April 28, 2011

Dear Participants, Beneficiaries, Participating Employers, and Participating Unions:

This is a legal notification required by the Pension Protection Act of 2006 (“PPA”). The Board of Trustees (“Trustees”) of the Local 150 Hotel and Industry Pension Fund do not expect information covered by this notice to lead to any changes in benefits or contribution requirements. In particular, if you are currently a retiree or beneficiary in pay status (with benefits started by April 30, 2009) your benefit will not be changed as a result of the new law.

In recent years, the Plan’s Trustees have taken steps to keep the Plan’s liabilities in balance with its assets. The active membership in the Plan has decreased. The Trustees have looked into several options, including a possible merger with another plan.

On March 31, 2011, the Plan’s actuary issued a certification that the Plan continues to be in Critical Status (as defined under PPA and also known as “Red Zone” status), effective with the Plan Year commencing January 1, 2010. More specifically, the Plan is projected to have an accumulated funding deficiency as of the end of the 2011 Plan Year. This means that contributions for the current year and the next year are not expected to be high enough to meet government standards for funding the promised benefits plus those that participants continue to earn.

With the actuary’s certification, PPA requires that this notice be sent to all affected parties informing them of the continued Red Zone status of the Plan for the Plan Year beginning January 1, 2011. PPA also requires that a plan in the Red Zone status adopt a Rehabilitation Plan designed to enable the plan to recover financially and meet the statutory funding requirements over time.

The Rehabilitation Plan, which has been adopted by the Trustees, leaves the Plan benefits and the current negotiated contribution rate unchanged. As of January 1, 2010, future benefit accrual rates of active Participants will be limited to 1% of the currently bargained contributions per year.

While the Rehabilitation Plan has included a decrease in benefit accruals, as mentioned above, below is a description of the allowable changes under PPA, which by law must be included in this notice even though no changes are currently being made to the Plan.
Under PPA, a Rehabilitation Plan is allowed to eliminate or reduce certain benefits (‘‘adjustable benefits’’), which include the following:

1. Benefits, rights, and features under the Plan, including post-retirement death benefits, 60-month guarantees, disability benefits not yet in pay status and similar benefits.

2. Early retirement benefit or retirement-type subsidy and any benefit payment option (other than the qualified joint and survivor annuity) such as 120 and 180-month guarantees and Joint and 100% Survivor options.

If the Trustees of the Plan determine that such benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any such restrictions could apply to participants and beneficiaries whose benefit commencement date is after April 30, 2009. The level of benefits already earned that are payable at normal retirement age as a single life or qualified joint and survivor annuity cannot and will not be reduced. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 2009, 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.

Please note that the PPA requires that the Plan’s funding status be reviewed and certified annually and that notices like this one will be sent each year if the Plan is in the Red Zone. There are several variables beyond the Plan’s control, which the Plan’s advisors will monitor yearly, including market volatility and changes in participants and/or number of contributing employers, which could affect the Plan’s status and the Trustees’ recommended corrective actions in the future.

**Corrective Actions by the Trustees**

The Trustees have already taken action to improve the financial health of the Plan. Of course, there are economic and financial variables beyond the Trustees’ control, which could affect the Trustees’ desired corrective actions in the future, including possible mergers with another plan.

**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 contribution surcharge ceases when an employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. Currently a 10% surcharge continues to be in effect for the Plan Year beginning January 1, 2011.
Where to Get More Information

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

For more information about this Notice, or to request a copy of the Rehabilitation Plan, you may contact the Plan’s Administrator by mail at R.F. Toole Associates, Ltd., P.O. Box 426, East Syracuse, NY 13057-0426, Attn: Mary Giroux, or by phone at (315) 432-9927. You have a right to receive a copy of the Rehabilitation Plan from the Plan.

Board of Trustees
Local 150 Hotel and Industry Pension Fund