

# MILLWRIGHTS & MACHINERY ERECTORS LOCAL UNION NO. 1545 PENSION FUND

Fund Office: GEM Group, Administrator, Brandywine Corporate Center, 650 Naamans Road, Suite 303, Claymont, DE 19703  
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August 26, 2010

## Notice of Critical Status For Millwrights & Machinery Erectors Local No. 1545 Pension Plan

2010 AUG 31 AM 8:20  
PISA/PUBLIC DISCLOSURE

This is to inform you that on July 27, 2010, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Millwrights & Machinery Erectors Local No. 1545 Pension Plan is in critical status for the plan year beginning May 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. The Plan received an extension of amortization bases effective for the plan year beginning May 1, 2003 from the IRS under prior Code Section 412(e), though the conditions of this extension were violated as of April 30, 2008. The amortization extension rules are now in Code Section 431(d). The extension is not taken into account in determining whether the plan is in critical status.

### 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 3<sup>rd</sup> year the plan has been in critical status. The rehabilitation plan must be updated every year and any update will be filed with Form 5500 for the 2010 plan year. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On March 30, 2009, you were notified that the plan reduced or eliminated adjustable benefits. On August 25, 2008, you were notified that as of August 25, 2008, 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. 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 (except as noted below) 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 August 25, 2008.

### Adjustable Benefits

The plan offers the following adjustable benefits [with a checked box before the item] which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- 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);
- Recent benefit increases (i.e., occurring in past 5 years);
- Other similar benefits, rights, or features under the plan {provide identification}

## **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.

## **Where to Get More Information**

For more information about this Notice, you may contact the Board of Trustees, c/o GEMGroup, L.P., at 650 Naamans Road - Ste. 303, Claymont, DE 19703, 302-798-6801. You have a right to receive a copy of the rehabilitation plan from the plan