



PLUMBERS & STEAMFITTERS LOCAL 166 BENEFIT FUNDS

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PLUMBERS AND STEAMFITTERS LOCAL 166 AFL-CIO PENSION PLAN 2012 NOTICE OF CRITICAL STATUS *September 2012*

This is to inform you that on August 29, 2012, the Actuary for the Plumbers and Steamfitters Local 166 AFL-CIO Pension Plan ("Plan") certified to the United States Department of the Treasury, and also to the Plan Sponsor ("Board of Trustees"), that the Plan is in critical status for the 2012 Plan Year, which began on June 1, 2012 and ends May 31, 2013. Federal law requires that you receive this Notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan was in critical status last year and over the next 9 years the Plan is projected to have an accumulated funding deficiency, specifically in the 2020 Plan Year.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the fourth year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On September 27, 2009, you were notified that the Plan reduced or eliminated adjustable benefits. On September 27, 2009, you were notified that as of September 27, 2009, 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. If the Board of Trustees 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 (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 September 27, 2009.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan:

1. Disability benefits (if not yet in pay status);

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2. Early retirement benefits or retirement-type subsidies;
3. Benefit payment options other than a qualified joint and survivor annuity (“QJSA”).
4. Recent benefit increases (i.e., occurring in past 5 years); and
5. Other similar benefits, rights, or features under the Plan.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan’s financial situation. If imposed, 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. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. Once the bargaining parties have agreed to a collective bargaining agreement that includes terms of the rehabilitation plan, the surcharge will not be imposed. The Local 166 collective bargaining agreement includes such terms and therefore the surcharge is not applicable.

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. You have a right to request a copy of the rehabilitation plan from the Plan.