

IRC-CMMIC Local 721
Health & Welfare and Pension Trust Funds
*Industrial Relations Council of Furniture Manufacturers in Southern California and Cabinet Makers,
Millmen and Industrial Carpenters Local 721 Health & Welfare and Pension Trust Funds*
Administered By: Benefit Programs Administration
Telephone (562) 463-5055 • Facsimile (562) 463-5894

April 2010

NOTICE OF CRITICAL STATUS

For

IRC – CMMIC Local 721 Pension Trust Fund

This is to inform you that on March 31, 2010 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the IRC – CMMIC Local 721 Pension Plan (Plan) is in critical status for the Plan Year beginning January 1, 2010. 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 was in critical status last year and over the next 9 years the Plan is projected to have an accumulated funding deficiency. The Plan was first certified to be in critical status on March 26, 2008 for the 2008 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 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. However, the Plan may still pay mandatory lump sum distributions as required by law or any makeup payment in the case of a retroactive annuity starting date.

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:

- 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 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. A 5% surcharge became applicable effective June 1, 2008 through December 31, 2008 and, effective January 1, 2009, a 10% surcharge became applicable for each succeeding Plan Year thereafter in which the Plan is in critical status, until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to a rehabilitation plan.

Where to Get More Information

For more information about this Notice, you may contact Michael R. Free by phone at (562) 463-5000 or by mail at Benefit Programs Administration, 13191 Crossroads Parkway North, Suite 205, City of Industry, California 91746. You have a right to receive a copy of the rehabilitation plan from the Plan.