

SEIU

Benefit Funds

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Notice of Critical Status
For
Pension Plan for Employees of the SEIU
April 30, 2010

EIN: 36-0852885

Plan Number: 001

To: Participants, Beneficiaries, Participating Unions, and Contributing Employers

The Pension Protection Act of 2006 requires that the Plan's actuary determine annually the Plan's financial status under specific rules. This Notice is to inform you that on March 31, 2010, the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the Plan remains 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 was first considered to be in critical status (that is, in the "red zone") for the Plan Year beginning January 1, 2009. In order to emerge from critical status, the Plan would need to have no accumulated funding deficiency projected for 10 years. The Plan's actuary has determined that the Plan is projected to have an accumulated funding deficiency for the Plan Year ending December 31, 2010; therefore, the Plan continues to be certified as critical for 2010.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The rehabilitation plan may include changes to the benefits you earn in the future. In addition, the law permits pension plans in the red zone (in critical status) to reduce, or even eliminate, certain benefit features you have already earned – these features are called "adjustable benefits" – as part of a rehabilitation plan. As you know, the Trustees adopted a Rehabilitation Plan in November 2009, which included reductions to some adjustable benefits for participants who have not retired as of June 1, 2010, as well as changes in future benefits earned after that date. Notification of those reductions was provided to your bargaining representatives on December 1, 2009. You will receive a separate notification identifying and explaining the benefit changes before any reductions take effect.

Note that from the date of this Notice and as long as the Plan continues to be in critical status, the Plan is not permitted to pay lump sum benefits, unless the lump sum value of the total benefit is \$5,000 or less. Nor can the Plan pay the level income optional form of benefit until it exits critical status.

Adjustable Benefits

The Plan offers the following adjustable benefits, which may be reduced or eliminated as part of the Rehabilitation

Plan or any future adjustment to the current Rehabilitation Plan:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Lump sum benefits

As you know, under the Rehabilitation Plan adopted in 2009, early retirement subsidies are being reduced and the maximum partial lump sum available once the Plan emerges from critical status has been reduced to 10% of the accrued benefit. (Per PPA requirements, no lump sums are payable while the Plan is in critical status.) Also, the cost of living adjustment, or COLA, on benefits earned in the future is being reduced.

The above listing is not an indication that the Trustees intend to make any additional changes, and there is no expectation that any such changes will be necessary in the future if progress continues to be made under the existing Rehabilitation Plan. Should any further changes be necessary under the Rehabilitation Plan, you will receive a separate notice in advance identifying and explaining the effect of any such changes. As always, any reduction in benefits will not reduce the level of a participant's already-earned benefit payable at the Plan's normal retirement age of 65.

Employer Surcharges

The law requires that all contributing employers pay a surcharge to a plan in critical status 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. 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, until the employer becomes subject to a collective bargaining agreement that includes terms consistent with the Rehabilitation Plan adopted by the Trustees, or the Default Schedule is imposed. The Trustees adopted a Rehabilitation Plan in November 2009. The 10% surcharge is payable with respect to periods after December 31, 2009, until the Rehabilitation Plan goes into effect. For bargaining agreements that have already expired but not yet renewed, the Default Schedule will be imposed on June 1, 2010.

What's Next

The law requires that the Plan's funded status be reviewed each year and certified annually, so you will receive a notice similar to this each year that the Plan is certified to be in critical or endangered status. You will also receive formal Annual Funding Notices which present additional historical information about the Plan's funded status.

The Board of Trustees is working with contributing employers and the unions toward taking appropriate actions to improve the financial health of the Plan so that retirement benefits for participants are secured into the future.

Where to Get More Information

For more information about this Notice, you may contact:

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