LIUNA STAFF & AFFILIATES PENSION FUND

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MARK W. SPEAKES
Fund Administrator

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905 16th Street, N.W.,
Washington, D.C.
20006-1765

(800) 544-3840
or (202) 737-1664

Fax: (202) 347-0721

April 29, 2009

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Avenue, N.W.
Washington, D.C. 20210

RE: Zone Notice for the
LIUNA Staff & Affiliates Pension Fund

To Whom It May Concern:

Please find enclosed the required Zone Notice for the LIUNA Staff & Affiliates Pension Fund, EIN: 52-0743575, Plan No. 001.

Sincerely,

MARK W. SPEAKES
Fund Administrator

Enclosure

LIUNA STAFF & AFFILIATES PENSION FUND

905 16th Street, N.W.
Washington, D.C. 20006

April 28,2009

TO: **PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS, AND CONTRIBUTING UNIONS**

FROM: **BOARD OF TRUSTEES**

RE: **NOTICE OF ELECTION REGARDING FUNDING "ZONE" BY THE LIUNA STAFF & AFFILIATES PENSION FUND (EIN 52-0743575, Plan 001)**

BACKGROUND

A new federal law, the *Worker, Retiree and Employer Recovery Act of 2008 (WRERA),* requires that this Pension Fund provide you with this notice concerning a funding "zone" election made by the Board of Trustees under the law.

The *Pension Protection Act of 2006 (PPA)* amended the Internal Revenue Code to require that every multiemployer pension plan, like the Pension Fund, obtain an annual actuarial certification as to the plan's funding status "zone" for each year starting with the 2008 plan year. There are three possible funding status "zones" under the Code: "neither endangered nor critical" (unofficially called the "Green Zone"); "endangered" (unofficially called the "Yellow Zone"); and "critical" (unofficially called the "Red Zone").

If a plan is certified as "Green Zone", the plan's trustees are not required to take any special actions or adopt any particular program to maintain or improve plan funding, although they must continue to exercise prudence with regard to the plan's funding.

If a plan is certified as "Yellow Zone", the plan's trustees are required to take specific actions including adopting a "funding improvement plan." If the plan is certified as "Red Zone," the plan's trustees are required to take specific actions including adopting a "rehabilitation plan." Both a funding improvement plan and a rehabilitation plan are designed to restore the plan to Green Zone status over a period of years. For example, a "Yellow Zone" plan's trustees may reduce or eliminate future benefits or recommend that the bargaining parties negotiate additional employer contributions.

Congress recognized in late 2008 that the Nation's deep economic crisis had unexpectedly caused all pension plans' investment assets to lose much of their value in a short period of time, with the effect of sharply reducing plan funding levels. This could cause a plan to fall from Green Zone status to Yellow or Red Zone status, and force the trustees to take actions like reducing benefits and increasing contribution rates that might prove unnecessary once investment values recover.

WRERA was enacted, in part, to grant some temporary relief from the new funding rules enacted by the *PPA* and give plan trustees more time to develop a plan of action for dealing with the decline in asset values. More particularly, Section 204 of the *WRERA* authorizes plan trustees to elect to maintain the plan's 2008 "zone" through 2009 regardless of the plan actuary's zone status certification for the 2009 plan year. A condition of making this election is that the plan must provide a written notice to its participants and beneficiaries, the unions and employers that collectively bargain contributions to the plan, and to certain government agencies.

The Board of Trustees of this Pension Fund has decided to elect to continue the Fund's 2008 Green Zone status through the 2009 plan year.

2008 PLAN YEAR CERTIFICATION

The Pension Fund's actuary certified the Fund's zone status for the January 1, 2008 through December 31, 2008 plan year to be "neither endangered nor critical" (Green Zone).

2009 PLAN YEAR CERTIFICATION

The Pension Fund's actuary has certified the Fund to be in "endangered" status (Yellow Zone) for the January 1, 2009 through December 31, 2009 plan year, because the Fund is projected to have a minimum funding deficiency within seven (7) years unless action is taken to improve funding or circumstances change.

ELECTION TO CONTINUE IN THE 2008 PLAN YEAR ZONE STATUS

The Board of Trustees has elected to "freeze" the Fund's 2008 plan year Green Zone status and have it apply to the January 1, 2009 through December 31, 2009 plan year in accordance with section 204(a) of WRERA. Therefore, while the Board of Trustees may take actions to improve the funding position of the Fund, it will not adopt a "funding improvement plan" at this time.

The freezing of the Fund's Green Zone status does not extend beyond December 31, 2009. By March 31, 2010, the Fund's actuary will again certify the Fund's zone status. If the Fund is certified to be in either "endangered" or "critical" status at that time, you will be sent a notice similar to this one explaining the Fund's zone status and actions that the Board of Trustees may be required to take under the law to improve the funded status of the Fund.

WHAT'S NEXT?

We understand that legally required notices like this one can create concerns about the Pension Fund's future. Be assured that maintaining the Pension Fund's financial soundness for many years to come is our top priority.

Like all pension plans, the Fund is influenced by economic and financial variables beyond our control (*e.g.*, investment market volatility, economic recession), and unexpected developments can affect the Fund's status and require corrective actions. We will continue to monitor the Fund's status and progress and consult with the Fund's actuary and other professional service providers.

QUESTIONS?

For more information about this notice or the Pension Fund, contact Fund Administrator Mark W. Speakes at the address or phone number listed at the top of this letter.

Sincerely,

BOARD OF TRUSTEES
LIUNA Staff & Affiliates Pension Fund

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.