

# PLUMBERS AND PIPEFITTERS LOCAL UNION NO. 333

## FRINGE BENEFIT FUNDS

P.O. Box 638  
Troy, Michigan 48099-0638  
(248) 641-4933 (800) 550-5242

October 21, 2008

*Sent Via Certified Mail*

Department of Labor  
Employee Benefits Security Administration  
Public Disclosure Room, N-1513  
200 Constitution Avenue, N.W.  
Washington, DC 20210

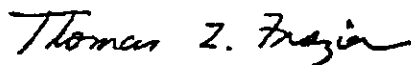
RE: Plumbers and Pipefitters Local 333  
EIN: 38-3545518

To Whom It May Concern:

Enclosed is the Pension Plan Status Notification for the aforementioned Plan for the Plan Year Beginning July 1, 2008.

If you have any questions, please contact the undersigned.

Yours truly,



Thomas L. Frazier  
Plan Manager

TLF/gad

Enclosure

CERTIFIED MAIL  
7008 1300 0002 0283 7348



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## **FRINGE BENEFIT FUNDS**

P.O. Box 638  
Troy, Michigan 48099-0638  
(248) 641-4933 (800) 550-5242

October 29, 2008

### **NOTICE OF PENSION PLAN STATUS (FOR THE PLAN YEAR BEGINNING JULY 1, 2008)**

**To: All Participants and Beneficiaries of the Plumbers and Pipefitters Local No. 333, Contributing Employers and Employer Associations, Pension Benefit Guaranty Corporation and Secretary of Labor.**

As required by law, this notice is being provided to you to update you on the funding status of the Plumbers and Pipefitters Local No. 333 Pension Plan ("the Plan"). The Plan's actuary has certified that the Plan is in "endangered" status (so called, "yellow zone") for the plan year beginning July 1, 2008, as explained below. As a result, certain steps have to be taken by the Plan, which includes providing you with this Notice and the adoption of the Funding Improvement Plan discussed later.

- **Plan's Funding Status**

The Pension Protection Act ("PPA") imposes new funding requirements upon multiemployer pension plans like yours, to ensure that they are well-funded in future years. Each plan is required to conduct an annual study to determine the plan's funding level. Unless the plan is extremely well-funded (80% or better), it is required to adopt a process to improve its funding level – so called Funding Improvement Plan. Based on the results of this study, it has been determined that your Plan is 77.09% funded as of June 30, 2008. For comparison purposes, plans that are 80% or better funded are generally deemed to be in the "green" zone, or are considered well funded.

The determination that the Plan is in the yellow zone was made by the actuary, based on the value of the Plan's assets as of June 30, 2008, as compared to the present value of all accrued benefit liabilities to participants and beneficiaries, as of that date. Such valuations of the Plan's benefit liabilities are made, using various actuarial assumptions, developed by the actuary and will be done on an annual basis going forward.



- **Adoption of Funding Improvement Plan**

The PPA requires pension plans in the yellow zone to adopt a Funding Improvement Plan, designed to restore the financial health of the plan, over a 10 year period. To meet the requirements of the Funding Improvement Plan, either additional contributions will have to be made to the Plan for which no additional benefits will be granted, and/or **future** (but not past) benefit options may have to be changed. In fact, changes have already been made in anticipation of the Funding Improvement Plan's adoption. Specifically, early retirement provisions were changed so that for future benefit accruals only, early retirement reduction factors apply from age 62, rather than age 61, as of July 1, 2008. Previously, the early retirement discount factors (.7% for the first 36 months and .5% per month thereafter) were applied for each month that your retirement age was lower than age 61. The net effect of this change is to add up to 12 additional months during which such discount factors could be applicable to you, depending on when you choose to retire. For example, if you retire early, on your 60<sup>th</sup> birthday your monthly early retirement benefit amount would be subject to a 16.8% discount. (.7% x 24 months between age 60 and 62).

Also, as of July 1, 2008, \$5.00 per hour contributed on your behalf will be credited for benefit accrual purposes, with the remaining \$2.25 of the total \$7.25 contribution going towards the funding deficit. For example, if you worked 160 hours in the month of July 2008, a total of \$1,120.00 will have been contributed on your behalf (160 hours x \$7.25). Of this amount, \$800.00 will be considered for benefit accrual purposes (160 hours x \$5.00). This "credited" amount will be multiplied by the benefit rate multiplier of 2.34%, to give you a monthly benefit credit of \$18.72 for work performed during that month. This amount will then be added to the amount you accrue in all other months to establish your overall monthly benefit rate. The \$360 (160 hours x \$2.25) is applied to the funding deficit.

- **Operational Restrictions During Funding Improvement Period**

Beginning on July 1, 2008 through the end of the ten year funding improvement period, the Plan is also subject to a number of legal restrictions and rules. During this time, employer contribution rates cannot be lowered, or suspended, and young or new employees cannot be excluded from participating in the Plan. The Plan is also generally prohibited from increasing benefit rates during this time.

- **Where to Get More Information**

For more information about this Notice, you may contact the Plan at 248-641-4933 or 1-800-550-5242. After the Funding Improvement Plan is adopted, you have the right to receive a copy from the administrator. The Department of Labor also publishes information regarding this process at: <http://www.dol.gov/ebsa/criticalstatusnotices.html>.

- **Frequently Asked Questions**

**Q1 Why did I receive this notice?**

A new law, the PPA, became effective this year and requires you to receive this notice. The PPA also requires that the Plan adopt certain procedures to improve its funding condition (as described in the Funding Improvement Plan) to ensure that the financial health of the plan is restored over the next ten years, or sooner.

**Q2 What does funded percentage mean?**

The calculations mentioned in this notice compare the cost of providing promised pension benefits versus the current value of the assets held by the Plan. Based on past experience, the Plan estimates the amount it will earn on its assets, as well as the amount of future contributions, and compares that amount to the amount it estimates will be required to pay retirement benefits in the future. The result is the funded percentage that is used for compliance with this new law - here 77.09%. for this Plan Year.

**Q3 Will my benefits be reduced?**

The amount of your retirement benefits will **not** change. No benefit reductions are contemplated by the Funding Improvement Plan. In fact, the very reason that your Plan is required to adopt a Funding Improvement Plan is to prevent that from happening. Only the factors used to calculate future early retirement benefits are being adjusted prospectively (not retroactively) as explained earlier.

**Q4 Why is this process necessary?**

Even though the Plan has been proactive in addressing its funding level, the PPA established new rules that now require faster funding of plans than under prior law. Like most pension plans, the Plan suffered losses during the downturn in the stock market over the last four years. In something of a perfect storm, the funding level was further eroded due to the downturn in Michigan's economy, which adversely affecting the Plan's work hours.

**Q5 What has the Plan done to improve the situation?**

While it was not required to take such action until this year, the Plan has allocated uncredited contributions (contributions for which no benefits accrue) over the course of the last few years and has been able to avoid a further decline in the Plan's funded percentage. The Plan, as always, is also working with its investment advisors to place Plan assets in investment vehicles with good returns, at the lowest risk possible.

**Q6 What is the Funding Improvement Plan?**

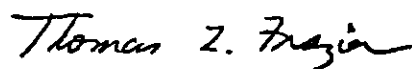
The Funding Improvement Plan contains legally mandated schedules, designed to improve the funded percentage of the Plan. Ideally, improvements will be made by using a combination of "uncredited" contributions, i.e. those for which no benefit is provided, and Plan earnings.

**Q7 Will the Funding Improvement Plan work?**

The Plan has a number of professional advisors that have been working on the Funding Improvement Plan. Although there are no guaranties, the Funding Improvement Plan is expected to place the Plan in the "green zone" by 2017 (even before the 10 year funding period ends). It will be reviewed each year, to make sure it stays on track.

If you have any questions about this notice, you may contact the Fund Office at P.O. Box 638, Troy, Michigan, 48099-0638, 800 550 5242 or 248 641 4933.

For the Board of Trustees,



Thomas L. Frazier  
Plan Manager

TLF/gad