



American Federation  
of Musicians &  
Employers' Pension Fund

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## AMERICAN FEDERATION OF MUSICIANS AND EMPLOYERS' PENSION FUND

### Notice of Critical Status

For Plan Year Beginning April 1, 2010 and Ending March 31, 2011

The purpose of this notice is to inform you that, on April 15, 2010, the actuary for the American Federation of Musicians and Employers' Pension Fund (the "Plan") certified to the U.S. Department of the Treasury, and also to the Plan's Board of Trustees ("Board"), that the Plan is in critical status for the plan year beginning April 1, 2010. Federal law requires that you receive this notice.

#### Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan has an accumulated funding deficiency for the current plan year.

#### 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 plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Since the Board has determined that benefit reductions are necessary, you have also received a separate notice 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 June 1, 2010. Effective as of June 1, 2010, the Plan 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.

#### Adjustable Benefits

The Plan offers the following adjustable benefits (or benefits in excess of the monthly amount paid under the single life annuity) which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Post-retirement death benefits/guarantees;
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Post-normal retirement age subsidy

Please refer to the enclosed notice entitled Important Notice of Benefit Changes for specific information concerning the benefit changes enacted as part of the Rehabilitation Plan and other benefit changes.

#### Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge 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 employer surcharge will cease when the bargaining parties amend their collective bargaining agreement (or participation agreement, if applicable) to include terms consistent with the schedule set forth in the Rehabilitation Plan, which generally provides for a 4% increase in the contribution rate otherwise in effect effective June 1, 2010, and a 9% increase in the contribution rate otherwise in effect effective April 1, 2011. The surcharge will not take effect at all if the agreement is amended on or before June 1, 2010.

**Where to Get More Information**

For more information about this Notice, you may contact the Fund Office at 1-800-833-8065 extension 1311 or email us through the "Contact Us" link on the Fund's web site ([www.afm-epf.org](http://www.afm-epf.org)). You have a right to receive a copy of the rehabilitation plan which is available on the web site at [www.afm-epf.org/REHABplan.pdf](http://www.afm-epf.org/REHABplan.pdf) or by written request.