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MICHAEL E. COZZA (DEC'D)
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08 OCT 31 AM 2:30

IN REPLY REFER TO
FILE NO.________

October 23, 2008

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Avenue, NW
Washington, DC 20210

Pension Benefit Guaranty Corporation
Multiemployer Program Division
1200 K Street NW, Suite 930
Washington, DC 20005

RE: Textile Processors, Service Trades, Health Care, Professional and Technical Employees Local #1 Pension Plan
Notice of Critical Status
PN: 001
EIN: 34-6605342

Gentlemen:

Attached please find Notice of Critical Status as well as Annual Funding Notice for the above entity.

Very truly yours,

Arlene B Steuer /kll

Arlene B. Steuer

ABS/kll
Enclosures

cc: Anthony Rockman

Notice of Critical Status For
The Textile Processors, Service Trades, Health Care,
Professional and Technical Employees Local No. 1 Pension Plan
PN: 001 EIN: 34-6605342

This is to inform you that on March 28, 2008 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, 2008. 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 present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants and the plan has an accumulated funding deficiency for the current plan year.

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 reduction 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 25, 2008. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 25, 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 [*check appropriate box or boxes*]:

- ☐ Post-retirement death benefits;
- ☐ Sixty-month payment guarantees;
- ☒ Disability benefits (if not yet in pay status);
- ☐ Early retirement benefit or retirement-type subsidy;
- ☐ Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- ☐ Recent benefit increases (i.e., occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the plan {provide identification} ____________

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 is otherwise required to contribute to the 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 plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees Local No. 1 Pension Fund at 216-621-5164, or 1400 East 30th Street, Cleveland, OH 44114. A rehabilitation plan must be adopted within 240 days following the certification of critical status. You have a right to receive a copy of the rehabilitation plan from the plan.

ANNUAL FUNDING NOTICE
FOR
TEXTILE PROCESSORS, SERVICE TRADES, HEALTH CARE, PROFESSIONAL AND TECHNICAL EMPLOYEES INTERNATIONAL UNION LOCAL NO. 1 PENSION FUND

Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the:

Textile Processors, Service Trades, Health Care, Professional and Technical Employees International Union Local No. 1 Pension Fund, PN: 001 EIN: 34-6605342.

This notice also includes information about rules governing solvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2007 and ending December 31, 2007.

Plan's Funding Level

The Plan's "funded current liability percentage" for the Plan Year was 45.38%. In general, the higher the percentage, the better funded the plan. The fund current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors, including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the fund increase or decline, and whether benefit payments from the fund increase or decline. The Plan is considered to be in critical condition.

Plan's Financial Information

The market value of the Plan's assets as of January 1, 2007 was $4,730,579. The total amount of benefits payments for the Plan Year was $686,824.10. The ratio of assets to benefit payments of 6.51. This ratio suggests that the Plan's assets could provide for approximately 6.51 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. However, the ratio does not take into account future changes in total benefit payments or plan assets.

Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules", a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the Plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100% of the first $11 of the Plan's monthly benefit accrual rate, plus 75% of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

Example 1: If a participant with ten years of credited service has an accrual monthly benefit of $500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($500/10), which equals $50. The guaranteed amount for a $50 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay or severance pay.

Where to Get More Information

For more information about this notice, you may contact Local #1 Pension Plan Trustees, at 216-621-5164. Address: 2020 Carnegie Avenue, Cleveland, Ohio 44115. For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

Dated: October 15, 2008