



IRON WORKERS LOCAL NO. 12

537838

890 Third Street
Albany, New York 12206

Telephone 518/434-1206
Fax 518/434-3466

FRINGE BENEFIT FUND OFFICE

2008 NOV -4 A 10:58

Dated: October 28, 2008

Dear Participant:

Notice of Critical Status Iron Workers Local No. 12 Pension Fund

This is to inform you that on September 29, 2008 the Fund's actuary certified to the Board of Trustees that the Fund is in critical status for the plan year beginning July 1, 2008. Federal law requires that you receive this notice. This is a new law; in the future you will receive an annual update of this status.

Critical Status

The plan is expected to be in critical status because the Fund has an accumulated funding deficiency for the current plan year without regard to an extension of amortization periods granted in 2000. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Fund. This is the first year the Fund has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Fund currently offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Pension Fund may adopt:

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint and survivor annuity (QJSA);

If the Trustees of the Fund determine that benefit reductions are necessary to meet the Internal Revenue Service (IRS) requirements, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after such notice is given. The Trustees are committed to "grandfathering" those participants who are currently retirement eligible under the terms of the Fund but have not yet retired, therefore, upon retirement their benefits will not be affected by these possible reductions.



Future Experience and Possible Adjustments

A rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 8.0% (in any plan year after July 1, 2008), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Additional Restriction Due to Critical Status

Whether or not the plan reduces adjustable benefits in the future, effective as of September 29, 2008, the Fund is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge beginning on November 28, 2008 to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status. The surcharges continue until the bargaining parties formally approve a rehabilitation plan. Work on a rehabilitation plan has begun and it is the intention of bargaining parties to adopt a plan prior to the date surcharges would become effective.

Where to Get More Information

For more information about this Notice, you may contact the Fund Office at 518-434-1206 or by written request to 890 Third Street, Albany, NY 12206. You may also request a copy of the rehabilitation plan once it has been adopted.

Sincerely,

Board of Trustees
Iron Workers Local No. 12 Pension Fund