

SMWIA LOCAL 28 PENSION FUND

Notice of Endangered Status for the Plan Year Beginning January 1, 2014

April 2014

To all Participants, Beneficiaries, Contributing Unions, and Contributing Employers:

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer pension plans such as ours.

Starting with the 2008 plan year, the PPA requires that a pension plan's actuary annually determines the plan's status under these new rules and certifies that status to the Internal Revenue Service and the plan's Trustees, who are the plan's sponsor. If the actuary determines that the plan is in "endangered," "seriously endangered" or "critical" status, the Trustees must notify all plan participants, employers and other stakeholders, as well as take corrective action to restore the financial health of the plan.

Endangered Status

This letter will serve as the Notice that, on March 31, 2014, the SMWIA Local 28 Pension Fund (the "Plan") was certified by its actuary to be in "endangered" status (commonly referred to as the "Yellow Zone") for the 2014 plan year (*i.e.*, the plan year beginning January 1, 2014). This determination was made because, based on the PPA's new funding measures, the Plan is currently less than 80% funded. This means that the Plan's assets are less than 80% of the estimated present value of all of the accrued benefits and other obligations that the Plan is expected to pay over the lifetimes of the current participants, retirees and beneficiaries.

Funding Improvement Plan

The PPA also requires any pension plan that is "endangered" to adopt a "Funding Improvement Plan". A Funding Improvement Plan is an action plan designed to restore the pension plan to financial health, improve the balance of assets and liabilities and avoid any accumulated funding deficiency.

In an effort to improve the Plan's funding status, the Trustees adopted a Funding Improvement Plan in November 2009. The Funding Improvement Plan describes the actions taken by the Plan's Trustees, and the benefit and contribution changes to be bargained by the bargaining parties. As previously announced, in accordance with the Funding Improvement Plan, effective January 1, 2013 the future annual accrual rate for Building Trades Workers was reduced from \$84 to \$48. Additionally, the contribution rate for all Building Trades employers' has been increased by 8% annually during each year from 2010 through 2014. For 2013, it was determined that the Funding Improvement Plan adopted in 2009 did not require adjustments in order for the Plan to continue to meet its required funding benchmarks.

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Please note that the PPA requires that our Plan's funding status be reviewed and certified by the actuary annually, and notices like this one will be sent each year. There are several variables beyond our control that our advisors are monitoring, including investment market volatility, and changes in employment levels and/or the number of contributing employers, which could affect the Plan's status and the Trustees' recommended corrective actions in the future.

We understand that legally required notices like this one can be confusing and create anxiety and concern about the Plan's future. The Trustees remain confident that, with the actions that the Trustees have already taken to improve the Plan's funding status, the Plan will continue to provide our participants and their families with secure retirement benefits.

Where to Get More Information

For further information about this Notice, please contact Glen Camisa, Executive Director at the SMWIA Local 28 Pension Fund Office, 195 Mineola Blvd., Mineola, NY 11501 or call (516) 742-9478. To obtain a copy of the Plan's Funding Improvement Plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement, please send your written request to the Pension Fund Office.

Sincerely,

The Board of Trustees

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