



Local 338

RETIREMENT FUND

JOHN R. DURSO
Chairman

CHARLES F. HAMILTON
Funds Administrator

Dear Local 338 Retirement Participant and Retiree:

As you may be aware, the primary reason the Plan is in yellow zone status is the financial crisis that occurred in 2008. All pension plans, not just this Plan, were negatively impacted by this crisis. In addition, the Pension Relief Act of 2010 was passed and should have a positive impact on the long term financial status of the Plan. Furthermore, the market value of assets increased from approximately \$395,286,000 as of December 31, 2009 to \$432,167,000 as of December 31, 2010.

We continue to actively monitor the situation and will advise you of any changes in federal law that will help the Plan address its funding requirements.

Fraternally yours,

The Board of Trustees

Local 338 Retirement Fund

Notice of Endangered Status
For
Local 338 Retirement Plan

This is to inform you that on March 31, 2011 the plan actuary certified to the U.S. Department of the Treasury, and also the Board of Trustees, that the Local 338 Retirement Plan (“Plan”) is in endangered status for the plan year beginning January 1, 2011. Federal law requires that you receive this notice.

Under the Pension Protection Act of 2006 (“PPA”), the Plan is required to certify its funded status annually in one of three ways: neither endangered nor critical status (“green” zone), endangered status (“yellow” zone), or critical status (“red” zone).

Endangered Status

Under the criteria established by the PPA, a plan is in endangered status if it either (1) has a funded percentage below 80% or (2) if it is projected to have an accumulated funding deficiency within the next seven years. Even though the Plan was projected to be approximately 81% as of January 1, 2011, it is considered to be in endangered status because the fund actuary has projected that the Plan will have an accumulated funding deficiency for the plan year beginning January 1, 2016, based on current contribution and investment performance assumptions. An accumulated funding deficiency occurs when the contributions made to a plan in a given year are less than the minimum amount required under current law.

Please note that, even though the Plan has been certified as endangered, it currently holds over \$432 million in assets, and the ratio of Plan assets to Plan liabilities is estimated at approximately 81%. In addition, we also note that, based on its current assets and the expected annual benefit payments and expenses of approximately \$26.8 million, the Plan can currently afford to pay benefits and expenses for 30 years, assuming 7% return on investments and receipt of contractually required employer contributions.

Funding Improvement Plan

Federal law requires pension plans in endangered status to adopt a funding improvement plan (FIP) aimed at restoring the financial health of the plan. In addition to their continuing efforts to increase contributions and investment income while reducing expenses, the Plan Trustees adopted a formal FIP in 2010 requiring increases in pension contributions to the Plan.

Where to Get More Information

For more information about this notice, you may contact the Plan administrator, Charles Hamilton, Local 338 Retirement Fund, 1505 Kellum Place, Mineola, NY 11501. Telephone number (516)294-1338.