

Plumbers and Pipefitters Local 219 Pension Fund

Board of Trustees
Labor

33 Fitch Boulevard
Austintown, Ohio 44515

Telephone (330) 270-0453
Ohio Statewide 1-800-435-2388

Board of Trustees
Management

Kevin Daley
Al Jenkins
James Swenberg



Notice of Seriously Endangered Status For

Ron Bassak
Stan Bassak, Jr.
John Kerr

Plumbing & Pipe Fitting Industry Local 219 Pension Plan

This is to inform you that on July 29, 2010 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in seriously endangered status for the plan year beginning May 1, 2010. 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.

Seriously Endangered Status

The Plan is considered to be in seriously endangered status because it satisfies both of the following criteria:

1. Funded percentage less than 80% - The Plan's actuary determined that the Plan's funded percentage is 49.4% on May 1, 2010. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets.
2. Projected accumulated funding deficiency within the current or next 6 plan years – The Plan's actuary projects that, if no further action is taken, the Plan will have an accumulated funding deficiency for the plan year ending April 30, 2016. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements, it does not mean that the Fund would become bankrupt or run out of money.

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 seriously 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 13-year period. Since this plan became endangered as of May 1, 2008, a funding improvement plan was previously set in place to begin May 1, 2010. As mentioned above, the actual funded percentage as of May 1, 2010 is 49.4%. Therefore, the target for this Plan under the law is a funded percentage of 66.3% by 2023. The Plan must also meet the Federal minimum funding requirements during this 13-year period. The 2008 funding improvement plan will be updated to ensure that these benchmarks will continue to be met or exceeded.

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 were to suffer asset returns below the expected 8.00% (in the 2010-11 plan year or later), a drop in the hours worked, or poor experience from other sources. 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.

Commitment to Continued Improvement

The Trustees anticipate that the Fund will continue to see improved funded percentages and eventually emerge from seriously endangered status. The Trustees maintain their commitment to providing a retirement benefit on which you can rely to pay a lifetime benefit that will play a significant role in your overall retirement planning.

Where to Get More Information

You have a right to receive a copy of the funding improvement plan. To receive a copy of the latest version, you may contact the Local 219 Fringe Benefit Office at 33 Fitch Boulevard, Austintown, OH, 44515-2202 or by telephone at (800) 435-2388.

ANNUAL FUNDING NOTICE

For The PLUMBING AND PIPE FITTING INDUSTRY LOCAL 219 PENSION FUND

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning May 1, 2009 and ending April 30, 2010 (referred to hereafter as "Plan Year").

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2009	2008	2007
Valuation Date	May 1	May 1	May 1
Funded Percentage	47%	49%	47%
Value of Assets	\$29,928,854	\$31,950,238	\$30,538,408
Value of Liabilities	\$63,457,506	\$65,184,479	\$65,199,113

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of April 30, 2010, the fair market value of the Plan's assets was \$29,995,676 "(unaudited)." As of April 30, 2009, the fair market value of the Plan's assets was \$24,940,712. As of April 30, 2008, the fair market value of the Plan's assets was \$31,040,613.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 714. Of this number, 320 were active participants, 352 were retired or separated from service and receiving benefits, and 42 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to meet minimum funding requirements of the Employee Retirement Income Security Act of 1974.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to invest in a diversified portfolio of assets that will maximize investment return over the long term while minimizing investment return volatility and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	<u>2.74%</u>
2. U.S. Government securities	<u>20.45%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	<u>14.09%</u>
4. Corporate stocks (other than employer securities):	
Preferred	
Common	<u>48.26%</u>
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	<u>14.46%</u>
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan.

Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in “endangered” status in the Plan Year. The Plan was certified as “endangered” for 2008, and the Board of Trustees elected to use this status again for 2009 as allowed under the Worker, Retiree, and Employer Recovery Act of 2008. Had the Board of Trustees not made this election, the Plan would have been in “critical” status for the Plan Year because of a funded ratio of 44.6%, a projected funding deficiency by April 30, 2012, at least 8 years of benefit payments within plan assets, and other results.

In an effort to improve the Plan’s funding situation, the Trustees adopted a funding improvement plan on March 19, 2009. The funding improvement period is May 1, 2010 through April 30, 2023 or the date the Fund’s Actuary certifies it has emerged from endangered status.

Funding Improvement Plan

Under the law, the target funded percentage of the Funding Improvement Plan is determined based on the actual funded percentage at the beginning of the improvement period. The funded percentage at May 1, 2010 was estimated to be 51.3%. The May 1, 2023 funded percentage goal would then be 67.5%.

The Funding Improvement Plan will be updated and monitored annually to verify that (1) the Plan is still projected to be at least 67.5% funded on May 1, 2023 and (2) that no accumulated funding deficiencies are projected through April 30, 2023.

Solutions to Achieve Funding Improvement Plan Goals:

Current Benefit and Contribution Schedule

Normal Retirement Benefit:	\$76.00 per year of credited service
Contribution Rate effective 6/1/2008:	\$ 8.37 per hour
Contribution Rate effective 6/1/2009:	\$ 9.07 per hour
Contribution Rate effective 6/1/2010:	\$ 9.77 per hour

Required (Default) Solution #1 – Lower Benefit Accrual Rate Only

Normal Retirement Benefit:	\$49.00 per year of credited service effective 5/1/2009
Contribution Rate effective 6/1/2008:	\$ 8.37 per hour
Contribution Rate effective 6/1/2009:	\$ 9.07 per hour
Contribution Rate effective 6/1/2010:	\$ 9.77 per hour

Required Solution #2 – Increase Contribution Rate Only

Normal Retirement Benefit:	\$76.00 per year of credited service
Contribution Rate effective 6/1/2008:	\$ 8.37 per hour
Contribution Rate effective 6/1/2009:	\$ 9.07 per hour
Contribution Rate effective 6/1/2010:	\$ 9.77 per hour
Contribution Rate effective 6/1/2011:	\$10.01 per hour
Contribution Rate effective 6/1/2012:	\$10.25 per hour
Contribution Rate effective 6/1/2013:	\$10.49 per hour
Contribution Rate effective 6/1/2014:	\$10.73 per hour
Contribution Rate effective 6/1/2015:	\$10.97 per hour

You may obtain a copy of the Plan's funding improvement plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contracting the plan administrator.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the

monthly benefit by the participant's years of service ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus $\$24.75 (.75 \times \$33)$, or \$35.75. Thus, the participant's guaranteed monthly benefit is $\$357.50 (\$35.75 \times 10)$.

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus $\$6.75 (.75 \times \$9)$, or \$17.75. Thus, the participant's guaranteed monthly benefit would be $\$177.50 (\$17.75 \times 10)$.

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact Board of Trustees, Plumbing and Pipe Fitting Industry Local 219 Pension Fund, c/o Compensation Programs of Ohio, Inc., 33 Fitch Blvd., Austintown, Ohio 44515, (800) 435-2388. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 34-6682376. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).