

200988-01268

LOCAL 584 PENSION AND WELFARE TRUST FUND

Notice of Critical Status For Local 584 Pension Trust

This is to inform you that on June 27, 2008; the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning April 1, 2008; 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 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 accumulated funding deficiency in plan years beginning on and after April 1, 2012.

Rehabilitation Plan and Possibility of Reduction in Benefits

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. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after June 27, 2008. But you should know that whether or not the plan reduces adjustable benefits in the future, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

As indicated above, adjustable benefits may be reduced or eliminated as part of any rehabilitation plan pension may adopt. "Adjustable benefits" means:

1. Benefits, rights, and features under the plan, including post-retirement death benefits, 60-month guarantees, disability benefits not yet in pay status, and similar benefits,
2. Any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i) and any benefit payment option (other than the qualified joint-and survivor annuity), and

3. Benefit increases that would not be eligible for a guarantee under section 4022A of the Employee Retirement Income Security Act of 1974 on the first day of initial critical year because the increases were adopted (or, if later, took effect) less than 60 months before such first day.

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation, beginning 30 days after the employer is notified that the plan is in critical status. The surcharge is a percentage of the employer's negotiated contribution rate. A 5% surcharge is applicable during the first plan year that the Fund is in critical status. The surcharge goes up to 10% for each succeeding Plan Year in which the Fund is in critical status, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the Rehabilitation Plan.

For the remainder of the first year, the 5% surcharge will be due with respect to any contribution required to be paid on or after August 26, 2008, or actually paid after that date even if originally due earlier, and will continue until March 31, 2009. For subsequent Plan years, i.e., beginning April 1, 2009, the 10% surcharge will apply to contributions required to be paid or actually paid on and after that date. Employer should note that surcharge payments should be made by a separate check.

Where to Get More Information

For more information about this notice, you may contact Local 584 Pension & Welfare Trust Fund, Colleen Lanza, Fund Manager, 73 Hudson Street, Third Floor, New York, NY 10013, (212) 528-1998, Local0584@AOL.com. You have a right to receive a copy of the rehabilitation plan from the plan.