

**NOTICE OF CRITICAL STATUS FOR
PLUMBERS AND STEAMFITTERS LOCAL NO. 166 AFL-CIO PENSION PLAN**

This is to inform you that on August 28, 2009, the Plan Actuary for the Plumbers and Steamfitters Local No. 166 AFL-CIO Pension Plan (“Plan”) certified to the United States Department of the Treasury, and also to the Plan Sponsor (“Board of Trustees”), that the Plan is in critical status for the Plan Year beginning June 1, 2009. 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 Plan is projected to have an accumulated funding deficiency for the 2012 Plan Year.

Rehabilitation Plan and Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the plan’s financial health. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. The Trustees of the Plan have determined that benefit reductions are necessary, and the reductions have been approved as part of the Plan’s rehabilitation plan that is described later in this notice. The reductions will not apply to participants whose benefits are in pay status as of November 1, 2009.

Adjustable Benefits

The Plan offers the following adjustable benefits which could be reduced or eliminated as part of a rehabilitation plan adopted by the Plan:

- Disability benefits (if not yet in pay status);
- Early retirement benefits or retirement-type subsidies; and
- Benefit payment options other than a qualified joint and survivor annuity (“QJSA”).

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.

The rehabilitation plan adopted by the Board of Trustees will eliminate the employer surcharge requirement. Therefore, the employer surcharge will not need to be assessed by the Plan.

Adopted Rehabilitation Plan and Actual Reduction in Benefits

On August 31, 2009, the Board of Trustees adopted a rehabilitation plan to improve the Plan’s funding situation. The rehabilitation plan included the following measures not affecting benefits:

1. Increase in Hourly Contribution Rate. Over the next three (3) years, the Plan’s hourly contribution rate will increase. Effective June 1, 2009, the hourly contribution rate for the Plan increased by \$.50 from \$1.45 per hour to \$1.95 per hour. Effective June 1, 2010, the hourly contribution rate will increase by an additional \$.50 from \$1.95 per hour to \$2.45 per hour. Effective June 1, 2011, the hourly contribution rate will increase again by an additional \$.50 from \$2.45 per hour to \$2.95 per hour.

2. Actuarial Funding Method Change. Effective June 1, 2009, the Plan's actuarial funding method was changed from the entry age normal method to the unit credit method.
3. Actuarial Equivalence Factors. Effective November 1, 2009, the factors used to determine the actuarial equivalence of benefits under the Plan's definition of the term "Actuarial Equivalence" will be changed from the 1971 Group Annuity Table (with participants assumed to be male) and an interest rate of 7% to the RP-2000 Health Annuitant Mortality Table with a Blue Collar Adjustment and an interest rate of 7%.

Other components of the rehabilitation plan will reduce benefits. The following benefit reductions will become effective on November 1, 2009:

1. Terminated Vested Benefits. For participants who qualify for a terminated vested benefit, the subsidized early retirement reduction factors for commencement of benefits before age 62 will no longer apply. Beginning November 1, 2009, the early retirement reduction factors for terminated vested participants will be increased from 2% per year from age 62 to a full actuarial reduction from age 62. This change is limited to terminated vested participants who complete fewer than 200 Hours of Service during the 36-month period preceding their early retirement date.
2. Disability Retirement Benefits. For participants who qualify for a disability retirement benefit, the benefit will no longer be paid as an unreduced benefit, regardless of the participant's age at retirement. Beginning November 1, 2009, the standard early retirement reduction factors of 2% per year from age 62 will apply to disability retirees, with a maximum reduction of 14% for retirement at age 55 or earlier.
3. Normal Form of Benefit. The normal form of benefit will be changed from a 120 month certain and life annuity to a single life annuity. As a result of this change, all benefits will be actuarially equivalent to a single life annuity. Beginning November 1, 2009, participants may elect the 120 month certain and life annuity as an optional form of benefit, but with a corresponding actuarial adjustment to the benefit to reflect the 120-month guarantee of benefit payments.
4. "Pop-Up" Feature of Joint and Survivor Annuity. The subsidy for the "pop-up" feature of the joint and survivor annuity will be eliminated. Under the pop-up feature, a participant's benefit under a joint and survivor annuity reverts to the normal form of benefit if the participant's spouse predeceases the participant or waives the survivor benefit as a result of divorce. Beginning November 1, 2009, participants who receive their benefit in the form of a 50%, 75%, or 100% joint and survivor annuity may elect to add the pop-up feature to their benefit, but with a corresponding actuarial adjustment to the benefit to reflect the election of the pop-up feature.

Examples of the benefit reductions included in the Plan's rehabilitation plan are as follows:

EXAMPLE ONE – TERMINATED VESTED RETIREMENT: Assume you elect to receive a terminated vested retirement benefit at age 58 and have an accrued monthly benefit of \$3,000. Your benefit would be \$3,000 per month as a single life annuity at your normal retirement age of age 62. If you retire before November 1, 2009, your terminated vested benefit at age 58 will be reduced by 8% from \$3,000 per month to \$2,760 per month ($\$3,000 \times [100\% - (2\% \times 4)] = \$2,760$). If you retire on or after November 1, 2009, your

terminated vested benefit at age 58 will be reduced by approximately 32.6% from \$3,000 per month to \$2,022 per month ($\$3,000 \times [100\% - 32.6\%] = \$2,022$).

EXAMPLE TWO – DISABILITY RETIREMENT: Assume you elect to receive a disability retirement benefit at age 50 and have an accrued monthly benefit of \$2,000. Your benefit would be \$2,000 per month as a single life annuity at your normal retirement age of age 62. If you retire before November 1, 2009, your disability retirement benefit at age 50 will be equal to your unreduced accrued benefit of \$2,000. If you retire on or after November 1, 2009, your disability retirement benefit at age 50 will be reduced by 14% from \$2,000 per month to \$1,720 per month ($\$2,000 \times [100\% - (2\% \times 7)] = \$1,720$).

EXAMPLE THREE – NORMAL FORM OF BENEFIT: Assume you elect to receive a normal retirement benefit at age 62 and have an accrued monthly benefit of \$3,000. If you retire before November 1, 2009, your benefit would be \$3,000 per month as a 120 month certain and life annuity. Under a 120 month certain and life annuity, you will receive monthly benefits for your lifetime. If you die before receiving at least 120 monthly benefit payments, the remaining monthly payments will be paid to your designated beneficiary for the duration of the 120-month period beginning on your annuity starting date and ending on the first day of the 120th month. If you retire on or after November 1, 2009, your benefit would be \$3,000 per month as a single life annuity. Under a single life annuity, you will receive monthly benefits for your lifetime. Upon your death, no survivor benefits are payable to anyone, regardless of how many monthly benefit payments you received prior to your death.

Beginning November 1, 2009, you may elect the 120 month certain and life annuity as an optional form of benefit, but with a corresponding actuarial adjustment to the benefit to reflect the 120-month guarantee of benefit payments. Thus, if your accrued monthly benefit is \$3,000 as a single life annuity, the benefit would be actuarially reduced to \$2,843 as a 120 month certain and life annuity.

EXAMPLE FOUR – “POP-UP” FEATURE OF JOINT AND SURVIVOR ANNUITY: Assume you retire at age 62, have a spouse age 59, and have an accrued monthly benefit of \$3,000. Assume further that you elect to receive your benefit in the form of a joint and 50% survivor annuity. Your monthly benefit will be reduced from \$3,000 because benefits under the joint and 50% survivor annuity will potentially be paid over two lifetimes, yours and your spouse’s. If you retire before November 1, 2009 and your spouse dies before you, your benefit, upon your spouse’s death, will “pop up” to the full \$3,000 benefit to which you were entitled in the normal form when you retired. If you retire on or after November 1, 2009 and your spouse dies before you, your benefit will not “pop up” to the full \$3,000 benefit. Rather, the monthly pension amount being paid remains at the reduced level, which will be equal to the same as the amount you were receiving when you and your spouse were both alive.

Beginning November 1, 2009, you may elect to add the pop-up feature to a joint and 50%, joint and 75%, or joint and 100% survivor annuity, but with a corresponding actuarial adjustment to the benefit to reflect the election of the pop-up feature. Thus, if your accrued monthly benefit is \$3,000 as a single life annuity and \$2,657 as a joint and 50% survivor annuity without the pop-up feature, the benefit would be actuarially reduced to \$2,629 as a joint and 50% survivor annuity with the pop-up feature.

Participants Impacted by Reductions in Benefits

The above described benefit reduction will apply to participants and beneficiaries whose benefits are **NOT** in pay status as of November 1, 2009. Participants already receiving benefits from the Plan or participants who retire no later than October 1, 2009 will **NOT** be impacted by the above described benefit reductions.

Where to Get More Information

For more information about this notice, you may contact the Fund Office at Benefit Services, 2930 W. Ludwig Road, Fort Wayne, Indiana 46818, telephone 260-497-9380, toll free 877-497-9380. You have a right to receive a copy of the rehabilitation plan from the Plan.

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