

**Notice of Critical Status  
For  
Local 305 CIO's Pension Fund**

This is to inform you that, on March 31, 2012, 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, 2012. 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 sum of the plan's normal cost and interest on the unfunded benefits for the current year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of the vested benefits of active participants; and the plan has an accumulated funding deficiency during the 2011 plan year (not taking into account the amortization extensions as approved by the IRS).

**Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reductions of 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 benefit commencement date is on or after April 26, 2008. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 26, 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.

**Adjustable Benefits**

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;

**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 was otherwise required to contribute to the plan under the applicable collective bargaining agreement in effect when the plan was first certified as being in critical status. With some exceptions, a 5% surcharge was applicable in the initial critical year (2008) and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status until the employer renews its obligation to contribute to the Plan in accordance with the Trustees' rehabilitation plan.

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

For more information about this Notice, you may contact the Board of Trustees of the Local 305 CIO's Pension Fund at 516-294-1338 or at 1505 Kellum Place, Mineola, NY 11501 . You have a right to receive a copy of the rehabilitation plan that was adopted.