

Notice of Endangered and Critical Status For Plumbers & Steamfitters 298 Jurisdiction Pension Plan

This is to inform you that on March 30, 2010 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that the Plan is in endangered and critical status for the Plan Year beginning January 1, 2010. Federal law requires that you receive this notice.

Endangered Status

The Plan is considered to be in endangered status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan's funding percentage is less than 80% as of the Plan Year beginning January 1, 2010.

Critical Status

The Plan is considered to be in critical status because the Plan was in critical status last year and did not emerge from critical status this year.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On August 20, 2009, you were notified that the Plan reduced or eliminated adjustable benefits. On April 24, 2009, you were notified that as of April 24, 2009 the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 24, 2009.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Other similar benefits, rights, or features under the plan, (*i.e.*, 120- and 240-month payment guarantees).

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status.

The surcharge obligation ceases when an employer adopts a rehabilitation plan schedule. The employers adopted a rehabilitation plan schedule on May 30, 2009.

Where to Get More Information

For more information about this Notice, you may contact Jeffrey Knaus at 2700 Northridge Drive, Kaukauna, WI 54130, or at 920-462-0404, or at jeff@ua400.org. You have a right to receive a copy of the rehabilitation plan from the Plan.

NOTICE TO THE PARTICIPANTS AND
OTHER INTERESTED PARTIES OF THE
PLUMBERS AND STEAMFITTERS 298 JURISDICTION
PENSION PLAN

This Notice is issued pursuant to section 204(h) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). It contains an explanation of an important change that has been made to the Plumbers and Steamfitters 298 Jurisdiction Pension Plan (the "Plan"). This change will reduce the amount of your accrued pension benefit if your Employer is obligated to contribute less than the standard journeyman rate, also known as the Industrial Rate, per hour to the Plan.

Explanation for Notice. The Plan is a multiemployer defined benefit pension plan subject to ERISA and is administered by a Board of Trustees. The Plan was amended to provide a *pro rata* Dollar Factor benefit for Benefit Service earned with an Employer where the Employer is obligated to contribute to the Plan at an hourly rate other than the Industrial Rate. The amendment becomes effective on May 1, 2010.

Background and Description of the New Amendment. Under the Plan, Years of Benefit Service are used to calculate the amount of your monthly pension benefit (*i.e.*, your accrued pension benefit). Your Benefit Service is based upon the Hours of Employment you earn for each Plan Year.

For calendar years beginning on or after January 1, 1997, Participants will earn full and fractional years of Benefit Service by dividing the Participant's Hours of Employment during the relevant calendar year by 1,800 and rounding to the nearest hundredth. A vested Participant earning a full year of Benefit Service after December 31, 2006 is entitled to a \$78 monthly benefit (known as the "Dollar Factor") in the single life ten year certain normal form at Normal Retirement Age. The Dollar Factor is reduced from \$78 to \$19.50 for Participants who: (1) first joined Local 400 or were indentured in an apprenticeship program jointly sponsored by Local 400 and the MCA of North Central Wisconsin on or after June 1, 2002; (2) was credited with at least 1/10th year of Benefit Service in some year; and (3) satisfies the requirements for a pension from the Plan.

The Plan was amended for Benefit Service earned on and after May 1, 2010 to provide that Participants will only be entitled to the \$78/\$19.50 Dollar Factor for Hours of Employment where the Employer is obligated to contribute the Industrial Rate. Where the Employer is obligated to contribute at an hourly rate less than the Industrial Rate, then the Participant will earn a *pro rata* share of the \$78/\$19.50 Dollar Factor based on the hourly contribution rate divided by the Industrial Rate.

Example Illustrating the Effect of the New Amendment. The new amendment described above will reduce the amount of your accrued pension benefit if your Employer is obligated to contribute to the Plan less than the Industry Rate per hour. If your contribution rate is affected, you will need to determine the Dollar Factor that will apply by dividing your Employer's hourly contribution rate by the applicable Industrial Rate, *i.e.*, the \$7.00 hourly Industrial Rate required under the Plan as of May 1, 2010 to fund the \$78 Dollar Factor (the \$19.50 Dollar Factor as of May 1, 2010 was funded by a \$1.75 hourly Industrial Rate) and then multiplying the Dollar Factor by that percentage. When applied, this Employer contribution adjustment (if your Employer contribution is less than \$7.00/\$1.75 per hour) effectively lowers the Dollar Factor for your future Years of Benefit Service under the Plan and thereby reduces your accrued pension benefit. The Dollar Factor that applies to your Benefit Service is adjusted under the following formula:

$$\frac{\text{Employer Contribution Rate}}{\$7.00/\$1.75 \text{ Industrial Hourly Rate}} \times \text{Dollar Factor}$$

- Example: Employer Contribution Rate of \$4.90 Per Hour.

If you qualify for the \$78 Dollar Factor but your Employer's contribution rate is \$4.90 per hour, your Dollar Factor adjustment is 70% after May 1, 2010, *i.e.*, \$4.90 divided by \$7.00 = 70%. Thus, the Dollar Factor for Benefit Service earned at the \$4.90 hourly contribution rate is \$54.60 (*i.e.*, 70% x \$78 = \$54.60). As a comparison, you would earn the following Dollar Factor for a year of Benefit Service under the pre- and post-amendment formulas:

Pre-Amendment: During the first four months of 2010, assume that you earned 600 Hours of Employment at a \$4.90 hourly contribution rate. This Benefit Service is subject to the \$78 Dollar Factor.

Post-Amendment: Assume that you earn 1,200 Hours of Employment during the final eight months of 2010 at the \$4.90 hourly rate. Assuming the Industrial Hourly Rate is \$7.00 for the remainder of 2010, the 1,200 Hours of Employment earned after April 30, 2010 at the \$4.90 hourly rate when the Plan's Industrial Rate is \$7.00 per hour would be subject to a \$54.60 Dollar Factor.

Thus, for the 2010 Plan Year, you would be credited with 1,800 Hours of Employment (600 before May 1, 2010 plus 1,200 between May 1, 2010 and December 31, 2010), which equates to one Year of Benefit Service. Prior to the amendment, you would have been entitled to one Year of Benefit Service at the \$78 Dollar Factor based on your 1,800 hours of contributory service. Following adoption of the amendment, you will earn a \$62.40 benefit accrual for your 2010 Year of Benefit Service (*i.e.*, 1/3-year at \$78 Dollar Factor plus 2/3-year at \$54.60 Dollar Factor).

If you have any questions on this notification, or if you have any questions regarding your pension benefits under the Plan, please contact the Plan Administrator in care of:

Jeffrey P. Knaus, Business Agent
Plumbers & Steamfitters Local 400
2700 Northridge Drive
Kaukauna WI 54130-0530
Telephone: (920)462-0404

Board of Trustees
Plumbers and Steamfitters 298 Jurisdiction Pension Plan