

# IESHAFFER

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April 21, 2010

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

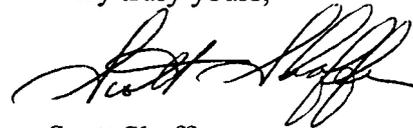
Re: BAC Local No. 5 of New Jersey Pension Plan  
Notice of Endangered Status

Ladies and Gentlemen:

Enclosed, please find a copy of the Notice of Endangered Status for the BAC Local No. 5 of New Jersey Pension Plan for the plan year beginning January 1, 2010.

If you should have any questions concerning this notice, please feel free to contact me.

Very truly yours,



Scott Shaffer  
Administrator, Ext. 6127

Enclosure

**NOTICE OF ENDANGERED STATUS**  
**of**  
**BRICKLAYERS AND ALLIED CRAFTWORKERS LOCAL NO. 5**  
**OF NEW JERSEY PENSION PLAN**

This is to inform you that, on March 31, 2010, the plan actuary certified to the U.S. Department of the Treasury, and also to the Plan's Board of Trustees, the plan sponsor, that the Bricklayers and Allied Craftworkers Local No. 5 of New Jersey Pension Plan is in the endangered status for the year beginning January 1, 2010. Federal law requires that you receive this notice.

**Endangered Status**

The Plan continues to be considered in the endangered status because it has funding problems. This category of endangered status is also referred to as the "yellow zone." More specifically, the Plan's actuary has determined that the Plan's funded percentage for the January 1, 2010 plan year is less than 80%.

**Funding Improvement Plan (FIP)**

The Pension Protection Act of 2006 requires pension plans that are in the endangered status to adopt a Funding Improvement Plan (FIP) aimed at restoring the financial health of the plan. At a minimum, the FIP must effectuate the avoidance of a funding deficiency and the reduction of the plan's underfunding by 33% over a 10-year period. Employer contribution rates cannot be reduced for any current or future participants during the time a FIP is in place. The collective bargaining parties have been presented with a schedule of contribution rate increases and/or future benefit reductions that comply with the targets set by the FIP. If such a rate cannot be achieved through collective bargaining, the rate of future benefit accruals must be reduced. A combination of both future contribution increases and benefit reductions can be used in a FIP. No benefit increases are permitted unless they are required to retain the Plan's tax-qualified status or the benefit increases are funded by additional contributions not required by the FIP to help improve the underfunding.

The Board of Trustees first addressed the Pension Plan's underfunded status in 2008. The Board adopted a Funding Improvement Plan and agreed on benefit reductions in 2008 to meet the targets of the FIP. These reductions included a 1,600 hour annual cap on hours for benefit accrual and eligibility purposes, a delay in the eligibility requirement for unreduced early retirement benefits from age 55 with 30 years of service to age 60 with 30 years of service for future benefits and a requirement that a participant be disabled for Social Security purposes to be eligible for disability benefits from the Plan.

Based on the unfavorable investment performance of 2008, the Board of Trustees adopted revisions to the 2008 Funding Improvement Plan at the March 9, 2009 Board Meeting, which included a reduction in the monthly benefit accrual rate from \$0.08 per hour worked to \$0.06 per hour worked, effective January 1, 2010; a diversion of \$2.70 per hour in future contributions from the Bricklayers and Allied Craftworkers Local No. 5 of New Jersey Annuity Plan effective May 1, 2009 (creating an hourly pension contribution rate of \$9.70 effective May 1, 2009); a pension contribution rate increase of \$1.00 effective November 1, 2009 (creating an hourly pension contribution rate of \$10.70 effective November 1, 2009); and a pension contribution rate

increase of \$1.00 effective November 1, 2010 (creating an hourly pension contribution rate of \$11.70 effective November 1, 2010).

These changes and the other provisions in the Funding Improvement Plan are expected to reduce the underfunding of the Pension Plan by one-third (1/3) by 2016. The Pension Plan is projected to emerge from the endangered status (yellow zone) by 2018. A five year amortization base extension, effective January 1, 2008, was requested from the IRS in December of 2008. The IRS approved this extension request on March 18, 2009. Under the requirements of the Pension Protection Act, the Funding Improvement Plan will again be examined in 2011 and updated as necessary.

### **Where to Get More Information**

For more information about this Notice you may contact the plan administrator, Scott Shaffer, I.E. Shaffer & Co., P.O. Box 1028, Trenton, NJ 08628, Telephone (800) 792-3666.