



Joint Administration Fund Office

Laborers' #1358
Health & Pension Funds



147 West Gray Street
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Telephone (607) 737-5224

TO: Fund Participants and Employers,
Laborers Local #1358 Defined Benefit Pension Fund

FROM: Board of Trustees

DATE: April 24, 2008

As a result of an amendment to the Employee Retirement Income Security Act (ERISA), the Laborers Local #1358 is sending to you the enclosed Annual Funding Notice.

The Annual Funding Notice contains information concerning the Fund's funding level. The Fund's funding level is shown in the Notice as a percentage number. This is also commonly referred to as the Fund's funding percentage.

Prior to 2004, pension funds like the Laborers Local #1358 calculated a fund's funding level/percentage by comparing at the end of each plan year the amount of the fund's assets to the amount of the fund's liabilities – that is, the amount of all benefits earned to date by both Active and Retired Participants.

Prior to 2002, this Pension Fund and other pension funds had to comply with funding rules that effectively limited the funding level/percentage to no more than 90% – not 100% as you would expect. Because of these funding rules, if a fund's funding level/percentage was projected to exceed 90%, the pension fund would have to increase liabilities by increasing benefits. If this was not done, then employer contributions would have been subject to an excise tax.

In 2002 the funding rules were amended to remove this 90% limitation. This change in the funding rules came too late for pension funds, because during 2002 pension funds were faced with a decline in the value of assets due to the significant decline in the stock market between 2000 and 2004, and also a decline in the amount of contributions due to a significant decline in the amount of work in the construction industry during this same period. The net effect of these two events caused the Laborers Local #1358 funding level/percentage to drop below the 90% level.

The 2004 amendment required funds to change the way they had been calculating the amount of their liabilities for the past 30 to 40 years. The 2004 amendment's method of calculating the amount of liabilities caused the amount of liabilities to increase significantly. This change in the way the calculation was done caused the Laborers Local #1358 funding level/percentage to decrease significantly.

In 2006 pension funds like ours were able to convince Congress that the change in the way liabilities would be calculated under the 2004 amendment was not an accurate reflection of a fund's funding

level/percentage. In 2006 ERISA was amended to change the method of calculating the amount of liabilities back to the way it had been done prior to 2004. The 2006 amendment goes into effect as of 2009.

What does all of this mean to you? It means that the percentage numbers that you will see in this year's and next year's Annual Funding Notices will be much lower numbers than what you would have seen before 2004 and what you will see in the Annual Funding Notice in 2009.

The enclosed Notice says that the Fund's funding level is 68%. As a result of actions taken by the Board of Trustees, there has been an improvement in the funding level of the Fund. To comply with the requirement of the new Pension Protection Act, effective January 1, 2008 the Trustees of the Pension Plan for Laborers Local #1358 adopted on April 10, 2008 a Funding Improvement Plan. This Plan will be reviewed on an annual basis by the Pension Plan's Actuary.

The Improvement Plan calls for a \$.59 per hour increase to the Pension Fund contribution each year May 1, 2008, May 1, 2009, and May 1, 2010. As projected by the Pension Fund Actuary, the Funding Improvement Plan is expected to correct the funding deficiency in the Pension Plan.

Our trustees have been hard at work to improve the overall funding of the Plan. In fact after the recent contribution rate increases we anticipate improvement to our Plan's funding that meets the benchmarks required by law. Rest assured that your Pension Fund is sound, and will continue to provide you with financial security during your retirement years.

NOTICE OF SERIOUSLY ENDANGERED STATUS
FOR
LABORERS LOCAL 1358 PENSION PLAN

This is to inform you that on March 30, 2008 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan Trustees, that the Plan is in seriously endangered status for the Plan year beginning January 1, 2008. Federal law requires that you, as a participant, receive this notice.

SERIOUSLY ENDANGERED STATUS

The Plan is considered to be in seriously endangered status because its funded percentage is less than 80% (it's at 68%) and it is projected to have an accumulated funding deficiency within seven years (during 2013).

FUNDING IMPROVEMENT PLAN

Federal law requires pension plans in endangered status to adopt a funding improvement plan, in accordance with the provisions of the Pension Protection Act, aimed at improving the financial health of the Plan. To comply with the requirement of the new Pension Protection Act, effective January 1, 2008 the Trustees have adopted a Funding Improvement Plan. This Plan will be reviewed on an annual basis by the Pension Plan's Actuary. The improvement Plan calls for a \$.59 per hour increase to the Pension Fund contribution each year May 1, 2008, May 1, 2009, and May 1, 2010. As projected by the Pension Fund Actuary, the Funding Improvement Plan is expected to correct the funding deficiency in the Pension Plan.

WHERE TO GET MORE INFORMATION

For more information about this notice, you may contact Linda Riner, Fund Administrator, 147 West Gray Street Suite 200, Elmira, NY 14901 Phone: 607-737-5224. For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 800-877-8339 and ask to be connected to 800-400-7242).

cc: U. S. Department of Labor
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