

LICENSED TUGMEN'S AND PILOTS' PENSION FUND

2111 West Lincoln Hwy., Merrillville, Indiana 46410
(219) 769-6944 ~ (800) 759-6944

EBSA/PUBLIC DISCLOSURE

2009 AUG -3 PM 2:08

Notice of Election Under Section 204 of the Worker, Retiree and Employer Recovery Act of 2008

In December 2008, Congress passed and the President signed the Worker, Retiree and Employer Recovery Act of 2008 ("WRERA"). This Act amends portions of the Pension Protection Act of 2006 ("PPA"). The PPA created new funding requirements for pension plans. "Funding" refers to the way a pension plan sets aside and invests money to pay pensions far into the future. In order to ensure that pension plans have enough money to pay the benefits they have promised, the PPA set up new standards for funding, and set up new categories to describe the funding level of pension plans. Plans that do not meet the PPA's standards are considered to be either "endangered," "seriously endangered" or "critical." Some experts call these "zones," so that an "endangered plan" is in the "yellow zone," a "seriously endangered" is in the "orange zone," a "critical plan" is in the "red zone" and a plan that meets all funding standards and is expected to continue to meet those standards is in the "green zone." When a plan is in any zone other than the "green zone," the plan is required to come up with a program to improve its funding.

Under PPA, every year, the actuary for a multiemployer pension plan must certify to the trustees and to Federal government agencies how well-funded the plan is, based on the PPA's categories. The PPA also requires multiemployer pension plans to send all participants, beneficiaries and employers an annual notice regarding the funded status of the pension plan. This is called the "Annual Funding Notice." In addition, when a plan actuary certifies that the pension plan falls in any zone other than the "green zone," the plan must send participants, beneficiaries and employers a notice advising of that certification and of the trustees' obligation to adopt a program to improve the plan's funding.

As almost everyone knows, nearly all investors, including pension plans, suffered losses in 2008. Those losses have affected the funded status of multiemployer pension plans, including the Licensed Tugmen's and Pilots' Pension Fund (the "Plan"). WRERA was enacted in response to these developments. Section 204 of WRERA allows the trustees of a multiemployer pension plan to elect to "freeze" the plan's "zone status" for one year. This notice has been sent to advise you that the Trustees of the Plan have elected to apply the WRERA "freeze" rule. For the Plan Year beginning on April 1, 2008, the Plan was in the orange ("seriously endangered") zone. For the Plan Year beginning on April 1, 2009, and if WRERA's "freeze" rule did not apply, the Plan would be in the red ("critical") zone. As a result of the Trustees' election, the Plan is **not** in the red "critical" zone for the 2009 Plan Year and remains in the orange ("seriously endangered") zone. The Trustees of the Plan have already adopted a Funding Improvement Plan which is described in the Annual Funding Notice.

The Trustees' election applies only for the current (2009) Plan Year. If the Plan is certified to be in any zone other than the "green zone" for the 2010 Plan Year, then the Trustees will provide you with a notice of that certification. If the Plan is certified to be in the red ("critical") zone for the 2010 Plan Year, the steps that will have to be taken to improve the Plan's funded situation will include a surcharge on employer contributions and the establishment of a Rehabilitation Plan, which may include plan amendments to reduce early retirement benefits or other adjustable benefits for individuals retiring prior to "normal retirement age."

For more information about this notice, you may contact the administrator of the Plan at the telephone number or address above. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 36-6506944.