



PLUMBERS & STEAMFITTERS LOCAL 166 BENEFIT FUNDS

P.O. BOX 99485
TROY, MICHIGAN 48099-9485
(248) 641-4966 or Toll Free (855) 641-4966

PLUMBERS AND STEAMFITTERS LOCAL NO. 166 PENSION PLAN 2011 NOTICE OF CRITICAL STATUS *September 2011*

This is to inform you that on August 29, 2011, the Actuary for the Plumbers and Steamfitters Local No. 166 Pension Plan ("Plan") certified to the United States Department of the Treasury, and also to the Plan Sponsor ("the Board of Trustees"), that the Plan is in critical status for the 2011 Plan Year, which began on June 1, 2011 and ends May 31, 2012. Federal law requires that you receive this Notice.

Critical Status

The Plan's actuary certified that the Plumbers and Steamfitters Local No. 166 Pension Plan is considered to be in critical status for the 2011 Plan Year because it has funding or liquidity problems, or both. The 2009 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2009 PPA certification date the Plan was projected to have an accumulated funding deficiency for the 2012 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2011 Plan Year because the Plan's actuary has determined that the Plan has not passed the "emergence test" that would enable it to come out of critical status.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the plan's funded percentage. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also bars plans in critical status from paying "restricted benefits". Effective as of September 27, 2009, the Plumbers and Steamfitters Local No. 166 Pension Plan is not permitted to pay any 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.

The Board of Trustees of the Plumbers and Steamfitters Local No. 166 Pension Plan has adopted a rehabilitation plan that was ratified by the bargaining parties. This rehabilitation plan includes benefit reductions as well as increases in the hourly contribution rate and is summarized below:

1. Deferred Vested Retirement Benefit. Beginning November 1, 2009, the subsidized early retirement reduction factors for commencement of benefits before age 62 will no longer apply for participants who qualify for a terminated vested benefit. Effective for benefit commencement dates on or after November 1, 2009, the early retirement reduction factors for terminated vested participants will be a full actuarial reduction. This change is limited to terminated vested participants who complete fewer than 200 Hours of Service during the 36-month period preceding their early retirement date.
2. Total and Permanent Disability Retirement Benefit. For participants who qualify for a disability retirement benefit, the benefit will no longer be paid as an unreduced retirement benefit, regardless of the participant's age at retirement.

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Beginning November 1, 2009, the standard early retirement reduction factors of 2% per year from age 62 will apply to disability retirees, with a maximum reduction of 14% for disability retirement at age 55 or earlier.

3. **Form of Payment.** Effective for benefit commencement dates on or after November 1, 2009, the normal form of payment will be changed from a 120 month certain and life annuity to a single life annuity. As a result of this change, all forms of payment will be actuarially equivalent to a single life annuity. For benefit commencement dates on or after November 1, 2009, participants can elect the 120 month certain and life annuity as an optional form of benefit, but with a corresponding actuarial adjustment to reflect the 120-month guarantee of benefit payments.
4. **Joint & Survivor Pop-up.** The subsidy for the “pop-up” feature of the joint and survivor annuity will be eliminated effective for participants who commence receipt of benefits on or after November 1, 2009. Under the pop-up feature, a participant’s benefit under a joint and survivor annuity reverts to the normal form of benefit if the participant’s spouse predeceases the participant or waives the survivor benefit as a result of divorce. Beginning November 1, 2009, participants who receive their benefit in the form of a 50%, 75%, or 100% joint and survivor annuity can elect to add the pop-up feature to their benefit, but with a corresponding actuarial adjustment to the benefit to reflect the election of the pop-up feature.
5. **Contribution Increases.** In addition to the benefit changes outlined above, the Plan’s rehabilitation plan also calls for scheduled increases in the hourly contribution rate. The contribution rate will increase by 50¢ per hour for each Plan Year from 2009 until 2011. This means that the hourly contribution rate will increase by a total of \$1.50, from \$1.45 on May 31, 2009 to \$2.95 per hour by June 1, 2011.

The benefit reductions described above will only apply to participants and beneficiaries whose benefits are not in pay status as of November 1, 2009. Participants who commenced receipt of benefits before November 1, 2009 were not impacted by the above described benefit reductions.

You can request a copy of the Plan’s rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan’s administrative manager.

Adjustable Benefits

If it is ever determined that the Plan’s rehabilitation plan needs to be amended, the Plan offers the following “adjustable benefits” which could be reduced or eliminated as an amendment to the rehabilitation plan adopted by the Plan:

1. Disability benefits (if not yet in pay status);
2. Early retirement benefits or retirement-type subsidies; and
3. Benefit payment options other than a qualified joint and survivor annuity (“QJSA”).

If the Board of Trustees of the Plan ever determines that further benefit reductions are necessary, you will receive a separate Notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of your 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 September 27, 2009.

Where to Get More Information

For more information about this Notice, you can contact the Plan’s administrative manager, BeneSys, Inc., at 700 Tower Drive, Suite 300, Troy, MI 48099, or by calling 248-813-9800. For identification purposes, the official Plan number is 001 and the Plan Sponsor’s employer identification number, or “EIN”, is 51-6132690. You have a right to request a copy of the rehabilitation plan from the Plan.

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