

## **Notice of Critical Status For**

### **LOCAL 1482 PAINT & ALLIED PRODUCTS MANUFACTURERS' RETIREMENT FUND**

This is to inform you that on November 28, 2009 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning September 1, 2009. 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 has an accumulated funding deficiency for the current plan year. The plan was in critical status last year and over the next 9 years, the plan is expected to have an accumulated funding deficiency for each of those years.

#### **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 second 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 August 15, 2009, you were notified that the plan reduced or eliminated adjustable benefits. On December 15, 2008, you were notified that as of December 15, 2008, 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 trustees of the plan determine 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 in 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 commencement date is on or after August 15, 2009.

#### **Adjustable Benefits**

The plan had offered the following adjustable benefits which were reduced or eliminated as part of the rehabilitation plan:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

#### **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. 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.

#### **Where to Get More Information**

For more information about this Notice, you may contact Mr. Kevin M. Sweeney at CEP Consultants, Inc., 1800 Walt Whitman Road, Melville, NY 11747 (631) 249-0500 or at [ksweeney@ccq1800.com](mailto:ksweeney@ccq1800.com). You have a right to receive a copy of the rehabilitation plan from the plan.