

*Plumbers, Pipe Fitters & MES
Local Union No. 392 Pension Fund*

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September 28, 2012

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Avenue, N.W.
Washington, DC 20210

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EBSA/PUBLIC DISCLOSURE

To Whom It May Concern:

Enclosed is a copy of the Notice of Critical Status for the Plumbers, Pipe Fitters & MES Local Union No. 392 Pension Plan. This notice is for the plan year beginning June 1, 2012.

Very truly yours,

PLUMBERS, PIPE FITTERS & MES
LOCAL UNION NO. 392
PENSION FUND

R. Hoffmann

Rinda Hoffman
Administrative Manager

Enclosure

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

**PLUMBERS, PIPE FITTERS & MECHANICAL EQUIPMENT SERVICE
LOCAL UNION NO. 392 PENSION PLAN
2012 NOTICE OF CRITICAL STATUS
*September 2012***

On August 29, 2012 the actuary for the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan ("Plan") certified to the United States Department of the Treasury, and also to the Plan Sponsor ("Board of Trustees"), that the Plan is in critical status for the 2012 Plan Year, which began on June 1, 2012 and ends May 31, 2013. Federal law requires that you receive this Notice.

Critical Status

The Plan is considered to be in critical status because the Plan has funding or liquidity problems, or both. The 2009 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2009 PPA certification date, the Plan was projected to have a funding deficiency for the 2010 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2012 Plan Year because the Plan's Actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status.

On October 1, 2009, the Board of Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties as required by the *Pension Protection Act of 2006* (PPA). The Plan is continuing to operate in accordance with this rehabilitation plan. For the 2012 Plan Year, the Plan's Actuary has certified that the Plan is making scheduled progress as required under its rehabilitation plan.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits". On September 25, 2009 you were notified that the Plan is not permitted to pay any "restricted benefits", such as lump sum death or disability benefits or any other payment in excess of the monthly amount paid under a single life annuity while it is in critical status.

The rehabilitation plan that was ratified by the bargaining parties that includes increases in the hourly contribution rate as well as benefit reductions. The hourly contribution rate will be increased by at least \$0.45 per year for each Plan Year until 2021 with an additional \$0.25 increase on June 1, 2012. This means that the hourly contribution rate for a journeyman will increase from \$6.40 per hour on June 1, 2009 to \$12.50 by June 1, 2021. The additional \$0.25 increase was required to pay for the June 1, 2012 increase in the Plan's benefit accrual rate.

The following summarizes the benefit changes included in the Plan's rehabilitation plan.

1. **Changes to the Early Retirement Pension Calculations.** The rules for Early Retirement Pensions were changed for benefit commencement dates on or after February 1, 2010 as follows:
 - a. **Basic Early Pension.** A participant will be eligible for a Basic Early Pension if he has: (1) attained at least age 55, (2) has been credited with 10 or more years of Vesting Service but less than 25 years of Vesting Service, and (3) has have separated from service. The amount of the Basic Early Pension will be equal to the participant's Accrued Benefit with a full actuarial reduction for each month that his benefit commencement date precedes age 62.
 - b. **Twenty-Five Year Early Pension.** A participant will be eligible for a Twenty-Five Year Early Pension if he has: (1) attained at least age 55, (2) been credited with at least 25 years of Vesting Service, and (3) has separated from service. The amount of the Twenty-Five Year Early Pension will be equal to the participant's Accrued Benefit with a reduction for each month that his retirement date precedes his attainment or age 62. If a participant retires at any time between age 55 and age 57, his Accrued Benefit will be reduced by a full actuarial reduction. However, if a participant retires at age 58 through age 62, his Accrued Benefit will be reduced by a 50% actuarial reduction.
 - c. **Rule of 90 Early Pension.** A participant will be eligible for a Rule of 90 Early Pension if he has: (1) attained at least age 55, (2) his age plus his years of Vesting Service equal 90 or more, and (3) he has separated from service. The amount of the Rule of 90 Early Pension will be equal to the participant's Accrued Benefit reduced by 2/10 of 1% (.002) for each month that he commences receipt of benefits prior to attainment of age 58. If he commences receipt of benefits on or after attaining age 58, there will be no reduction and his monthly benefit will be equal to his full Accrued Benefit.
2. **Changes to the Survivorship Benefits.** Effective for benefit commencement dates on or after February 1, 2010, the free 100% Joint and Survivor Benefit has been eliminated. All survivor benefits will be actuarially equivalent to the amount payable as a Single Life Annuity. However, the Plan will now offer three survivorship benefit options – the 50% Joint and Survivor Benefit, the 75% Joint and Survivor Benefit, and the 100% Joint and Survivor Benefit. If a participant is legally married on the date his monthly pension begins, his benefit will automatically be paid in the form of a 50% Joint and Survivor Benefit unless the participant and his spouse waive this form of benefit and select the 100% Joint and Survivor Benefit, the 75% Joint and Survivor Benefit, or the Single Life Annuity.
3. **Change to the Qualified Preretirement Survivor Annuity.** Effective for deaths that occur on or after January 1, 2010, if a vested participant dies before commencing receipt of a retirement benefit from the Plan, the Plan will pay his surviving spouse a benefit for the remainder of her lifetime. The amount payable the participant's spouse will be equal to the amount payable under the 100% Joint and Survivor Benefit.
4. **Changes to the Amount of the Trade Disability Pension.** Effective for Trade Disabilities occurring on or after January 1, 2010, the amount payable as a Trade Disability Pension will be equal to the participant's Accrued Benefit reduced by a full actuarial reduction, or 51.2639%.

5. **Elimination of Disability Back Payments.** Effective on or after June 1, 2012 all disability benefits (Full, Trade, or Contingent) will be paid on a prospective basis only. If applicable, the participant's monthly pension amount will be actuarially increased to reflect any benefits attributable to months prior to the date the participant's application is approved.
6. **Suspension of Pension Benefits Rules Extended.** The Plan implemented suspension of benefit rules for retirees that engage in Disqualifying Employment. Effective January 1, 2010, the Plan has extended the suspension rules to apply to all benefit accruals for those participants who commence receipt of benefits on or after February 1, 2010.
7. **Retirement Incentive Benefit No Longer Available.** Effective September 25, 2009, the Retirement Incentive Benefit (RIB) is no longer an optional form of payment. Participants with a RIB in pay status prior to September 25, 2009, will continue to receive benefits in accordance with the RIB provisions in the Plan.
8. **Changes to the Benefit Accrual Rate.** The benefit accrual rate will increase from \$61 per year of Benefit Service 67 per year of Benefit Service effective June 1, 2012. A year of Benefit Service is credited for each Plan Year during which 1,500 or more Hours of Service are earned at the base journeyman rate. Proportional Service will be credited for a Plan Year during which more or less than 1,500 Hours of Service are earned. Proportional Service will also be granted for contributions made at rates that differ from the base journeyman rate. "Contributions" for this purpose will exclude any employer contribution surcharges imposed by PPA.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, the Plan offers the following "adjustable benefits" which could be reduced or eliminated:

1. Disability benefits (if not yet in pay status);
2. Early retirement benefits or retirement-type subsidies; and
3. Benefit payment options other than a qualified joint and survivor annuity ("QJSA").

If the Board of Trustees determines 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" will not reduce the level of your basic benefit payable at your normal retirement date. In addition, the reductions can only apply to participants and beneficiaries whose benefit commencement date is on or after September 25, 2009.

Where to Get More Information

For more information about this Notice, you can contact the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan at 1228 Central Parkway, Room 100, Cincinnati, OH 45210, or by calling 513-241-0444. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number, or "EIN", is 31-0655223. You have a right to request a copy of the Plan's rehabilitation plan.