

Wyoming Carpenters' Pension Fund  
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April 28, 2008

**EIN: 83-6013705**

**Plan No: 001**

TO: All Participants, Beneficiaries, Participating Unions and Contributing Employers

1. The Wyoming Carpenters' Pension Fund is pleased to announce that it and the Carpenters Retirement Trust of Western Washington have agreed in principle to merge. The merger is conditioned upon the negotiation of a detailed merger agreement between the Funds. Active negotiation of the merger agreement is currently proceeding. The merger is also conditioned upon IRS action described in section 6 below.

2. At the same time, as you may know, a recent law, the Pension Protection Act of 2006 (PPA) added requirements for measuring the financial health of multiemployer pension plans such as ours. Beginning in the 2008 plan year, this new law requires that the Pension Plan's actuary determine annually the Plan's financial status under new rules and certify that status to the IRS and the Trustees. It is important to note that if the Plan's status for a plan year is either "endangered" (known as the yellow zone) or "critical" (known as the red zone), the Trustees must notify all participants, employers, unions and other parties in writing of this certification, as well as take corrective action to restore the financial health of the Pension Plan.

*Red Zone Status*

3. It will not be surprising to you that this letter also serves as notice that on March 28, 2008 the Pension Plan's actuary determined and certified that the Plan is in "critical" status for the 2008 plan year. This determination was made because the Plan has an accumulated funding deficiency for the current plan year where the amortization extension granted by the IRS in July 2007 is not, as required under the new law, taken into account for funding status purposes. This means that contributions at past rates were not high enough to meet government standards for funding the promised benefits without the longer period granted by the IRS to fund the Plan. The Trustees are currently in the process of filing for a modification of the extension conditions with the IRS, which would eliminate any funding deficiency for the current plan year. However, under the new law, this extension, even if approved by the IRS, cannot be considered in determining the critical status of the Plan.

### *Rehabilitation Plan*

4. The new law also requires any pension plan in the red zone to adopt a “rehabilitation plan” that is designed to restore the financial health of the plan. This Pension Plan’s rehabilitation plan will be developed by November 2008. A notice describing the Plan’s rehabilitation plan will be provided to the bargaining parties shortly after that. Participants will receive a summary of the rehabilitation plan plus any updates, describing any changes to the Plan, starting next year.

In addition to revising the Pension Plan’s formula for future benefit accruals and making similar changes to future benefits, the new law permits pension plans in the red zone to reduce, or even eliminate, benefits called “adjustable benefits” (described below) as part of a rehabilitation plan. Since we sent you a notice in May 2007 that the Plan was projected to be in the red zone beginning in the 2008 plan year, any changes, reductions or elimination of adjustable benefits may be applied to those of you who began receiving benefits on or after June 1, 2007. However, if the Trustees determine that benefit reductions are necessary, any changes to adjustable benefits or future accruals will not be effective until you receive a notice identifying and explaining the effect of those changes. Also, the level of your accrued normal retirement benefit payable at normal retirement age will not be reduced. However, whether or not the Plan reduces adjustable benefits in the future, effective as of April 28, 2008, the Plan is not permitted to pay the lump sum death benefit under the Plan while it is in the red zone.

### *Adjustable Benefits*

5. The “adjustable benefits” that are subject to change, reduction, adjustment or elimination as part of a rehabilitation plan include:

- A. Benefits, rights and features under the Pension Plan, including post-retirement death benefits (other than the 50% qualified joint and survivorship annuity), 60-month guarantees, disability benefits not yet in pay status, and similar benefits;
- B. Any early retirement benefit or retirement-type subsidy and any benefit payments option, other than a 50% qualified joint and survivorship annuity (the Husband and Wife Pension); and,
- C. Benefit increases that were adopted or took effect less than 60 months before the Plan first entered the red zone (January 1, 2008).

**However, under no circumstances will the level of your accrued normal retirement benefit payable at normal retirement age be subject to change, reduction, adjustment or elimination, except as provided under paragraph C. above relating to recent benefit increases.**

### *Corrective Actions by the Trustees*

6. The Trustees have already taken a number of actions to improve the financial health of the Pension Plan over the past several years, including significantly increasing the employer’s contribution rate to the Plan and designating a portion of the contribution rate solely to improve funding. The Trustees have also significantly decreased future benefit accruals in order to improve the financial health of the Plan. In addition, the Trustees are negotiating a possible

merger agreement with a much larger pension plan, Carpenters Retirement Trust of Western Washington. The merger could be contingent upon IRS approval of the modification to the amortization extension granted by the IRS in July 2007. If the IRS approves the modification and the merger with the Western Washington plan goes forward, the Plan will no longer be in the red zone. Of course, there are economic and financial variables beyond the Trustees' control, which could affect the Trustees' desired corrective actions in the future, including the proposed merger.

#### *Employer Surcharges*

7. The new law requires that all contributing employers pay to the Pension Plan a surcharge to help improve the Plan's financial health. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. A 5% surcharge must be paid in the first year the Plan is in the red zone, and a 10% surcharge must be paid during each plan year thereafter in which the Plan is in the red zone, until the employer agrees to and begins contributing under a collective bargaining agreement that implements the rehabilitation plan. The 5% surcharge is payable on hours of work performed on or after May 28, 2008 until December 31, 2008, and then the 10% surcharge is payable unless a negotiated contribution rate that satisfies the rehabilitation plan goes into effect. Furthermore, until the Plan begins the rehabilitation period in 2011, the Trustees cannot accept a new collective bargaining agreement that reduces the current contribution rate or excludes covered groups of employees.

#### *Where to Get More Information*

8. The new law requires that the Plan's funding status be reviewed and certified annually, and notices like this one will be sent each year, including any progress in the Plan's funding status. If you have any questions about this notice, please contact the Plan administrator's office at the number listed above. The rehabilitation plan will be adopted by November 25, 2008. Shortly after that the Plan will send the rehabilitation plan schedule to contributing employers and the union, and later a summary of the rehabilitation plan will be sent to participants and beneficiaries.

We understand that legally required notices like this one can create anxiety and concern about the Pension Plan's future. The Board of Trustees will work with contributing employers and the unions to merge and take other appropriate actions to improve the financial health of the Plan so that retirement benefits for participants and their families are secure into the future.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor  
Pension Benefit Guaranty Corporation