post-normal retirement age subsidies; (v) certain forms of benefit for merged plans; and (vi) the lump sum form of benefit offered by the Plan (not including lump sums with an actuarial present value of \$5,000 or less.)

The 2010 Rehabilitation Plan also provided that the Board would seek approval from the Internal Revenue Service for the Plan to obtain a 5-year extension of the period for amortizing unfunded liabilities of the Plan.

These changes are incorporated in the 2016 Update to the Rehabilitation Plan.

⁴ The terms of the official plan documents will govern in the event of any contradiction between this notice and the plan documents as adopted to incorporate the changes to the Plan described herein.

2011 Update to Rehabilitation Plan

Under the 2011 Update to the Rehabilitation Plan, the term of years of a collective bargaining agreement that would result in the additional 25% contribution rate was extended from four years to five years. Such additional 25% contribution rate is effective beginning in the sixth year of the agreement, a one-year increase from the 2010 Rehabilitation Plan.

The 2011 Update to the Rehabilitation Plan also eliminated the provision in the 2010 Rehabilitation Plan that provided that the Board would seek approval for the Plan to obtain a 5-year extension of the period for amortizing unfunded liabilities of the Plan.

These changes are incorporated in the 2016 Update to the Rehabilitation Plan.

2016 Update to Rehabilitation Plan

The 2016 Update to the Rehabilitation Plan restated the Rehabilitation Plan and modified the objective of the Rehabilitation Plan to take reasonable measures to forestall possible insolvency.

2018 Update to Rehabilitation Plan

The 2018 Update to the Rehabilitation Plan required Employers contributing to the Plan before August 2018 to increase their contribution rates to 110% of the prior rate. This increase must be included in the successor to any collective bargaining agreement (or extension of that collective bargaining) that expires on or after August 1, 2018. The additional 10% is non-benefit-bearing.