

HEAVY AND GENERAL LABORERS' FUNDS OF NEW JERSEY

Local 472 . Local 172

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Notice of Endangered Funding Status for Participants, Beneficiaries, Participating Unions and Contributing Employers of the Heavy and General Laborers' Local Unions 472 and 172 of New Jersey Pension Fund

July 27, 2012

To: All Participants, Beneficiaries in Pay Status, Participating Unions, and Contributing Employers

The Pension Protection Act of 2006 ("PPA") amended existing federal law to require that the Pension Fund's actuary determine annually, starting with the 2008 plan year, the Fund's funding status under the PPA's new funding rules and certify that status to the Trustees and the U.S. Treasury Department. In addition, if the Fund's status for a plan year is "endangered," the Fund is required to provide a written notice of the certification to you.

This is a notice that the Pension Fund's actuary recently determined and certified that the Fund is, once again, in "endangered" ("yellow zone") status for the 2012 plan year. The Plan was also in endangered status for the 2008 through 2011 plan years. This determination was made solely because, based on the PPA's funding measures, the Fund is currently less than 80% funded. Nonetheless, the Fund continues to meet all federal pension funding standards, and it is *not* in "seriously endangered" or "critical" ("red zone") status under the PPA. Indeed, we do not believe that the Fund is "in danger" at all. Based on the latest actuarial valuation, we anticipate that the funded percentage will increase and that the Fund will emerge from "endangered" yellow zone status to the "green zone" over the next few years.

The PPA requires any pension fund in "endangered" status to adopt a "Funding Improvement Plan" ("FIP"); that is, a plan of action designed to increase a plan's funded percentage and to assure that contributions will be

enough to meet the minimum required under the law. For the first year that a plan is in “endangered” status, a FIP must be developed within 240 days following the required date of the actuary’s certification, and a notice describing the FIP must be provided to the bargaining parties shortly thereafter.

On November 12, 2008, the Trustees adopted a FIP. The FIP states that projections based on reasonable assumptions indicate that funding improvement requirements are met without the need for changes to the current plan of benefits and the contribution rates provided in the collective bargaining agreements that are in effect, including those increases that have already been bargained through February 28, 2015. A notice describing the FIP was previously provided to all participating unions and contributing employers.

Please note that the PPA mandates that our Fund’s funding status be reviewed and certified annually and notices like this one will be sent each year. In addition, the FIP will be reviewed and updated each year. While our goal is to remain on track with the Fund’s funding schedule, there are several variables beyond our control that our advisors will monitor yearly including investment market volatility, changes in employment levels and/or changes in the number of contributing employers.

Also, the PPA now prohibits the Fund from accepting collective bargaining agreements or participation agreements that provide for a reduction in the contribution rate. This restriction must remain in effect until the Fund emerges from “endangered” status. Any group that has a question about this restriction should contact the Fund Office.

Federal law requires that this notice be provided to you. Regrettably, legally required notices like this can cause undue anxiety and concern about the future of the Pension Fund. The Board of Trustees is confident that the Fund will continue to provide our participants and their families with secure retirement benefits.

Sincerely,

The Board of Trustees

cc: Pension Benefit Guaranty Corporation
U.S. Department of Labor

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