



Bay Area Painters and Tapers Trust Funds

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NOTICE OF CRITICAL STATUS PENSION PLAN

April 30, 2010

This is to inform you that on March 31, 2010 the actuary for the Bay Area Painters and Tapers Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and to the Board of Trustees that the Plan is in critical status (the "red zone") for the Plan Year beginning January 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 was in critical status last year and over the next 9 years, the Plan is projected to have an accumulated funding deficiency throughout the 2014, 2015, 2016, 2017 and 2018 plan years.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. This is the second year the Plan has been in critical status. The law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. In September 2009, you were notified that the Plan would reduce or eliminate the following benefits and reduce future accruals effective January 1, 2010:

- Early Retirement Pension subsidy removed.
- Eligibility provisions changed for Service Pension
- Elimination of Disability Benefit
- Elimination of 36-month, 5-year and 10-year guarantee periods for single life annuity payment forms
- Elimination of 60-Payment Pre-Retirement Death Benefit
- Elimination of Pre-Retirement Lump Sum Benefit
- Elimination of Supplemental Longevity Benefit

On April 30, 2009, you were notified that as of that date, the Plan was no longer 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. This payment form restriction includes the Plan's Level Income Option.

If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.



Any reduction of adjustable benefits (other than a repeal of a recent benefit increase that was adopted (or if later, took effect) prior to the first day that the plan year that the Plan was in critical status) will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after May 1, 2009

ADJUSTABLE BENEFITS

In addition to the benefit changes described above, the Plan may further reduce or eliminate adjustable benefits, including:

- Elimination of Early Retirement Pension
- Change in eligibility rules, benefit reduction or elimination of Service Pension
- 50% and 75% Husband-and-Wife Pension subsidies removed
- Elimination of 100% Husband-and-Wife Pension

EMPLOYER SURCHARGE

Unless an employer was already contributing at a rate called for under the Rehabilitation Plan, for the remainder of the first Plan Year, the 5% surcharge was due with respect to any contribution required to be paid on or after May 30, 2009 or actually paid after that date even if the obligation to the Fund arose earlier and continued until December 31, 2009. Again with the exception of employers already contributing at rates called for under the Rehabilitation Plan, for subsequent years (i.e., beginning January 1, 2010), the 10% surcharge began to apply to contributions required to be paid or actually paid on or after that date.

WHERE TO GET MORE INFORMATION

For more information about this notice or the Trust, contact the Administration Office at the following address or phone number:

Pension Department
Associated Third Party Administrators
1640 South Loop Road
Alameda, CA 94502
(510) 433-4400

You have a right to receive a copy of the rehabilitation plan from the Pension Plan.

Sincerely,

Board of Trustees

TO: PARTICIPANTS AND BENEFICIARIES
CONTRIBUTING EMPLOYERS
LOCAL UNIONS
PENSION BENEFIT GUARANTY CORPORATION
SECRETARY OF LABOR