

Local Union Officers and Employees Pension Fund

International Union of Bricklayers & Allied Craftworkers

620 F Street, N.W., Suite 700 • Washington, D.C. 20004 • Phone 202/638-1996 • Fax 202/347-7339



April 30, 2010

Notice of Critical Status for the International Union of Bricklayers and Allied Craftworkers Local Union Officers and Employees Pension Plan (“Plan”)

This is to inform you that on March 31, 2010, the Plan actuary 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 January 1, 2010. Federal law requires that you receive this notice.

Introduction

The Pension Protection Act (“Act”), signed into law in 2006, is intended to improve the financial condition of pension funds. The Act introduced several formal safeguards and added notification requirements for trustees to share more information about a fund’s financial circumstances with participants, contributing employers, and others directly related to the pension plan.

Many of the Act’s safeguards relate to funding, which, in simplest terms, is how much a pension plan has coming in, going out, and what is in reserve (or “in the bank”) for the future. The safeguards are intended to prevent future funding problems and correct those that have already developed.

The Act requires us to test the Plan annually to determine its official funding status. Standardized measurements were established for classifying pension plans. Plans that are in “seriously endangered” or “endangered” status (commonly known as yellow zone) or “critical” status (red zone) must notify all plan participants, beneficiaries, unions, and contributing employers of the plan’s status, as well as take corrective action to restore the plan’s financial health. It is therefore necessary that we inform interested parties of the Plan zone or status. This does not mean that the Plan’s status or funding has changed substantially from the recent past. Rather, the PPA requires that the Plan identify its zone under the terminology and tests in the PPA.

Critical Status

The Plan is considered to be in critical status (red zone) as of January 1, 2010 because the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency for the Plan year ending December 31, 2012.

Rehabilitation Plan and Possibility of Reduction in Benefits

The Act requires that a pension plan in critical status adopt a rehabilitation plan aimed at restoring the financial health of the plan so that over time the plan will be able to meet the statutory funding requirements. The law permits pension plans to reduce, or even eliminate, "adjustable benefits" as part of a rehabilitation plan. If the Trustees of this Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of these reductions. Any such reduction of adjustable benefits would not reduce the level of a participant's benefit already earned that is payable at normal retirement age as a single life annuity. In addition, any such reductions would only apply to participants and beneficiaries whose benefit commencement date is after April 30, 2010. Whether or not the Plan reduces adjustable benefits in the future, effective as of May 1, 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) in excess of \$5,000 while it is in critical status. This means that the Social Security Level Income Option is no longer available for retirements after April 30, 2010. Also, a Pre-Retirement Death Benefit for unmarried participants is not payable in a lump sum of more than \$5,000 after April 30, 2010. Instead, while the Plan is in critical status, a Pre-Retirement Death Benefit in excess of \$5,000 will be paid as a single life annuity.

Adjustable Benefits

The Plan offers the following adjustable benefits, which could be subject to reduction or elimination as part of any rehabilitation plan the Plan may adopt:

- Disability benefits;
- Early Retirement benefits; and
- Unreduced 100% Qualified Joint and Survivor Annuity benefit payment option.

Employer Surcharge

The Act requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement, participation agreement and/or Constitution, Rules of Order and Codes of the International Union of Bricklayers and Allied Craftworkers. With some exceptions, a 5% surcharge is applicable in the initial critical year for any contributions paid on or after June 1, 2010, even if the obligation to the Plan arose earlier, and a 10% surcharge is applicable for each succeeding Plan year thereafter (i.e., beginning January 1, 2011) in which the Plan is in critical

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status. The surcharge applies until a Rehabilitation Plan is adopted. These surcharges must be disregarded in determining the rate of benefit accruals and potential withdrawal liability.

However, as a result of the Trustees' decision last year to reduce the benefit accrual rate from 2.15% of Final Average Salary per Year of Credited Service to 1.50% of Final Average Salary per Year of Credited Service, while maintaining the current contribution rate, this employer surcharge will not apply for at least the initial critical year. The LOEPF Rehabilitation Plan, which includes this reduced benefit accrual rate, was adopted by the Trustees on April 28, 2010, and is effective May 1, 2010. At this time, the Trustees do not plan to reduce or eliminate any other benefits, including any of the adjustable benefits described above.

Where to Get More Information

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. As a final note, since the Plan is influenced by economic and financial variables beyond the Trustees' control (such as market volatility and changes in employment of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed.

For more information about this Notice, you may contact David F. Stupar, Executive Director of the Local Union Officers and Employees Pension Fund, at 1-888-880-8222, via email at dstupar@ipfweb.org or write to him at 620 F Street, N.W., Suite 700, Washington, DC 20004.

Sincerely,

The Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation and the Department of Labor.