

Twin City Hospitals – Minnesota Nurses Association Pension Plan

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Twin City Hospitals – Minnesota Nurses Association Pension Plan Notice of Plan Status

April 26, 2013

To: Participants and Beneficiaries
Participating Employers
Minnesota Nurses Association

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The Pension Protection Act of 2006 (the Act) is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act establishes benchmarks for measuring a plan's funding, and uses formal labels for such benchmarks. Plans that are in "endangered" status (sometimes called the "Yellow Zone") or "critical" status (sometimes called the "Red Zone") must notify all plan participants, beneficiaries, contributing employers, and collective bargaining parties of the plan's status, as well as take corrective action to improve or restore the plan's financial health.

Plan's Status – Endangered

On March 29, 2013, the plan actuary for the Twin City Hospitals – Minnesota Nurses Association Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and also to the Plan's Pension Committee (the plan sponsor), that the Plan is in endangered status (the *Yellow Zone*) for the plan year beginning January 1, 2013. Federal law requires that you receive this notice.

The Plan is considered to be in endangered status because it is underfunded, due primarily to poor investment performance in 2008. Specifically, the Plan's actuary has estimated that the Plan's funded percentage for the plan year beginning January 1, 2013 is less than the 80% threshold used to determine endangered status. (The plan actuary has estimated that the Plan's funded percentage, as of January 1, 2013, was 72.1%.)

Funding Improvement Plan

To comply with the Act, the Pension Committee adopted a written Funding Improvement Plan designed to improve the Plan's funded position. No changes in the Plan will be needed to meet the Act's requirements for a Funding Improvement Plan. The Plan is already projected to meet the Funding Improvement Plan benchmarks based on the funding requirements under the current collectively bargained Pension Agreement.

What's Next

While no changes are expected to be needed during 2013, please note that because a plan's financial condition generally changes with changes in the economy, the Act requires that the Plan's funding status be reviewed and certified annually. Consequently, you will receive a notice like this each year until the Plan is no longer in the *Yellow Zone*.

For more information about this notice or the Plan in general, please write to the Pension Committee at the address listed at the start of this letter.

Sincerely,
Pension Committee

As required by law, this notice is also being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.

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