October 27, 2009

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

Re: AFL-CIO Staff Retirement Plan

To Whom It May Concern:

Enclosed please find a copy of the Notice of Yellow Zone Status sent to all Participants, Beneficiaries, Participating Unions and Contributing Employers of the plan year ending 2009.

Please do not hesitate to contact me with any questions at (202) 639-6291.

Sincerely and Fraternally,

Timothy B. Gray
Administrative Manager
AFL-CIO Staff Retirement Plan

Enclosure

TBG/cep
afl-cio
opeiu #2
Notice of Yellow Zone Status

To All Participants, Beneficiaries, Participating Unions and Contributing Employers of the AFL-CIO Staff Retirement Plan

The Pension Protection Act of 2006 (PPA) added requirements for measuring the financial health of multiemployer plans such as ours. Starting with the 2008 plan year, the PPA requires that a pension plan’s actuary determine annually the plan’s status under these new rules and certify that status to the IRS and its trustees (plan sponsor). If the plan’s status for a plan year is in “endangered” (“yellow zone”) or “critical” (“red zone”) status, the trustees must notify all plan participants in writing of this certification and take corrective action to restore the financial health of the plan.

Plan’s Status – “Yellow” Zone

This letter will serve as the Notice that our Pension Plan’s actuary recently determined and certified that this Plan is in “endangered” status (yellow zone) for the 2009 plan year. This certification was submitted to the IRS on September 28, 2009. This Plan is considered “endangered” because, based on the PPA’s new funding measures, the Plan is currently less than 80% funded. “Endangered” is a label that the law requires us to use, but in fact, the Plan is meeting its funding goals and is expected to continue to do so into the future.

The PPA also requires that any pension plan in the yellow zone adopt a “Funding Improvement Plan” (FIP). The FIP is an action plan designed to significantly increase a plan’s funding percentage and to avoid any accumulated funding deficiency. The Trustees of our Plan will develop the FIP by May 2010 and a notice describing it will be provided to the collective bargaining parties shortly after that.

Funding Improvement Plan

On August 26, 2009, the Board of Trustees took action to freeze Final Average Salary as of December 31, 2009. (This Plan change will be described more fully in a separate notice specifically announcing the details of the change.) In addition, the Board increased the employer contribution level as of January 1, 2010. At this point, the Board does not expect that any additional changes will be needed to meet PPA’s funding requirements for a FIP – the funded percentage is projected to return to above 80% well within the requirements of PPA. The law does impose some other requirements that must be included in the FIP and the formal FIP will be prepared and presented to the collective bargaining parties as described above.

PPA requires that our Plan’s funding status be reviewed and certified annually and notices like this one, explaining the outcome, will be sent each year until our Plan is no longer in the yellow zone. While our goal is to remain on track with the Plan’s funding projections noted above, there are several variables beyond our control, which our advisors will monitor yearly, including market volatility and changes in participation and/or the number of contributing employers.

We understand that legally required notices like this one can create anxiety and concern about the Pension Plan’s future; however, the Board of Trustees remains confident that the Plan will continue to provide our participants and their families with secure retirement benefits. In the event you have questions or would like additional information, you may contact the Board of Trustees, or the Plan’s Administrative Manager as follows:

Mr. Timothy B. Gray
815 16th Street, N.W.
Washington, DC 20006
(202) 639-6291