

# **Twin City Hospitals – Minnesota Nurses Association Pension Plan**

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TO: Participants and Beneficiaries  
Participating Employers  
Minnesota Nurses Association

The Pension Protection Act of 2006 (the Act) is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act establishes benchmarks for measuring a plan's funding, and uses formal labels for such benchmarks. Plans that are in "endangered" status (sometimes called the "Yellow Zone") or "critical" status (sometimes called the "Red Zone") must notify all plan participants, beneficiaries, contributing employers, and collective bargaining parties of the plan's status, as well as take corrective action to improve or restore the plan's financial health.

### **Plan's Status - Endangered**

On March 31, 2010, the plan actuary for the Twin City Hospitals – Minnesota Nurses Association Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and also to the Plan's Pension Committee (the plan sponsor), that the Plan is in endangered status (the Yellow Zone) for the plan year beginning January 1, 2010. Federal law requires that you receive this notice.

The Plan is considered to be in endangered status because it is underfunded, due primarily to declining asset values in past years. Specifically, the Plan's actuary has estimated that the Plan's funded percentage for the plan year beginning January 1, 2010 is less than the 80% threshold used to determine endangered status. (The plan actuary has estimated that the Plan's funded percentage, as of January 1, 2010, was 78.7%.)

### **Funding Improvement Plan**

To comply with the Act, the Pension Committee adopted a written Funding Improvement Plan designed to improve the Plan's funded position. No changes in the Plan will be needed to meet the Act's requirements for a Funding Improvement Plan. The Plan is already projected to meet the Funding Improvement Plan benchmarks over the next ten years based on the funding requirements under the current collectively bargained Pension Agreement. In fact, the Plan's funded percentage has improved from 69% in 2009 to 78.7% in 2010 based primarily on improved asset values and additional employer contributions.

### **What's Next**

While no changes are expected to be needed during 2010, please note that because a plan's financial condition generally changes with changes in the economy, the Act requires that the Plan's funding status be reviewed and certified annually. Consequently, you will receive a notice like this each year until the Plan is no longer in the Yellow Zone.

For more information about this notice or the Plan in general, please write to the Pension Committee at the address listed at the start of this letter.

Sincerely,  
Pension Committee

***As required by law, this notice is also being provided to  
the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.***