

STATIONARY ENGINEERS LOCAL 39
HEALTH & WELFARE, PENSION AND ANNUITY TRUST ADMINISTRATION

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I.U.O.E. Stationary Engineers Local 39 Pension Plan
Notice of Critical Status
April 30, 2010

This is to inform you that on March 31, 2010, the plan actuary of the I.U.O.E Stationary Engineers Local 39 Pension Plan (“Plan”) certified to the U.S. Department of the Treasury and to the Plan Board of Trustees that the Plan is in critical status for the plan year beginning January 1, 2010. This notice is sent to you pursuant to Federal law.

Critical Status

The Plan is considered to be in critical status because it has issues meeting legally required minimum funding requirements. More specifically, the Plan’s actuary has determined that the Plan is currently projected to fail to receive sufficient contributions to meet minimum funding requirements sometime within the next five years. Therefore steps are being taken to avoid this funding shortfall by the establishment of a *Rehabilitation Plan*.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the full financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions prior to any reduction taking effect. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant’s basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after the date of this notice, April 30, 2010. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 2010, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

The plan offers a number of adjustable benefits which may be reduced, modified or eliminated as part of any rehabilitation plan. Some of these types of benefits include; post-retirement death benefits sixty-month payment guarantees, disability benefits (if not yet in pay status) , early retirement benefit or retirement-type subsidy and benefit payment options other than a qualified joint-and survivor annuity (QJSA).

Employer Surcharges

An employer surcharge is imposed for plans that are in critical status unless or until a rehabilitation plan has been implemented. Steps have been taken such that no surcharges will be required to address the critical funded status.

Where to Get More Information

For more information about this Notice, you may contact Mr. Mike Schumacher, Plan Administrator, Associated Third Party Administrators, 1640 South Loop Road, Alameda, California 94502, (510) 337-3330.