



INTERNATIONAL ASSOCIATION OF HEAT and FROST INSULATORS and ALLIED WORKERS LOCAL NO. 81 BENEFIT FUNDS

Notice of Endangered Status

International Association of Heat & Frost Insulators & Allied Workers Local No. 81 Pension Plan

This is to inform you that on July 27, 2012 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in endangered status for the plan year beginning May 1, 2012. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Endangered Status

The Plan is considered to be in endangered status because it is projected to satisfy the following:

Funded percentage less than 80% - The Plan's actuary determined that the Plan's funded percentage is 76.2% on May 1, 2012. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

Funding Improvement Plan

Federal law requires pension plans in Endangered Status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The funding improvement plan requires that the plan's funded percentage improve at least one-third of the way to 100% over a 10-year period. The target for this Plan under the law is estimated to be a funded percentage of 84% by May 1, 2022 (the final target value will be confirmed later this year). The Plan must also meet the Federal minimum funding requirements during this 10-year period.

Based on our most current actuarial projections, the Plan is **not** currently on track to meet these benchmarks before the end of the funding improvement period without further changes. Still, even with no further contribution increases or other changes, the funding percentage goal is expected to be met in the year immediately after the end of the funding improvement plan period (if all assumptions are met each year). While the Trustees are endeavoring to restore the financial health of the Plan, there are several variables which may be beyond the control of the Trustees: market volatility and changes in employment levels and the number of contributing employers. Any one of these variables or other risks or uncertainties which may be beyond the control of the Trustees could affect the Plan's status and the ability of the Trustees to make future corrective measures.

Future Experience and Possible Adjustments

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund experiences annual investment return below the expected 7.0% return (in the 2012 plan year or later), a drop in the hours worked, or poor experience from other variables. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Where to Get More Information

You have a right to receive a copy of the funding improvement plan. To receive a copy or if you want more information about this notice, you may contact the Benefit Office, c/o RJLee & Associates, LLP, at 1700 52nd Avenue, Suite B, Moline, IL 61265-6378 or by telephone at (309) 764-8080.