



AUTOMOBILE MECHANICS' LOCAL 701 UNION AND INDUSTRY PENSION FUND

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Automobile Mechanics' Local No. 701 Union and Industry Pension Fund Notice of Plan Status

April 29, 2011

Participants, Beneficiaries, Contributing Employers of the Automobile Mechanics' Local No. 701 Union and Industry Pension Fund, and Participating Unions:

The US Congress enacted the Pension Protection Act (PPA or Act) of 2006, in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. The Act implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan's "financial health" with participants and others related to the plan.

Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a pension plan has coming in, going out, and what is in reserve (or "in the bank") to pay pension benefits in the future. These safeguards are intended to create more discipline in determining the funding strategy for pension benefits to prevent avoidable funding problems.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act established formal benchmarks for measuring a plan's funding. Plans that are in the Yellow ("endangered" or "seriously endangered") or Red ("critical") Zones must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to restore the plan's financial health.

Plan's Status – Yellow Zone

For the Plan Year beginning January 1, 2011, the Pension Plan is less than 80% funded and also has a projected funding deficiency within seven years. As a result, the Pension Plan was categorized as being in the Yellow ("seriously endangered" status) Zone as of March 31, 2011. The Pension Plan's actuary provided this certification based on the Act's funding measures.

Funding Improvement Plan

Yellow Zone status is like an early warning to focus on correcting problems to head off more serious trouble. To comply with the Act, the Board of Trustees adopted a Funding Improvement Plan during 2010 designed to improve the Pension Plan's funded position.

What's Next

Since the Pension Plan's financial condition generally changes with changes in the economy, the Act requires that the Pension Plan's funding status be reviewed and certified annually, which means that you will receive a notice like this each year until the Pension Plan is no longer in the Yellow Zone.

We understand that legally required notices like this one can create concern about the Pension Plan's future. While the "seriously endangered" label is required to be used by law, the fact is that we have been working with our actuaries and consultants for some time now to address these issues. Please be aware that improving the Pension Plan's funded status is a top priority and we are committed to taking any actions necessary to ensure your benefits will be there when you retire.

For more information about this Notice or the Pension Plan in general, contact the Plan's Administrator at 500 West Plainfield Road, Countryside, Illinois 60525 or call 708-482-0220.

Sincerely,
Board of Trustees

This Notice is being provided as required under the Pension Protection Act of 2006, which requires that certain information regarding the Pension Plan's funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.

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