March 29, 2012

U.S. Department of Labor
Employees Benefits Security Administration
Public Disclosure Room N-1513
200 Constitution Ave, NW
Washington, DC 20210

Re: Notice of Critical Status for Steamfitters Local Union 420 Pension Plan

To Whom it May Concern,

Enclosed, please find most recent Notice of Critical Status for the Steamfitters Local Union No. 420 Pension Plan (EIN # 23-2004424).

Very truly yours,

GERALD J. DIVINY
Benefit Plans Administrator

CERTIFIED MAIL # 7004 2510 0007 5352 2720
This is to inform you that on March 1, 2012 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2012. 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 is projected to have an accumulated funding deficiency for the 2012 plan year.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. If the trustees of the plan determine that 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 (other than a repeal of a recent benefit increase, as described 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 April 30, 2012. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of March 31, 2012, 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.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. As you are aware, the plan was certified in endangered status for 2011. As a result, while this is the second time the plan has been certified in critical status, 2012 is considered the initial critical year for purposes of implementing the funding improvements required of a Plan that has been certified as critical. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. As of March 31, 2012 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 (other than a repeal of a recent benefit increase, as described 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 April 30, 2012.

For your information, the Trustees adopted a Rehabilitation Plan on March 16, 2012. This Rehabilitation Plan did not require any decrease in future benefit accruals or adjustable benefits in order to achieve the applicable funding benchmarks. This Rehabilitation Plan is scheduled to be adopted by Local 420, the MCA, and the SCA on or before April 30, 2012.
2012 Notice of Critical Status for
Steamfitters Local Union No. 420 Pension Plan

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:

- Post-retirement death benefits;
- Subsidized 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, such as the cost-of-living adjustment (COLA) and the Temporary Pension Supplement to Early Retirement Pension (Supplement).

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.

Accelerated Distributions (Lump Sum Death Benefits / Minimum Disability Benefits)

As stated above, the Plan’s Critical Status certification means the Plan must discontinue paying what are known as "accelerated distributions" as of March 31, 2012. These accelerated distributions include (i) the lump sum death benefits in excess of $5,000 for all Participants, including actives, retirees and terminated vested for deaths that occur on or after March 31, 2012 and (ii) the special minimum disability benefit for all disabilities that occur on or after March 31, 2012.

With respect to lump sum death benefits, the Plan will convert any lump sum death benefits in excess of $5,000 to a single life annuity based on the lump sum death benefit. As to the special minimum disability benefit, any Participant who (i) becomes disabled on or after March 31, 2012, (ii) is eligible for the Pension Plan's disability benefit and (iii) has not accrued a monthly benefit of at least $600 for Class I or $420 for Class II Participants, will be paid a disability benefit equal to the actual benefit accrued by that Participant. Simply stated, if you become disabled on or after March 31, 2012 and, for example, you have only earned a monthly benefit of $350, you will receive a disability pension benefit in that amount only.

For your information, these accelerated distribution restrictions are the same as those the Plan was required to implement in 2010.

Where to Get More Information

For more information about this Notice, you may contact the Gerald J. Diviny, Administrator, Steamfitters Local Union No. 420 Pension Plan, 14420 Townsend Road, Suite B, Philadelphia, PA 19154-1028, (267) 350-2600. You have a right to receive a copy of the rehabilitation plan from the plan.