

**Notice of Critical Status  
For  
Laborers Local No. 322 Pension Plan  
EIN: 16-6147773/ PN: 001**

This is to inform you that on March 31, 2011, 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 January 1, 2011. 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 not passed the "Emergence Test", meaning that the Plan was in critical status last year and within the next 9 years the Plan is projected to have an accumulated funding deficiency.

**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 April 30, 2010, you were notified that as of March 31, 2010 the Plan is no longer 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.

On July 1, 2010, you were notified that the Plan reduced future benefit accruals and reduced or eliminated adjustable benefits as follows:

- **Accrual Cap:** Effective January 1, 2011, a Participant cannot earn more than one and a half (1½) years of Pension Service during any Plan Year.
- **Accrual Terms:** Effective January 1, 2011, the minimum number of Hours of Service required to earn a Year of Pension Service increased from 200 Hours of Pension Service to 500 Hours of Pension Service.
- **Break-in-Service Rules:** Effective January 1, 2011, the number of Hours of Service required to avoid a Break Year increases from 200 Hours of Pension Service to 500 Hours of Pension Service.
- **Accrual Rate Decrease:** Effective January 1, 2011, the Unit Monthly Pension Benefit rate will decrease from \$56 to \$50.
- **Early Retirement Factors:** Effective for benefits that accrue on and after January 1, 2011, the early retirement reduction factor shall be increased for active participants from ¼ of 1% between 62 and 55 to 5/12 of 1% for each month of the early retirement for participants electing to retire between the ages of 55 and 65. For inactive participants, defined as anyone that was not retired and did not work at least 200 hours in 2010 while still maintaining their union membership during this year, *all* accrued benefits will be reduced for early retirements by applying the following percentages to determine the Early Retirement benefits:

Participant's <u>Age</u>	Reduction <u>Factor</u>	Early Retirement <u>Factors</u>
65	0.0%	100.0%
64	8.0%	92.0%
63	7.5%	84.5%
62	7.0%	77.5%
61	6.5%	71.0%
60	6.0%	65.0%

59	5.5%	59.5%
58	5.0%	54.5%
57	4.5%	50.0%
56	4.0%	46.0%
55	3.5%	42.5%

- **Disability Pension Benefits:** Effective January 1, 2011, the Disability Pension Benefit shall be eliminated for all participants not yet in pay status for such benefits.
- **Lump Sum Options for Surviving Spouses:** Effective January 1, 2011, the Lump Sum Options for Surviving Spouses shall be eliminated.

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 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 benefit commencement date is on or after January 1, 2011.

### **Adjustable Benefits**

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any future Rehabilitation Plan the Trustees may adopt:

- Subsidized Early Retirement
- Subsidized 120-month guaranteed benefit

### **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation until such time as their collective bargaining agreements are updated to reflect the contribution increases required by the Rehabilitation Plan. 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. If applicable, these surcharges are used only to improve the Plan's funding and do not apply to any benefit accrual.

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

For more information about this notice or Rehabilitation Plan, you may contact:

Mr. Gerald Scotti  
 Integrated Administrative Services, Inc.  
 P.O. Box 124  
 Utica, NY 13503-0124

You may also make inquiry with the United States Department of Labor at:

Division of Technical Assistance and Inquiries  
 Employee Benefits Security Administration  
 U.S. Department of Labor  
 Washington, D.C. 20210

DATE SENT: \_\_\_\_\_