

Automotive Machinists Pension Trust

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Administered by
Welfare & Pension Administration Service, Inc.

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April 20, 2012

TO: All Participants, Beneficiaries, Local Unions, Contributing Employers, Pension Benefit Guaranty Corporation and Secretary of Labor

RE: 2012 Notice of Critical Status for the Automotive Machinists Pension Trust

The Pension Protection Act of 2006 (“PPA”) amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer plans with the goal of improving the financial condition of these plans. Beginning in 2008, the Retirement Plan’s actuary was required to annually certify to the Secretary of the Treasury and the Retirement Plan’s Board of Trustees whether or not the Retirement Plan is in Endangered or Critical Status. As you were notified in 2009 through 2011, the actuary certified that the Retirement Plan was in Critical Status for those Plan Years.

Critical Status – Fourth Year

The purpose of this notice is to inform you that on March 29, 2012 the actuary certified to the U.S. Department of the Treasury and the Board of Trustees that the Retirement Plan is still in Critical Status for the 2012 Plan Year. Federal Law requires that you receive this additional notice. The plan is considered to be in critical status because it was in critical status for 2009 and it has not emerged from critical status as of 2012. The plan was in critical status for 2009 because at that time it was not projected to meet the IRS minimum contribution requirements starting in 2013. **The plan has not emerged from critical status because it is currently not projected to meet the IRS minimum contribution requirements starting in 2019.**

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 fourth 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 23, 2009, you were notified that the plan reduced or eliminated adjustable benefits as a part of its initial rehabilitation plan. On March 23, 2009, you were notified that as of March 24, 2009 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 further reduction of adjustable benefits will not reduce the level of a participant’s basic benefit payable at normal retirement.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan. Although these benefits were not eliminated entirely, most or all of the additional value of these benefits was reduced or eliminated under the Preferred Schedule of the rehabilitation plan adopted in 2009 and updated through 2011:

1. Disability benefits (if not yet in pay status);
2. Early retirement benefits;
3. Benefit payment options other than a qualified joint and survivor annuity (QJSA);

Employer Surcharge and Additional Contributions

Prior to the adoption of the rehabilitation plan by the employer and union, the law requires that all contributing employers pay to the Retirement Plan a surcharge to help correct the Retirement 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 Retirement 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 Retirement Plan is in Critical Status.

The surcharge contribution ends for an employer once the collective bargaining parties adopt the rehabilitation plan for that employer, or when the rehabilitation plan is automatically adopted as provided under the Pension Protection Act. At that time, the employer's contribution increases are defined by the rehabilitation plan schedule.

Where to Get More Information

For more information about this Notice, you may contact the Seattle Administration Office at (206) 441-7574, or toll free at (800) 732-1121. You have a right to receive a copy of the rehabilitation plan from the plan.

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