# Indiana State Council of Carpenters Pension Fund

c/o Zenith Administrators, Inc.
P.O. Box 421789
Indianapolis, IN 46242-1789

EBSA/PUBLIC DISCLOSU
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**Notice of Critical Status**
**For the Indiana State Council of Carpenters Pension Plan**

This is to inform you that on June 24, 2010 the actuary for the Indiana State Council of Carpenters Pension Plan certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan is in critical status for the plan year beginning April 1, 2010. Federal law requires that you receive this Notice.

**Critical Status**

Your Plan is considered to be in critical status because it has been determined to have certain funding problems. More specifically, the Plan's actuary determined that the Plan has an accumulated funding deficiency for the current plan year. Note, "accumulated funding deficiency" means that contributions were insufficient to satisfy certain Federal requirements; it does not mean that your Plan is insolvent or ran out of money.

**Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring its financial health. 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 identifying and explaining the effect of those reductions. Any reduction of adjustable benefit will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions can only apply to participants and beneficiaries whose benefit commencement date is on or after the date of this Notice.

Effective as of the date of this Notice, 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 the following adjustable benefits which may be reduced or eliminated as part of a rehabilitation plan:

- Early retirement benefits or retirement types subsidies;
- Certain pre-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Benefit payment options other than a qualified joint and survivor annuity (QJSA);
- Other similar benefits, rights or features (i.e., 120-month payment guarantees).

Please see the separate notice for details of the actual benefit changes approved by the trustees and bargaining parties as part of your Plan's rehabilitation plan.

**Employer Surcharge**

The law requires that all employers contributing to a pension plan in critical status must pay a surcharge to the pension plan to help correct its financial situation. The amount of the surcharge is equal to a percentage of the amount the employer is otherwise required to contribute to the pension plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each plan year in which the pension plan is in critical status. The surcharge commences for contributions that are due 30 days after the date of this notice. The surcharge obligation ceases when an employer adopts a rehabilitation plan schedule and will not apply if the employer adopts a rehabilitation plan schedule before the surcharges commence.

**Where to Get More Information**

For more information about this Notice, you may contact the Board of Trustees of Indiana State Council of Carpenters Pension Fund Pension Plan at 5420 West Southern Avenue, Suite 407, Indianapolis, Indiana, 46241 or by telephone at (800)-248-2143. You have a right to receive a copy of the rehabilitation plan if you request one in writing.

## INDIANA STATE COUNCIL OF CARPENTERS PENSION FUND

### IMPORTANT NOTICE

The Trustees of the Indiana State Council of Carpenters Pension Fund ("Plan") are committed to assuring the security of your pension benefits. In light of this commitment to protecting your benefits, it has become necessary to make changes as of August 1, 2010. This notice is meant to describe these changes, and how it may affect benefits.

**Benefit Formula**

Under current Plan provisions, the monthly Normal Retirement Benefit for participants currently engaged in covered employment is based on the following formula:

| Work Period | Monthly Normal Retirement Benefit |
|---|---|
| Prior to merger date | 100% of benefits accrued prior to merger |
| Merger date – 3/31/2004 | 4.10% of required employer contributions for work you performed during this period |
| 4/1/2004-5/31/2006 | 3.00% of required employer contributions for work you performed during this period |
| 6/1/2006-3/31/2008 | 2.75% of required employer contributions (less 22¢ per hour) for work you performed during this period |
| 4/1/2008-7/31/2009 | 2.75% of required employer contributions (less 60¢ per hour) for work you performed during this period |
| On or after 8/1/2009 | 2.75% of required employer contributions (less $1.35 per hour) for work you performed during this period |

***Effective August 1, 2010, the monthly Normal Retirement Benefit for participants engaged in covered employment on or after August 1, 2010 will be based on the following formula:***

| Work Period | Monthly Normal Retirement Benefit |
|---|---|
| Prior to merger date | 100% of benefits accrued prior to merger |
| Merger date – 3/31/2004 | 4.10% of required employer contributions for work you performed during this period |
| 4/1/2004-5/31/2006 | 3.00% of required employer contributions for work you performed during this period |
| 6/1/2006-3/31/2008 | 2.75% of required employer contributions (less 22¢ per hour) for work you performed during this period |
| 4/1/2008-7/31/2009 | 2.75% of required employer contributions (less 60¢ per hour) for work you performed during this period |
| 8/1/2009-7/31/2010 | 2.75% of required employer contributions (less $1.35 per hour) for work you performed during this period |
| **On or after 8/1/2010** | **2.00% of required employer contributions (less $2.35 per hour) for work you performed during this period** |

***Below is an example of how this change may affect your benefit amount:***

*Mike had earned a monthly benefit of $2,000 due to work he performed prior to August 1, 2010. Mike continues working after August 1, 2010. During the period from August 1, 2010 to March 31, 2011, Mike works 800 hours. The pension plan contribution rate for all these hours is $7.00 per hour. On March 31, 2011, Mike's age and service make him eligible to immediately retire from the Plan and begin receiving a Normal Retirement Benefit. The following is a comparison of how Mike's Normal Retirement Benefit would be calculated under the current and new benefit formulas:*

| | | | ***Current*** | | | ***New*** | | |
|---|---|---|---|---|---|---|---|---|
| ***Work Period*** | ***Hrs*** | ***Full Rate*** | ***Benefit Credited Rate*** | ***Bft. Mult.*** | ***Monthly Benefit*** | ***Benefit-Credited Rate*** | ***Bft. Mult.*** | ***Monthly Benefit*** |
| *Prior to August 1, 2010* | | | | | *$2,000.00* | | | *$2,000.00* |
| | | | | | ***plus*** | | | ***plus*** |
| *August 1, 2010 to March 31, 2011* | *800* | *$7.00* | *$5.65 2.* | *75%* | *$124.30* | *$4.65 2.* | *00%* | *$74.40* |
| | | | | | ***equals*** | | | ***equals*** |
| ***Total*** | | | | | ***$2,124.30*** | | | ***$2,074.40*** |

*Thus, using the Plan's new benefit formula, Mike's monthly Normal Retirement Benefit amount will be $49.90 lower than it would have been under the Plan's current benefit formula.*

## Normal Form of Benefit Payment

There are several forms of benefit payment that a participant can elect at retirement. The normal form of benefit payment is the main one. All other available forms of benefit payment are actuarially adjusted to reflect their relative value as compared to the normal form.

The current normal form of benefit payment under the Plan is a life annuity with 120 payments (10 years) guaranteed. Under this payment form, a monthly benefit is paid to the participant for the rest of his life. However, if the participant dies prior to receiving 120 monthly payments, the beneficiary of the deceased participant will continue to receive the monthly benefit until the total number of payments paid to the participant and the beneficiary reaches 120.

***Effective for all retirements on or after August 1, 2010, the normal form of benefit payment will be a single life annuity without a 120-payment guarantee.*** This means that any participant who elects the normal form of benefit payment will receive monthly benefits for the remainder of his life without any guarantee of a minimum number of payments. Once the participant dies, no further benefits are payable under the Plan.

Furthermore, all forms of benefit payment available to new retirees on or after August 1, 2010 will be actuarially adjusted to reflect their relative value as compared to a single life annuity (without the 120 payment guarantee). The life annuity with 120 payments guaranteed will continue to be available as an optional form of benefit. However, benefits payable under this optional form will be actuarially reduced to reflect its value compared to a single life annuity.

***Below is an example of how this change may affect your benefit amount:***

*Nick has an accrued mon thly benefit amount of $2, 000. Nick is age 62 and his wife Mary is age 61. Nick 's age an d service make him eligible to immediate ly retire from the Plan and begin receiving a Normal Retirement Benefit. The following is a comparison of the optional benefit amounts available to Nick and Mary under the current and new plan provisions:*

| | ***Current*** ***(if retirement is effective prior to August 1, 2010)*** | | ***New*** ***(if retirement is effective on or after August 1, 2010)*** | | ***Difference*** |
|---|---|---|---|---|---|
| ***Elected Benefit Payment Form*** | ***Reduction Factor*** | ***Monthly Benefit*** | ***Reduction Factor*** | ***Monthly Benefit*** | ***Monthly Benefit*** |
| *Single Life Annuity* | *-3.293%* | *$2,065.86* | *0.000%* | *$2,000.00* | *$65.86 less* |
| *Single Life Annuity with 60 Payments (5 years) Guaranteed* | *-2.430%* | *$2,048.60 0* | *.836% $* | *1,983.28* | *$65.32 less* |
| *Single Life Annuity with 120 Payments (10 years) Guaranteed* | *0.000% $2* | *,000.00 3.* | *188% $1* | *,936.24* | *$63.76 less* |
| *Single Life Annuity with 180 Payments (15 years) Guaranteed* | *3.590% $1* | *,928.20 6.* | *664% $1* | *,866.72* | *$61.48 less* |
| *Single Life Annuity with 240 Payments (20 years) Guaranteed* | *7.844% $1* | *,843.12* | *10.782%* | *$1,784.36* | *$58.76 less* |
| *Joint and 50% Survivor Annuity* | *3.873%* | *$1,922.54* *($961.27 to Mary after Nick's death)* | *6.938%* | *$1,861.24* *($930.62 to Mary after Nick's death)* | *$61.30 less* *($30.65 less to Mary after Nick's death)* |
| *Joint and 66-2/3% Survivor Annuity* | *6.046%* | *$1,879.08* *($1,252.72 to Mary after Nick's death)* | *9.042%* | *$1,819.16* *($1,212.77 to Mary after Nick's death)* | *$59.92 less* *($39.95 less to Mary after Nick's death)* |
| *Joint and 75% Survivor Annuity* | *7.284%* | *$1,854.32* *($1,390.74) to Mary after Nick's death)* | *10.058%* | *$1,798.84* *($1,349.13 to Mary after Nick's death)* | *$59.24 less* *($44.43 less to Mary after Nick's death)* |
| *Joint and 100% Survivor Annuity* | *10.110%* | *$1,797.80* *($1,797.80 to Mary after Nick's death)* | *12.976%* | *$1,740.48* *($1,740.48 to Mary after Nick's death)* | *$57.32 less* *($57.32 less to Mary after Nick's death)* |

## Pre-Retirement Death Benefits

The Plan currently includes two separate death benefits for participants who die prior to retirement. They are as follows:

Pre-Retirement Surviving Spouse Death Benefit

Death On Or After Age 55: If the deceased participant was vested and had been married for at least one year on the date of death, the participant's surviving spouse would receive a monthly benefit equal to 50% of the amount that would have been payable to the deceased participant if the participant had retired and elected a retirement benefit in the form of a joint and 50% survivor annuity on the day before he died.

The surviving spouse begins receiving this benefit on the first day of the month following the month in which the participant died. The benefit continues for the life of the surviving spouse.

Death Prior To Age 55: If the deceased participant was vested and had been married for at least one year on the date of death, the participant's surviving spouse would receive a monthly benefit equal to 50% of the amount (further adjusted as described below) that would have been payable to the deceased participant if the participant had:

1. separated from service on the day before he died, then
2. survived to age 55, then
3. retired and elected a retirement benefit in the form of a joint and 50% survivor annuity, then
4. died.

The surviving spouse begins receiving this benefit on the first day of the month following the month in which the participant died. Because this benefit begins prior to when the participant would have reached age 55, it will be reduced to make it actuarially equivalent to the benefit that would have been payable at age 55. The benefit continues for the life of the surviving spouse.

Pre-Retirement Lump-Sum Death Benefit

If the deceased participant did not meet the requirements for the pre-retirement surviving spouse death benefit, but received 200 or more hours of credited service in either the current or preceding plan year or was vested, the person named as the participant's beneficiary would receive a single lump-sum payment equal to all employer contributions made to the Plan on behalf of the participant, less any disability or other payments made to the participant.

***Effective for all deaths on or after August 1, 2010, the Pre-Retirement Lump-Sum Death Benefit described above will no longer be offered.*** This means that no pre-retirement death benefit will be available for a non-vested participant or a participant without a surviving spouse.

***Also, effective August 1, 2010, the actuarial cost of offering the Pre-Retirement Surviving Spouse Death Benefit described above will be transferred from the Plan to the participant.*** This will be accomplished through a reduction to a married participant's accrued benefit amount according to the following table:

| Age Range | Percent Reduction Per Month Covered |
|---|---|
| 60 months between age 35 and age 40 | 0.001% |
| 60 months between age 40 and age 45 | 0.002% |
| 60 months between age 45 and age 50 | 0.003% |
| 60 months between age 50 and age 55 | 0.006% |
| 60 months between age 55 and age 60 | 0.012% |
| 60 months between age 60 and age 65 | 0.033% |

Upon reaching age 35, active participants will receive a form to return to the Fund Office indicating whether or not they are married. Unmarried participants will not be eligible for the Pre-Retirement Surviving Spouse Death Benefit, so they will not be subject to any benefit reduction for the cost of this coverage. Married participants will have the opportunity to accept or waive this coverage. If this coverage is waived, there will be no reduction to the participant's retirement benefit due to the actuarial cost of the Pre-Retirement Surviving Spouse Death Benefit. However, there will also be no death benefit payable to the surviving spouse if the participant dies prior to retirement. This waiver of coverage must be signed by both the participant and the participant's spouse to be valid. Participants who do not return a valid waiver of coverage will be considered covered under the Pre-Retirement Surviving Spouse Death Benefit (and subject to the reduction) until a valid waiver is filed.

***Below are two examples of how this change may affect your benefit amount:***

*Example 1: John is a married vested participant who is exactly 35 years old on August 1, 2010. John and his spouse do not waive the Pre- Retirement Surviving Spouse Death Benefit coverage. John continues as a participant for the next 15 years then dies at age 50 prior to retiring. Assume that based on the current Pre-Retirement Surviving Spouse Death Benefit rules, John's spouse would have been entitled to a monthly benefit of $500. Under the new death benefit rules effective August 1, 2010, this benefit will be reduced by $1.80 (0.360%) to $498.20. The calculation of this 0.360% reduction is illustrated below:*

| ***Age Range*** | ***Number of Months of Coverage in this Age Range*** | ***Percent Reduction Per Month Covered*** | ***Percent Reduction for Coverage in this Age Range*** |
|---|---|---|---|
| *35-40 60* | | *0.001%* | *0.060%* |
| *40-45 60* | | *0.002%* | *0.120%* |
| *45-50 60* | | *0.003%* | *0.180%* |
| | | ***Total Reduction:*** | ***0.360%*** |

*Example 2: Jack is a married vested participant who is exactly 35 years old on August 1, 2010 and does not waive the Pre-Retirement Surviving Spouse Death Benefit coverage. However, Jack does not die before retirement. Jack continues as a participant for the next 30 years then retires at age 65. Assume that Jack's monthly benefit amount (after any adjustments to reflect the payment form Jack elected) would have been $1, 000. Under the new death benefit rules effective August 1, 2010, this benefit will be reduced by $34.20 (3.420%) to $965.80. The calculation of this 3.420% reduction is illustrated below:*

| ***Age Range*** | ***Number of Months of Coverage in this Age Range*** | ***Percent Reduction Per Month Covered*** | ***Percent Reduction for Coverage in this Age Range*** |
|---|---|---|---|
| *35-40 60* | | *0.001%* | *0.060%* |
| *40-45 60* | | *0.002%* | *0.120%* |
| *45-50 60* | | *0.003%* | *0.180%* |
| *50-55 60* | | *0.006%* | *0.360%* |
| *55-60 60* | | *0.012%* | *0.720%* |
| *60-65 60* | | *0.033%* | *1.980%* |
| | | ***Total Reduction:*** | ***3.420%*** |

## Participant Rights

If your claim for a pension benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a Federal Court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a State or Federal Court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor ("DOL"), or you may file suit in a Federal Court. The court will decide who should pay court costs and legal fees.

For assistance from the DOL, contact the DOL's Employee Benefits Security Administration ("EBSA"), which maintains regional and district offices covering your state or territory. You may obtain the contact information for the closest EBSA office (or receive other assistance) by calling their toll free Hotline at (866) 444-EBSA [3272]. You can also obtain information on the EBSA's website at: www.askebsa.dol.gov.

**PLEASE NOTE: Benefits already in pay status on August 1, 2010 will not be affected by the changes described in this notice. The changes apply only to deaths and retirements effective on or after August 1, 2010.**

***Board of Trustees***

July 1, 2010

*This Notice describes the changes to the Plan, and is being provided to you in accordance with Section 305(e)(8)(C) and Section 204(h) of the Employee Retirement Income Security Act ("ERISA") and Section 432(e)(8)(C) of the Internal Revenue Code. You should place this Notice with your Summary Plan Description ("SPD") and save it for future reference. This Notice also constitutes your summary of material modifications as required by section 104(b) of ERISA.*

**Indiana State Council of Carpenters Pension Fund**

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