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## **Zone Freeze Notice for Laborers' Local 57 Industrial Pension Plan of Philadelphia, PA**

October 28, 2009

This notice provides important information about the Laborers' Local 57 Industrial Pension Plan of Philadelphia, PA [Employer Identification Number 23-1627410 and Plan Number 003] (the "Plan"), a multiemployer pension plan. Based on funding standards provided in the Internal Revenue Code, which were initially effective with the 2008 plan year, multiemployer pension plans are required to be certified by their actuaries as being in one of three funded status zones:

1. Neither Endangered nor Critical (called the "Green Zone")
2. Endangered (called the "Yellow Zone") or Seriously Endangered (called the "Orange Zone")
3. Critical (called the "Red Zone")

If a pension plan is in the Green Zone, the plan's trustees are not required to take any specific actions or adopt particular programs to maintain or improve plan funding. However, if the plan is not in the Green Zone, the plan trustees are required by law to take certain actions to restore the plan to Green Zone status over a period of time.

Due to the current economic crisis, which has severely impacted the funding of most pension plans, Congress passed the *Worker, Retiree and Employer Recovery Act of 2008* (WRERA) in December 2008. WRERA allows multiemployer plan trustees the option to keep their plan in its 2008 plan year's zone status for one year, regardless of the plan's actual funded status for the 2009 plan year. This would provide the trustees more time to determine a plan of action to deal with the plan's funding issues.

In 2008, the Laborers' Local 57 Industrial Pension Plan of Philadelphia, PA's actuary certified the Plan's zone status for the July 1, 2008 through June 30, 2009 plan year to be neither endangered nor critical ("Green Zone").

For the July 1, 2009 through June 30, 2010 plan year, the Plan's actuary certified the Plan's zone status to be critical ("Red Zone").

In accordance with section 204(a) of WRERA, the Plan's Trustees have elected to "freeze" the Plan's 2008 plan year Green Zone status and have it apply to the July 1, 2009 through June 30, 2010 plan year. This means that the Trustees may take certain actions to improve the funded position of the Plan in 2009/2010, but they will not be required to adopt a Rehabilitation Plan at this time.

This zone freeze election applies only for the 2009 plan year. The Plan's actuary will again certify the Plan's funded status by September 28, 2010. If, at that time, the Plan is certified to be endangered or critical for the 2010 plan year, you will receive a notice similar to this one explaining

the Plan's zone status and remedial actions that the Trustees may be required to take under the law to improve the Plan's funded status. Such action may include contribution increases and/or reductions in future benefit levels. If the Plan is certified as critical in the 2010 plan year, remedial action will include a surcharge on employer contributions and the suspension of lump sums and similar accelerated payments for any individuals who commence receiving benefits after the notice is provided of the Plan's critical status. In addition, such remedial action may include amendments to reduce early retirement benefits or other adjustable benefits for such individuals.

The Trustees, working with the contributing employers and the Union, will continue to work towards strengthening the funded position of the Plan with the assistance of the Plan's actuary, legal counsel and other Plan professionals.

For more information about this notice or the Pension Plan, please contact the Plan Administrator:

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