Notice of Yellow Zone Status
for
Plumbers and Steamfitters Local 486 Pension Fund

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

As you may know, the Pension Protection Act of 2006 (PPA) has 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 Fund’s actuary determine annually the Fund’s status under these new rules and to certify that status to the IRS and the Trustees (plan sponsor). This certification was submitted to the IRS on March 27, 2009. It is important to note that if the Fund’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 Fund’s actuary recently determined and certified that the Fund is in “endangered” status (yellow zone) for the 2009 plan year. This determination was made because, based on the PPA’s new funding measures, the Fund is currently less than 80% funded. “Endangered” is a label that the law requires us to use, but in fact, the Fund is meeting its funding goals and is expected to continue doing so into the future.

The PPA also requires that any pension fund 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 will develop the FIP by November 2009 and a notice describing it will be provided to the bargaining parties shortly after that.

Funding Improvement Plan

The current Collective Bargaining Agreements (CBA) between the Contributing Employers and the Union provide that sufficient annual contributions will be made to the Pension Fund to fund the benefits that participants are earning, and to pay the Fund’s operating costs, and to bring the plan out of “endangered status” within the “Funding Improvement Period”. We expect that the Plan’s funding percentage will continue to improve, in line with the requirements of the PPA.

The Board does not expect that any other changes will be needed to meet the PPA’s requirement for a FIP, while the current CBA is in effect. Please note that the 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 schedule 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 Fund's future. The Board of Trustees remains confident that the Fund 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 Funds' Administrator:

Benefits Systems Management, Inc.
6650 Belair Road, Suite One
Baltimore, Maryland 21206
(410) 245-4800

Sincerely,

The Board of Trustees
Plumbers and Steamfitters Local 486 Pension Fund

cc: US Department of Labor
US Pension Benefit Guaranty Corporation