October 27, 2009

Dear Participants, Beneficiaries, Contributing Employers and Participating Unions:

Enclosed with this letter are two notices relating to the West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan:

- An "Annual Funding Notice" that relates to the plan year beginning July 1, 2008 and ending June 30, 2009; and
- A "Notice of Plan Zone Certification" that relates to the plan year beginning July 1, 2009 and ending June 30, 2010.

The Trustees are providing these notices to you, as required by law, because you are a participant in or beneficiary of the Local 174 Plan, an employer that is or was required to contribute to the Plan, or a union that is involved with the Plan.

You will note that the two notices are very different from one another. While both discuss the Plan’s level of funding, they relate to two different plan years and provide different information to you. In addition, like most pension plans and other investors, the Plan was affected by the downturn in the investment markets in late 2008 and early 2009. Therefore, since the notices relate to two different plan years, the notices show that the Plan’s level of funding is different in those two plan years.

The Trustees would like to emphasize that they have been working for some time to improve the Plan’s funded status, and that they will continue to do so in order to continue to provide secure retirement benefits for participants and beneficiaries.

Sincerely,

The Board of Trustees
West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan
Notice of Plan Zone Certification
For the Plan Year Beginning July 1, 2009 and Ending June 30, 2010

October 27, 2009

Dear Participants, Beneficiaries, Contributing Employers and Participating Unions:

As you may know, the Pension Protection Act of 2006 (the PPA) added requirements for measuring the financial health of multiemployer plans such as ours.

The PPA requires that each plan’s actuary annually determine the plan’s status under these new rules and certify that status to the IRS and the Trustees. If the actuary determines that the plan is in “endangered” status (“yellow zone”) or “critical” status (“red zone”), the Trustees must notify all plan participants and beneficiaries, contributing employers and the union and must take action to improve the financial health of the plan.

Endangered Status

Applying these rules, our plan’s actuary certified on September 28, 2009 that the West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan is in “endangered” status (or the “yellow zone”) for the plan year beginning July 1, 2009 and ending June 30, 2010. This determination was made because, based on the PPA’s new funding measures that compare the plan’s assets to the plan’s liabilities, the plan’s funded percentage for the plan year is less than 80%. (The percentage actually certified by the actuary is 72.06%, which is slightly lower than the prior year’s percentage of 80.44%.)

You did not receive a notice like this for the preceding plan year beginning July 1, 2008 and ending June 30, 2009 because the plan was not in either endangered or critical status for that year. As occurred with many plans, however, the plan’s assets decreased during that plan year due to the downturn in the investment market. That decrease in asset values affected the plan’s status for the plan year beginning July 1, 2009.

Funding Improvement Plan

The PPA also requires that pension plans in the yellow zone adopt a “funding improvement plan” aimed at improving the financial health of the plan. The funding improvement plan must be designed to:

- reduce the plan’s unfunded percentage by one-third by the end of a 10-year improvement period; and
- prevent the plan from having an accumulated funding deficiency during the funding improvement period.

The Trustees have been working for some time to improve the plan’s funded status, and will now formalize their work in a PPA funding improvement plan that the Trustees will finalize by May 26, 2010. A notice describing the funding improvement plan, which will include options to be proposed to the bargaining parties that are reasonably anticipated to meet the goals noted above, will be provided to the bargaining parties shortly after that.
Operational Requirements for Endangered Plans

During the funding plan adoption period and the funding improvement period, the Trustees are not permitted to accept any collective bargaining agreement or participation agreement that provides for lower contributions for any participant, a suspension of contributions with respect to any period of service, or any new direct or indirect exclusion of younger or newly hired employees from plan participation. In addition, the Trustees are not permitted to amend the plan in any way that increases plan liabilities, unless required by law. Once a funding improvement plan has been adopted, the plan may be amended only if the actuary certifies that the amendment is consistent with the funding improvement plan and the increase is funded by contributions not required by the funding improvement plan to meet the goals of the funding improvement plan.

Further Review

The PPA requires that the plan’s funding status be reviewed and certified by the actuary each year. Therefore, notices like this one will be sent each year. There are several variables beyond the control of the Trustees that our advisors are monitoring, including investment market volatility and changes in employment levels and the number of contributing employers. Those factors could affect the plan’s funding status and the Trustees’ recommendations for improving the plan’s financial health in the future.

Where to Get More Information

We understand that legally required notices like this one can create anxiety and concern about the plan’s future. The Trustees remain confident that, with appropriate adjustments, the plan will continue to provide our participants and their families with secure retirement benefits.

For more information about this Notice, you may contact the chairman of the Board of Trustees of the plan, Buck Geno, at West Michigan Plumbers, Fitters and Service Trades Local Union No. 174, 1008 O’Malley Dr., Coopersville, MI 49404 (616) 837-0222. You also have a right to request a copy of the funding improvement plan from the Trustees once it is adopted.

Sincerely,

The Board of Trustees
West Michigan Plumbers, Fitters and Service Trades Local Union No. 174 Pension Plan