
Iron Workers Local #498 Pension Plan

2100 North Mayfair Road, Suite 100
Milwaukee, WI 53226
(877) 870-2470

Notice of Plan Status

April 30, 2010

Participants, Beneficiaries, Participating Unions, and Contributing Employers:

This is to inform you that on March 31, 2010, the plan actuary certified to the U.S. Department of the Treasury, and also to the 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.

Plan’s Status – Red Zone

The Plan is considered to be in Critical Status because it has funding problems. More specifically, the plan’s actuary determined that the Plan is projected to have an accumulated funding deficiency in the Plan year ending December 31, 2010 (disregarding any amortization extension). This means that, if we had not extended the period over which benefits are being funded, the contributions at current rates would not be high enough to meet government standards for funding the promised benefits as well as those that participants are continuing to earn.

Rehabilitation Plan

Federal law requires pension plans in Critical Status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. In addition to revising the plan’s formula for future benefit accruals and making similar changes, the law permits pension plans in the red zone to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan.

When the Plan was certified in the Red Zone in 2009, the Trustees adopted a Rehabilitation Plan which eliminated the Lump Sum Option but had no other changes in benefits or contributions. If the Trustees determine that further benefit reductions are necessary, you will receive 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 pension commencement date is after March 2, 2009.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- 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)

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan’s financial situation until a Rehabilitation Plan is adopted. 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. A 5% surcharge is applicable in the initial critical year (2009 Plan Year) and a 10% surcharge is applicable for each succeeding plan year thereafter (2010 Plan Year and thereafter) in which the plan is in Critical Status, until the employer agrees to a collective

bargaining agreement that implements the Rehabilitation Plan. The collective bargaining parties adopted a Rehabilitation Plan in 2009.

What's Next

While no changes are being made at this time, once the Rehabilitation Plan is updated, any necessary changes will be communicated to all affected individuals and/or parties. However please note that since the Plan's financial condition generally changes with changes in the economy, the Act requires that the 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 red zone.

We understand that legally required notices like this one can create concern about the Pension Plan's future. While the "critical" 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. Any update of the Rehabilitation Plan will be shared with you once it has been finalized. Please be aware that improving the 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 Administrative office at toll free (877) 870-2470.

Sincerely,

The Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.