



## **The United Association**

### **General Officers and Employees Retirement Plan**

To Participants and Other Interested Parties:

Enclosed are two important documents regarding The United Association General Officers and Employees Retirement Plan. This is a brief explanation about these documents, which you are required to receive by law, designed to help you understand what each of them represent. They are:

1. The 2008 Annual Funding Notice
2. Special Notice of 2009 Zone Status under the Worker, Retiree and Employer Recovery Act of 2008

Below is a brief description of the contents of each of the communications.

#### The 2008 Annual Funding Notice

This looks back to the 2008 Plan Year that ended December 31, 2008. Some of the information in this notice is as of the beginning of 2008, some is as of the end of 2008 and some information is as of up to two years earlier. This is what is now required under the law to inform you about the Plan's status in 2008. This expanded notice replaces similar communications you have received in the past.

#### Special Notice of 2009 Zone Status

The Special Notice is a new, and different, publication about the Plan's position in 2009. It is designed to let you know how the Trustees have characterized the status of the Plan for 2009 under the Pension Protection Act, and explains what that means. It also provides information about the consequences if the Plan's status changes in the future.

You will notice the Trustees elected to carry forward the 2008 status rather than using the actual 2009 status. This was a carefully arrived at decision allowing the Trustees to maximize the time permitted by law to study all of the options available to deal with the significant financial challenges the economic crisis has imposed upon the Plan before deciding if and what remedial action may be needed.

As of the beginning of 2009, the Plan was 85.52% funded which, by itself would indicate the plan was neither Endangered nor in the Critical status. However, the Pension Protection Act requires the actuary to make a projection of the future effect of recent investment experience of the Plan. When this projection is made, the Plan is in Critical status, even though it is 85.52% funded. This position of the Plan's Critical status is solely the result of the collapse of the investment and financial markets.

We hope this explanation helps to make these communications more understandable.

Sincerely,

The Board of Trustees

# ANNUAL FUNDING NOTICE

## For The United Association General Officers and Employees Retirement Plan

### Introduction

Effective January 1, 2009, the United Association General Officers Retirement Plan merged into the United Association Office Employees Retirement Plan. The United Association General Officers Retirement Plan was a single employer plan for plan years prior to January 1, 2009. The United Association Office Employees Retirement Plan was a multiple employer plan for the 2006 plan year and a multiemployer plan for the 2007 and 2008 plan years. The United Association General Officers and Employees Retirement Plan (the new plan after the merger) is a multiemployer plan. This notice includes important funding information about the merged pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency.

This notice is for the plan year beginning January 1, 2008 and ending December 31, 2008 ("plan year"). It shows the combined amounts for the United Association General Officers and the United Association Office Employees Retirement Plans to reflect the merger effective January 1, 2009 and to provide earlier values on a comparable basis.

### Funded Percentage

The funded percentage of a plan is a measure of how well the plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan.

The Plan's funded percentage for the plan year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period. As noted above, all values are shown on a combined plan basis to reflect the merger effective January 1, 2009 and to provide earlier values on a comparable basis.

|                      | 2008 Plan Year  | 2007 Plan Year  | 2006 Plan Year  |
|----------------------|-----------------|-----------------|-----------------|
| Valuation Date       | January 1, 2008 | January 1, 2007 | January 1, 2006 |
| Funded percentage    | 116.69%         | 115.79%         | 113.60%         |
| Value of Assets      | \$99,685,393    | \$95,090,247    | \$88,739,925    |
| Value of Liabilities | \$85,430,410    | \$82,125,892    | \$78,119,015    |

### Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates.

The following values are shown on a combined plan basis to reflect the merger effective January 1, 2009 and to provide earlier values on a comparable basis. As of December 31, 2008, the estimated fair market value of the Plan's assets was \$67,662,937. As of December 31, 2007, the fair market value of the Plan's assets was \$100,190,220. As of December 31, 2006, the fair market value of the Plan's assets was \$99,900,294.

### Participant Information

The total number of participants in the plan as of the Plan's valuation date was 336. Of this number, 136 were active participants, 175 were retired or separated from service and receiving benefits, and 25 were retired or separated from service and entitled to future benefits.

### Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to contribute an amount that is sufficient to cover ERISA's minimum contribution requirement.

Specific investments are made in accordance with the Fund's investment policy. An investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The Fund's investment policies and guidelines provide for, in general: (a) a diversified allocation of investments among various asset classes including domestic equities (large, mid and small cap), international equities, domestic fixed income, real estate, alternative investments (including fund of funds and private equity) and cash, with percentage range limits; (b) engagement of one or more qualified professional investment managers to make specific investment decisions within each asset class; (c) guidelines and restrictions regarding each asset class; (d) measurement of investment performance, including benchmarks; (e) communications and reporting requirements; (f) brokerage policies; and (g) proxy voting policies.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the plan year. These allocations are percentages of total assets:

| <b>Asset Allocations</b>   | <b>Percentage</b> |
|--|-------------------|
| 1. Interest-bearing cash   | 4.11              |
| 2. U.S. government securities  | 6.35              |
| 3. Corporate debt instruments (other than employer securities):              | 10.79             |
| 4. Corporate stocks (other than employer securities):                        | 48.76             |
| 5. Partnership/joint venture interests                                       | 7.85              |
| 6. Value of interest in common/collective trusts                             | 9.12              |
| 7. Value of interest in registered investment companies (e.g., mutual funds) | 13.02             |

Note that the percentages shown in the above table are preliminary.

For information about the plan's investment in common/collective trusts contact Patrick R. Perno, (410) 269-2000, Three Park Place, Annapolis MD 21401.

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

A status certification as of January 1, 2008 was filed with the IRS in March 2008 for the United Association Office Employees Retirement Plan. The Plan was not in endangered or critical status in the plan year. If the United Association General Officers and the United Association Office Employees Retirement Plans had been combined as of January 1, 2008, the combined plan would not be in endangered or critical status in the plan year.

### Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2009 and ending on December 31, 2009, the following events are expected to have such an effect:

The United Association General Officers Retirement Plan merged into the United Association Office Employees Retirement Plan effective January 1, 2009. The estimated impact of the merger is an increase in the present value of accrued benefits of \$65,384,686, an increase in the actuarial value of assets of \$50,577,169, and an increase in the market value of assets of \$46,647,850 as of January 1, 2009, over the respective amounts from the ongoing plan.

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Note that the Annual Report for the 2008 plan year will not be available until later in 2009.

### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount

for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 (.75 x \$33), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 (\$35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or \$200/10). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 (.75 x \$9), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 (\$17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

#### Where to Get More Information

For more information about this notice, you may contact Patrick R. Perno at (410) 269-2000, Three Park Place, Annapolis MD 21401. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 53-0159020. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

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**The United Association General Officers and Employees Retirement Plan**  
**Special Notice of 2009 Zone Status under the Worker, Retiree, and Employer**  
**Recovery Act of 2008**

Based on criteria set forth in the Pension Protection Act of 2006 (PPA'06), beginning with the 2008 Plan Year, an actuary must certify whether or not a multiemployer pension plan is in "endangered" or "critical" status. Trustees of endangered or critical status plans must take corrective action to improve the funded status of the plan. Near the end of 2008, Congress passed the *Worker, Retiree and Employer Recovery Act of 2008 (WRERA)*. That law provided for some temporary changes to the provisions of the Pension Protection Act of 2006.

The Plan's actuary certified the Plan's zone status for the January 1, 2008 through December 31, 2008 Plan Year to be neither endangered nor critical ("Green Zone"). For the January 1, 2009 through December 31, 2009 plan year, the Plan's actuary has certified the Plan to be in the critical status ("Red Zone") because there is a projected funding deficiency in the Plan Year ending December 31, 2012.

In accordance with Section 204 of WRERA, the Trustees have elected to "freeze" the Plan's 2008 plan year Green Zone certification and have it apply to the 2009 plan year. The freezing of the Plan's 2008 plan year Green Zone status does not extend beyond December 31, 2009. By March 31, 2010, the Plan's actuary will again certify its zone classification. If the Plan is certified to be in either endangered or critical status, you will be sent a notice similar to this one explaining the Plan's 2010 zone status and actions that the Trustees may be required to take under the law. If the plan is certified to be in critical status for 2010, the steps that will have to be taken to improve the Plan's funded position will include a surcharge on employer contributions and the suspension of the payment of lump sums and the Social Security Level Income option for individuals who commence receiving benefits after notice is provided of the Plan's Red zone status, and there is a chance that amendments may reduce early retirement benefits or other adjustable benefits for such individuals.

We understand that legally required notices like this one can create concern about the Plan's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Plan. With the assistance of the Plan's actuary, legal counsel and other professionals, the Trustees will continue to work towards strengthening the funded position of the Plan.

This notice applies for The United Association General Officers and Employees Retirement Plan. The Employer Identification Number is EIN: 52-6134634 and the Plan Number is 001. For more information about this notice, please contact:

Board of Trustees  
The United Association General Officers and Employees Retirement Plan  
% Patrick R. Perno, Trustee  
Three Park Place  
Annapolis, MD 21401  
(410) 269-2000  
patp@uanet.org

Sincerely,  
Board of Trustees