Notice of Endangered Funding Status

for

Southern California Pipe Trades Retirement Fund

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

The Pension Protection Act of 2006 (PPA) has added new requirements for measuring the financial health of multiemployer pension plans.

Beginning with the Plan Year starting in 2008, the PPA requires that each multiemployer pension plan’s actuary determine and certify the annual funding status of the Plan. Under these new requirements, the certification must be provided to the Secretary of Treasury and the Board of Trustees of the Plan. It is important to note that if the plan’s funding status for a plan year is “endangered” or “critical”, the Board of Trustees must notify all plan participants and other interested parties, in writing, of this certification, as well as take corrective action as prescribed in the PPA to restore the financial health of the plan.

Funding Status – “Endangered” (Yellow Zone)
This letter will serve as Notice to you that, on March 31, 2009, the Retirement Fund’s actuary determined and certified that the Fund is in “endangered” funding status for the plan year commencing on January 1, 2009. This determination was made because, based on the PPA’s new funding measures, the Fund is currently less than 80% funded. “Endangered” is a funding status that the law designates but, in fact, the Fund is meeting its funding goals and is expected to continue doing so in the future.

Funding Improvement Plan
The PPA requires every multiemployer pension plan in “endangered” status to adopt a “Funding Improvement Plan” (FIP). The FIP is an action plan designed to increase a plan’s funding percentage and to assure that contributions will be enough to meet the minimum required under the law. The Trustees must adopt an FIP no later than November 27, 2009, and the bargaining parties must review the FIP and consider what action, if any, should be taken with respect to the funding of the Plan.

The actuary has informed the Board that, with the negotiated contribution rates already in effect, the Fund’s assets are expected to be sufficient to fund the benefits that participants are earning each year and to pay the Fund’s operating costs. In other words, based on anticipated experience and reasonable individual actuarial assumptions, the actuary estimates the Fund should be at or above the PPA-required funding level on or before the end of the 10-year period required by the PPA.

Based on the above information, the Board does not expect that any changes in benefits or contributions will be needed. Accordingly, the Board anticipates that the FIP it adopts this year will be able to meet the PPA’s requirements by incorporating the already enacted contribution increase and will not require any additional changes to meet these requirements. Further, while the Fund is in an endangered funding status, we do not expect (and will be restricted from making) any amendments to the Plan that would be inconsistent with our Funding Improvement Plan.

Please note that the PPA mandates that the Fund’s funding status be reviewed and certified annually and notices like this one will be sent to you each year. In addition, the FIP will be reviewed and updated each year. While our goal is to remain on track with the Fund’s funding schedule noted above, there are several variables beyond our control that our advisors will monitor yearly, including investment market volatility, changes in employment levels, and/or changes in the number of contributing employers.

Federal law requires that this notice be provided to you. We understand that legally required notices like this one can create anxiety and concern about the Retirement Fund’s future. The Board of Trustees remains confident that the Fund will continue to provide our participants and their families with the present retirement benefits.

In the event you have any questions or would like additional information, you may contact the Fund Office at 501 Shatto Place, 5th Floor, Los Angeles, CA 90020 or (213) 385-6161.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor
    U.S. Pension Benefit Guarantee Corporation