

# Iron Workers' Locals No. 15 and 424 Pension Plan

## Notice of Plan Funding Status

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October 26, 2008

Participants, Beneficiaries, Contributing Employers and Iron Workers' Locals No. 15 and 424:

The Pension Protection Act (the "Act"), signed into law in 2006, is intended to improve the financial condition of pension plans. The Act introduced several formal safeguards and controls and added notification requirements for Trustees to share more information about a plan's financial circumstances with participants, contributing employers and others directly related to the plan.

Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent future funding problems and correct those that have already developed.

Starting with the 2008 plan year, the Act requires us to test the Pension Plan annually to classify its funding status. Standardized measurements were established for classifying plans based on their funding issues. Plans that are in "critical" status (red zone) must notify all plan participants, beneficiaries, unions, and contributing employers of the plan's status, as well as have a plan to restore the plan's financial health.

### Plan's Status – Red Zone

On September 26, 2008, our actuary certified the Pension Plan as being in critical status (the red zone) for the plan year beginning July 1, 2008. This is based on the actuary's determination that the funded percentage of the Pension Plan is 65% or less as of June 30, 2008 and it is projected to have a funding deficiency in the plan year ending June 30, 2012. A "funding deficiency" means that contributions are not expected to be high enough to meet government standards for funding promised benefits plus those that participants are currently earning.

### Rehabilitation Plan

The Act requires that a plan in the red "critical" zone adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. To comply with the Act, the Plan is required to adopt a Rehabilitation Plan before May 27, 2009. Employers and unions will be notified of the items that may be covered in new or amended collective bargaining agreements after the Rehabilitation Plan is adopted. Until the Rehabilitation Plan is implemented, benefits and contributions will be governed by the existing Plan and collective bargaining agreements and there will not be any changes in benefits or contributions (except for the surcharges discussed on the next page).

The Act allows a Rehabilitation Plan to eliminate or change adjustable benefits, which include:

- Plan benefits, rights, and features, including pre-retirement death benefits (other than qualified joint and survivor annuities), ten-year guarantees, disability benefits not yet in pay status, and similar benefits; and
- Early retirement or service pension benefits or retirement-type subsidies and lump-sum payments.

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 in adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age.

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