

**NOTICE OF ELECTION OF PRIOR YEAR'S FUNDING STATUS AND NOTICE OF TEMPORARY
DELAY OF CRITICAL STATUS AS OF JANUARY 1, 2009**



PENSION PLAN OF THE PLUMBERS AND PIPEFITTERS LOCAL 123 PENSION FUND

TO: Participants, Beneficiaries, Participating Employers

FROM: The Board of Trustees

REQUIRED INFORMATION: **Plan Name:** Pension Plan of the Plumbers and Pipefitters Local 123 Pension Fund
Plan and Plan Sponsor EIN - 59-6164124
Plan Number:001

The Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) Section 204 allows sponsors of multiemployer pension plans to temporarily freeze the plan's 2009 status under the Pension Protection Act of 2006 (PPA) to be the same as the 2008 status.

The Board of Trustees has made an election under Section 204 of WRERA to treat the Plan as being in neither endangered nor critical status for the plan year beginning January 1, 2009. Note that this election applies only for the 2009 plan year.

Prior to this election, the Plan was certified by the Plan's actuary to be in critical status for the 2009 plan year. If the Plan is certified to be in endangered or critical status for the 2010 plan year, the Trustees will provide you with a notice of the Plan's status for 2010, and steps will have to be taken to improve the Plan's funded situation, which may include increases in contributions and reductions in future benefit accruals. If the Fund is in critical status for the 2010 plan year the steps that will be taken to improve the Plan's funded situation changes will include a surcharge on employer contributions, the suspension of the payment of lump sum sums, and similar accelerated distributions for individuals who commenced receiving benefits after notice of the plan's critical status, and may include amendments to reduce early retirement benefits or other adjustable benefits for such individuals.

Please be aware that, despite the Trustees' election to freeze the Plan's status for one year, the Trustees, the union and your employers are currently exploring ways to improve the Plan's funding in view of the significant investment losses that occurred during 2008, including a substantial contribution rate increase as of May 1, 2009 that will be utilized solely to address the funding problem and will not be considered in calculating participant benefits. The Trustees are committed to taking the appropriate steps to ensure the security of your pension.

This Special Notice is intended to satisfy the requirements of Section 204(c)(2)(A)(ii) of WRERA. If you have any questions regarding this notice or your benefits under the Plan, please contact:

Board of Trustees of the Plumbers and Pipefitters Local 123 Pension Fund
c/o National Employee Benefits Administrators, Inc.
8875 Liberty Ridge Dr., Suite 101
Jacksonville, FL 32256-8269
(888) 396-5899

Additional inquiries may be directed to the Department of Labor, Division of Technical Assistance & Inquiries, Employee Benefits Security Administration, U.S. Dept. of Labor, Washington, DC 20210.

PLUMBERS AND PIPEFITTERS LOCAL 123 FRINGE BENEFIT FUNDS

c/o NATIONAL EMPLOYEE BENEFITS ADMINISTRATORS, INC.
8875 Liberty Ridge Drive, Suite 101 • Jacksonville, FL 32256-8269
(904) 538-0100 • Fax (904) 538-0088 • (888) 396-5899



April 15, 2009

To: Plumbers and Pipefitters Local 123 Pension Plan Participants

From: Board of Trustees

Re: Pension Plan Notices

Enclosed are three important notices regarding your Pension Plan: (1) A **Special Notice** regarding the Plan's status under the Pension Protection Act of 2006 (the PPA), (2) the **Annual Funding Notice**, a new notice providing information about the Plan's finances, (3) a notice describing an **important change to the Pension Plan**. This memorandum provides a brief explanation of each of these notices and also discusses the steps we are taking to improve the Plan's financial health and ensure the security of your pension benefits during the current economic crisis.

SPECIAL NOTICE REGARDING PPA STATUS

Beginning in 2008, the PPA created new classifications, also known as "zones" or "statuses" for assessing the financial health of pension plans: Green Zone (neither "endangered" nor "critical" status), Yellow or Orange Zone ("endangered" status), or Red Zone ("critical" status). When a plan is classified in the Yellow, Orange, or Red Zone, it must take steps to improve the financial health of the plan by meeting certain financial goals within a specified time period (generally, ten years).

As a result of the collapse of the financial markets in 2008, very few plans will be certified in the Green Zone for 2009. As a result, last December, Congress passed the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA), which allows plans that certified as Green Zone for 2008 to elect to treat their 2009 status as Green Zone also, even if the actual 2009 status is Yellow, Orange, or Red. We have elected this one year "freeze" of our Green Zone status – the enclosed Special Notice informs you of the Trustees' decision to elect this one year freeze of our Green Zone status.

The election of the one year "zone freeze" does not mean that we can or will wait a year before addressing the current pension funding situation. The "freeze" merely provides a one-year exemption from certain statutory reporting requirements, and gives us the time to develop the best approach for dealing with the impact of the 2008 investment losses. Be assured that the Trustees are currently working with the Pension Plan's advisors to develop a plan to restore the Pension Plan to sound financial health.

-OVER

The Trustees want to assure you that your pension is safe. Despite the 2008 investment losses, the Plan's reserves are more than adequate to pay all benefits to participants currently receiving a pension. The protections available for all benefits are described in the Annual Funding Notice.

ANNUAL FUNDING NOTICE

Also enclosed is the new Annual Funding Notice for the 2008 Plan Year, which you will receive each April. Since the format of the Annual Funding Notice is prescribed by regulations, we want to provide this brief guide to the contents of the Notice.

The Annual Funding Notice provides important information about your Pension Plan, including descriptions of the Trustees' funding and investment policies and the allocation of the Plan's investments as of December 31, 2008. Federal law also requires that the Annual Funding Notice include certain information that is *not* applicable to our Plan, such as a description of the rules for plans that are insolvent or are in reorganization.

Please also note that some of the required information in the Annual Funding Notice is somewhat out of date, specifically (1) the Plan's funded percentage as of January 1, 2008 and (2) the Plan's PPA status for 2008. While this information is important, it does not reflect changes that have occurred as a result of the 2008 economic crisis. Accordingly, we will provide you with additional information in the future, to keep you informed of current developments affecting your Pension Plan.

NOTICE OF AN IMPORTANT CHANGE TO THE PENSION PLAN

This notice describes the results of a recent review, the change that will be made to the Plumbers and Pipefitters Local 123 Pension Plan and how this change may affect your benefits.

If you have any questions about these notices or any other questions about your Pension Plan, please contact the Plan Office:

Board of Trustees of Plumbers and Pipefitters Local 123 Pension Plan
c/o NEBA, Inc.
8875 Liberty Ridge Drive, Suite 101
Jacksonville, FL 32256-8269
(888) 396-5899

PLUMBERS AND PIPEFITTERS LOCAL 123 PENSION PLAN

c/o National Employee Benefits Administrators, Inc.
8875 Liberty Ridge Drive, Suite 101, Jacksonville, FL 32256-8269 • Phone: 888-396-5899 • or 904-538-0100

April 15, 2009



TO: Participants of the Plumbers and Pipefitters Local 123 Pension Plan

FROM: Board of Trustees

RE: **Important Change to the Pension Plan**

ABOUT THIS NOTICE

The purpose of this notice is to provide you with information regarding a change to the Plumbers and Pipefitters Local 123 Pension Plan (the "Plan") as required by federal law in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

The Board of Trustees of the Plumbers and Pipefitters Local 123 Pension Plan (the "Plan") has the responsibility of maintaining the long-term financial stability of the Plan while providing the highest level of benefits possible.

This notice briefly describes the results of a recent review, the change that will be made to the Plumbers and Pipefitters Local 123 Pension Plan and how this change may affect your benefits. We know this information is important to you and encourage you to contact the Fund Office if you have any questions.

Neither the benefits current retirees or beneficiaries are receiving nor benefits accrued (earned) prior to May 1, 2009 will be affected by the Plan change described in this notice.

CHANGE EFFECTIVE MAY 1, 2009

The following change will be made to the Plan, effective May 1, 2009. Please note that this *change will go into effect on May 1, 2009* and will only affect benefits you accrue (earn) *on or after May 1, 2009*. Any benefits accrued under the Plan *prior to May 1, 2009* will NOT be affected by the Plan change listed below.

Modify Retirement Benefit Calculation Formula

Effective for retirements beginning *on or after* May 1, 2009, the Plan is being amended to provide that the amount of employer contributions that will be used in determining the amount of retirement benefit you earn on or after May 1, 2009 will not include that portion of any employer contribution which is in excess of \$1.30 per hour. If your employer is contributing at an hourly rate in excess of \$1.30, then only \$1.30 per hour will be used. The amount of employer contributions used to determine your normal retirement benefit for service earned *prior to* May 1, 2009 is not being changed.

Prior to the Plan amendment, if you had at least 400 hours worked in a plan year, then you earned a monthly retirement benefit equal to 2.25% of the employer contributions that were

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NO REDUCTION OF ACCRUED BENEFITS

Remember, this change will go into effect on May 1, 2009 and will only affect benefits you accrue *on or after* May 1, 2009. Any benefits accrued under the Plan prior to May 1, 2009 will not be affected by the Plan change listed in this notice.

made (or required to be made) on your behalf during that plan year. There was no limitation on the amount of employer contributions that would be considered for purposes of determining your monthly benefit.

After the plan amendment, if your employer contributes at a rate in excess of \$1.30 per hour, then for purposes of determining your monthly benefit such contributions will be limited to the amount that would have resulted from an hourly contribution rate of \$1.30. This limitation only applies to employer contributions made on or after May 1, 2009. You must continue to have at least 400 hours worked in a plan year in order to earn a benefit in that plan year.

Example

The following example illustrates the change in the amount of monthly normal retirement benefit you will earn in a plan year for different hourly employer contribution rates at various hourly levels. If your hours worked in a plan year or your employer's hourly contribution rates are different than those indicated below, then the monthly benefit that you earn in a plan year will be different.

Prior to the plan amendment:

The example below illustrates the monthly benefit earned during a plan year, prior to the plan amendment, for various hours worked at various employer contribution rates.

Plan Year	Period	Assumed Hours Worked at Contribution Rate	Contributions Considered for Benefit Purposes	Monthly Benefit Earned During Plan Year
2009	01/01/2009 - 04/ 31/2009	200 @ \$1.30	\$260.00	
		300 @ \$1.80	\$540.00	
	05/01/2009 - 12/ 31/2009	1,000 @ \$5.05	\$5,050.00	
	Total for Year		\$5,850.00	\$131.63 (= 2.25% × \$5,850.00)
2010 and later	Total for Year	1,500 @ \$5.05	\$7,575.00	\$170.44 (= 2.25% × \$7,575.00)

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HAVE QUESTIONS?

You can call or write to the Fund Office if you have questions.

Address:
c/o National Employee Benefits Administrators, Inc.
8875 Liberty Ridge Drive, Suite 101
Jacksonville, FL 32256-8269

Phone:
888-396-5899

Local:
904-538-0100

After the plan amendment:

The example below illustrates the monthly benefit earned during a plan year, after the plan amendment, for various hours worked at various employer contribution rates.

Plan Year	Period	Assumed Hours Worked at Contribution Rate	Contributions Considered for Benefit Purposes	Monthly Benefit Earned During Plan Year
2009	01/01/2009 – 04/ 31/2009	200 @ \$1.30	\$260.00	
		300 @ \$1.80	\$540.00	
	05/01/2009 – 12/ 31/2009	1,000 @ \$5.05	\$1,300.00*	
	Total for Year		\$2,100.00	\$47.25 (= 2.25% × \$2,100.00)
2010 and later	Total for Year	1,500 @ \$5.05	\$1,950.00*	\$43.88 (= 2.25% × \$1,950.00)

* Contributions in excess of \$1.30 per hour are not considered

CONCLUSION

This notice has been prepared to inform you of a Plan amendment implementing a change effective May 1, 2009 that affects future benefits under the Plan, in order to comply with notice requirements under ERISA and the Code. As we said earlier, we believe making these changes enhances the Plumbers and Pipefitters Local 123 Pension Plan's ability to provide vital retirement benefits to its participants for the future. If you have questions, you can contact the fund administrator at 888-396-5899 or 904-538-0100.

This notice does not cover all details of the Plan or its operation. It is not intended to be a summary plan description or the basis upon which you make financial decisions. The terms of the Plan govern all benefits and eligibility. In the event of any discrepancy between this notice and the Plan document, the Plan document will always govern. In addition, the Board of Trustees of the Plumbers and Pipefitters Local 123 Pension Plan reserves the right to amend or terminate the Plan at any time.

ANNUAL FUNDING NOTICE
For
Plumbers and Pipefitters Local 123 Pension Plan



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 January 1, 2008 and ending December 31, 2008 (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.

	2008	2007	2006
Valuation Date	January 1, 2008	January 1, 2007	January 1, 2006
Funded Percentage	94%	Not Applicable	Not Applicable
Value of Assets	\$54,718,100	Not Applicable	Not Applicable
Value of Liabilities	\$58,455,106	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 January 1, 2007, the Plan's "funded current liability percentage" was 72.7%, the Plan's assets were \$55,299,553, and Plan liabilities were \$76,067,648. For January 1, 2006, the Plan's "funded current liability percentage" was 70.6%, the Plan's assets were \$49,734,407, and Plan liabilities were \$70,446,660.

Fair Market Value of Assets

Asset values in the chart and/or Transition Data paragraph above are actuarial values, not 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 December 31, 2008, the fair market value of the Plan's assets was \$35,655,545. As of December 31, 2007, the fair market value of the Plan's assets was \$54,718,100. As of December 31, 2006, the fair market value of the Plan's assets was \$55,299,553.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 1,767. Of this number, 581 were active participants, 580 were retired or separated from service and receiving benefits, and 606 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 fund the plan through a combination of contributions received from employers and investment income generated by the Plan's investments. The funding level is designed to comply with requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by employers for federal income tax purposes. The Board of Trustees creates and implements the funding policy and monitors the funding level with the assistance of the Plan's enrolled actuary and the Plan's investment consultant.

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, generally, to invest assets in a diversified manner among multiple asset classes that are expected over the long term to generate returns that equal or exceed the Plan's actuarial assumed rate of return within acceptable levels of volatility.

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 allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	1.29
2. U.S. Government securities	0.00
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00
All other	0.00
4. Corporate stocks (other than employer securities):	
Preferred	0.00
Common	37.66
5. Partnership/joint venture interests	0.00
6. Real estate (other than employer real property)	26.19
7. Loans (other than to participants)	0.00
8. Participant loans	0.00
9. Value of interest in common/collective trusts	14.20
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)	20.66
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.

Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2008 and ending on December 31, 2008, there were significant investment losses on the Plan's assets. In addition, the discount rate for

determining the January 1, 2009 value of liabilities will be reduced from 8.50% to 7.50%. After reflecting the investment losses and the discount rate change, the Plan's funded percentage is estimated to be 58% as of January 1, 2009, compared to 94% as of January 1, 2008.

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 ($\35.75×10).

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 ($\17.75×10).

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 the:

Board of Trustees of the Plumbers and Pipefitters Local 123 Pension Plan
c/o NEBA, Inc.
8875 Liberty Ridge Drive, Suite 101
Jacksonville, FL 32256-8269
(888) 396-5899

For identification purposes, the official plan number is 001, and the plan sponsor's employer identification number or "EIN" is 59-6164124. For more information about the PBGC and benefit guarantees, go to PBGC's Web site, 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).