

Dear Participant:

You have most likely read or heard that pension plans across the country have faced financial difficulties in recent years arising from the downturn in the nation's economy. In response to these difficulties, Congress and the IRS have created new funding and participant notice rules under the Pension Protection Act of 2006 ("PPA"). In addition, the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA") was passed in December 2008 that alters some of the requirements under PPA.

The purpose of this letter is to give you a brief introduction explaining the two notices that are provided to you by Law under PPA and WRERA.

### **Required Actuarial Certification**

Under PPA, the Plan's Actuary must perform a series of tests to certify the Plan's "zone status". Plan participants, plan beneficiaries, the bargaining parties, the Pension Benefit Guaranty Corporation, and the Secretary of Labor must then be notified of the Plan's certification results. This notice, entitled "**Notice of Safe Status for Plumbers Local Union No. 200 Pension Fund**", is included in this mailing and contains information regarding a special WRERA election the Trustees have made for 2009.

Briefly, this election allows the Plan to operate in 2009 under its 2008 certification. This is intended to provide the Trustees with additional time to undertake action to improve the Fund's funding position. Please see the attached notice for additional information.

### **Annual Funding Notice**

In addition, the form, timing, and content of this year's Annual Funding Notice has changed as a result of the PPA. This notice was overhauled in an attempt to more quickly provide you with useful information in understanding the Plan's funded status.

This notice, entitled "**Annual Funding Notice for Plumbers Local Union No. 200 Pension Fund**", is also included in this mailing.

We encourage you to read the attached notices in their entirety. If, after reviewing the notices, you have any questions or concerns, please feel free to contact the Fund Office:

**Plumbers Local Union No. 200**  
2121 5<sup>th</sup> Avenue  
Ronkonkoma, NY 11779  
(631) 739-0020

**Board of Trustees,**

**Plumbers Local Union No. 200 Pension Fund**

**Notice of Safe Status for  
Plumbers Local Union No. 200 Pension Fund  
EIN: 11-3125387 Plan Number: 001**

This is to inform you that on September 30, 2009 the plan actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan met the requirements to be in "Critical Status" for the plan year beginning July 1, 2009. Federal law requires that you receive this Notice.

However, under the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"), the plan sponsor of a multiemployer pension plan has elected to maintain the same status under the Pension Protection Act of 2006 for the 2009 plan year as was in effect for the 2008 plan year. The ability to make this election was provided by the U.S. Government in order to provide plan sponsors across the country, such as this Fund, additional time to analyze the impact that the poor 2008 market returns uniformly had on their retirement plans.

The Trustees of the **Plumbers Local Union No. 200 Pension Fund** have made this election and, therefore, the Plan's zone status for the 2009 plan year is frozen at the level determined for 2008. Since the Plan was in Safe Status in 2008 (that is, it was more than 80% funded and no projected funding deficiency within 7 years), the Plan will operate under Safe Status for 2009.

**Funding Improvement/Rehabilitation Plans and Possibility of Reduction in Benefits**

The Trustees of the Plumbers Local Union No. 200 Pension Fund intend to undertake those measures necessary to address a projected "Critical Status" position.

Federal law requires pension plans in "Endangered or Critical Status" to adopt a "Funding Improvement/Rehabilitation Plan" aimed at restoring the financial health of the Plan. The law permits pension plans to reduce benefits earned in future years and/or include surcharges on employer contributions as part of "Funding Improvement/Rehabilitation Plan," if implementation of such a "Plan" becomes necessary. In addition, if the Trustees of the Plan determine that reductions of future accrued benefits are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

As a result of the Election to freeze the Plan's zone status, the requirement to develop a Funding Rehabilitation Plan is also suspended for one year.

**Where to Get More Information**

For more information about this Notice, you may contact the Fund Office at 2121 5<sup>th</sup> Avenue, Ronkonkoma, NY 11779, (631) 739-0020.

## ANNUAL FUNDING NOTICE

For

### **Plumbers Local Union No. 200 Pension Fund**

#### Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning July 1, 2008 and ending June 30, 2009 (referred to hereafter as “Plan Year”).

#### Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	<b>2008 Plan Year</b>	<b>2007 Plan Year</b>	<b>2006 Plan Year</b>
Valuation Date	July 1, 2008	July 1, 2007	July 1, 2006
Funded Percentage	80.8%	not applicable	not applicable
Value of Assets	\$49,185,932	not applicable	not applicable
Value of Liabilities	\$60,909,720	not applicable	not applicable

#### Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered “not applicable” in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For 2007, the Plan’s “funded current liability percentage” was 74.2%, the Plan’s assets were \$53,497,111, and Plan liabilities were \$72,050,839. For 2006, the Plan’s “funded current liability percentage” was 76.1%, the Plan’s assets were \$50,256,372, and Plan liabilities were \$66,067,055.

### Fair Market Value of Assets

Asset values in the chart above are the market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of June 30, 2009, the unaudited fair market value of the Plan's assets was \$38,961,805. As of June 30, 2008, the fair market value of the Plan's assets was \$49,185,932. As of June 30, 2007, the fair market value of the Plan's assets was \$53,497,111.

The June 30, 2009 fair value of assets disclosed above is reported on the auditor's report.

### Participant Information

The total number of participants in the plan as of the Plan's valuation date was 1,415. Of this number, 610 were active participants, 526 were retired or separated from service and receiving benefits, and 279 were retired or separated from service and entitled to future benefits.

### Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to assure that annual contributions to the Plan will be made in an amount not less than the ERISA minimum funding requirement and not more than the amount that would be deductible for federal income tax purposes.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to invest the assets of the Plan in a manner consistent with the fiduciary standards of ERISA, namely: (a) all transactions undertaken must be for the sole interest of Plan participants and their beneficiaries to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments and to achieve a rate of return commensurate with contemporary economic conditions, recognizing that the actuarial interest rate for the Plan is 7.0%.

In accordance with the Plan’s investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These unaudited allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	2.46%
2. U.S. Government securities	11.20%
3. Corporate debt instruments (other than employer securities):	
Preferred	9.43%
All other	0.00%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	28.13%
5. Partnership/joint venture interests	0.00%
6. Real estate (other than employer real property)	0.00%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trusts	0.00%
10. Value of interest in pooled separate accounts	0.00%
11. Value of interest in master trust investment accounts	0.00%
12. Value of interest in 103-12 investment entities	0.00%
13. Value of interest in registered investment companies (e.g., mutual funds)	48.78%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.00%
15. Employer-related investments:	
Employer Securities	0.00%
Employer real property	0.00%
16. Buildings and other property used in plan operation	0.00%
17. Other	0.00%

#### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the Plan Year.

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

#### Where to Get More Information

For more information about this notice, you may contact:

Plumbers Local Union No. 200  
2121 5<sup>th</sup> Avenue  
Ronkonkoma, NY 11779  
(631) 739-0020

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 11-3125387. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).