

Bricklayers Pension and Holiday Trust Funds Metropolitan Area

EBSA/PUBLIC DISCLOSURE

2010 SEP -8 AM 7:57

August 27, 2010

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Ave., NW
Washington, DC 20210

Re Notice of Pension Plan Status

Dear Sir/Madam:

Enclosed is a copy of the Notice of Pension Plan Status for the **Bricklayers Pension Trust Fund – Metropolitan Area** for the Plan Year Beginning May 1, 2010. Please note that the Plan's actuary has certified that the Plan is in "seriously endangered" status.

If you require any additional information please let us know.

Sincerely,



Thomas Hayden
Administrative Manager

Bricklayers Pension and Holiday Trust Funds Metropolitan Area

NOTICE OF PENSION PLAN STATUS (FOR THE PLAN YEAR BEGINNING MAY 1, 2010)

To: All Participants and Beneficiaries of the Bricklayers Pension Trust Fund Metropolitan Area, 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 Bricklayers Pension Trust Fund Metropolitan Area ("the Plan"). The Plan's actuary has certified that the Plan is in "seriously endangered" status (so called, "orange zone") for the plan year beginning May 1, 2010, as explained below. As a result, certain steps have to be taken by the Plan, which include 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 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 funded at 80% or better, and it is not projected to have an accumulated funding deficiency within six plan years, it is required to adopt a process to improve its funding level – the Funding Improvement Plan.

The determination that the Plan is in the orange zone was made by the actuary, for two reasons:

(1) *The Plan had a funded percentage less than 80%*, specifically the Plan's funded percentage was 78.5%. This percentage is calculated by comparing the Plan's assets to the present value of the Plan's accrued benefit liabilities to participants and beneficiaries, as of May 1, 2010. 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; and

(2) *The Plan is also projected to have an accumulated funding deficiency* for the plan year ending April 30, 2017. This means that contributions will not be enough to satisfy certain federal rules regarding the Plan's accounting for credits and charges each year. However, it does not mean that the Plan will run out of money, become insolvent, or bankrupt.

- **Adoption of Funding Improvement Plan**

The PPA requires pension plans in the orange zone to adopt a Funding Improvement Plan to restore the financial health of the plan. The Funding Improvement Plan must be designed to improve the Plan's funded percentage by at least 20% over a 15-year period. Accordingly, the Plan must have a funded percentage of at least 78.7% by the close of the Funding Improvement Period, which begins on May 1, 2012 and ends on April 30, 2027. The Plan must also meet federally mandated minimum funding requirements during the 15-year period. The Plan's trustees and consultants are currently preparing the Funding Improvement Plan, which will meet or exceed the required benchmarks.

- **Operational Restrictions During Funding Improvement Period**

Due to its seriously endangered status, the Plan is subject to a number of legal restrictions and rules until the end of the 15-year Funding Improvement Period. 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's third-party administrator Benefit Advisors, Inc., at 24900 Harper Avenue, St. Clair Shores, MI 48080 or by telephone at 734-742-0986. You have the right to receive a copy of the Funding Improvement Plan from the administrator once it has been adopted. 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 relatively new law, the PPA, became effective in 2008 and requires you to receive this notice. Due to the certification of seriously endangered status, the PPA also requires that the Plan adopt certain procedures to improve its funding condition (as described in the Funding Improvement Plan) to ensure the financial health of the plan.

Q2 What does funded percentage mean?

The calculations mentioned in this notice compare the cost of providing promised pension benefits versus the current actuarial value of the assets held by the Plan. Based on past experience, the Plan compares the actuarial value of assets to the amount it will be required to pay for retirement benefits in the future. The result is the funded percentage that is used for compliance with the PPA.

Q3 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's returns were less than anticipated during the general downturn of the stock market of the last decade. The funding level has been further eroded due to the poor economy in Michigan, which adversely affected the Plan's work hours.

Q4 What has the Plan done to improve the situation?

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. Despite its certification this year, the Plan is in relatively good condition from a funded percentage standpoint in comparison to many similar pension plans.

Q5 What is the Funding Improvement Plan?

The Funding Improvement Plan will consist of legally mandated schedules, designed to improve the funded percentage of the Plan. Ideally, improvements will be made by using a combination of increased contributions, and Plan earnings.

Q6 Will the Funding Improvement Plan work?

The Plan has a number of professional advisors that are 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, at latest, May 1, 2027. It will be reviewed each year, to make sure it stays on track.