

PLUMBERS AND STEAMFITTERS LOCAL NO. 166 PENSION PLAN
2010 NOTICE OF CRITICAL STATUS
September 2010

This is to inform you that on August 27, 2010, the Plan Actuary for the Plumbers and Steamfitters Local No. 166 Pension Plan ("Plan") certified to the United States Department of the Treasury, and also to the Plan Sponsor ("the Board of Trustees"), that the Plan is in critical status for the Plan Year beginning June 1, 2010 and ending May 31, 2011. 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 is in critical status for the 2010 Plan Year because the Plan's Actuary determined that the Plan was in critical status as of June 1, 2009 and the Plan has not passed the "Emergence Test". The Board of Trustees has adopted a rehabilitation plan as required by the Pension Protection Act of 2006 (PPA) and the Plan is operating under that plan. The Plan's Actuary has certified that the Plan is making scheduled progress under the rehabilitation plan for the 2010 Plan Year.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On September 25, 2009 you were notified that as of November 1, 2009 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. On September 21, 2009 you were notified that the Plan reduced or eliminated "adjustable benefits".

In an effort to improve the Plan's funding situation, on August 31, 2009, the Plan's Board of Trustees adopted a rehabilitation plan that took effect on November 1, 2009 and will remain in effect until October 31, 2022. Under this rehabilitation plan, the following changes will impact the benefits of participants who are not in pay status as of November 1, 2009:

1. 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. Effective November 1, 2009, the early retirement reduction factors for terminated vested participants will be equal to a full actuarial reduction. This change will be limited to terminated vested participants who complete fewer than 200 Hours of Service during the 36-month period preceding their early retirement date.
2. For participants who qualify for a disability retirement benefit, the benefit will no longer be paid as an unreduced retirement 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. 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 can elect the 120 month certain and life annuity as an optional form of benefit, but with a corresponding actuarial adjustment to reflect the 120-month guarantee of benefit payments.
4. The subsidy for the “pop-up” feature of the joint and survivor annuity will be eliminated effective November 1, 2009. 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 can 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.
5. 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 increased 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 50¢ from \$2.45 per hour to \$2.95 per hour.

The benefit reductions described above will only apply to participants and beneficiaries whose benefits are **NOT** in pay status as of November 1, 2009. Participants who commenced receipt of benefits before November 1, 2009 were **NOT** impacted by the above described benefit reductions.

Adjustable Benefits

If it is ever determined that the Plan’s rehabilitation plan needs to be amended, the law permits pension plans in critical status to reduce or eliminate “adjustable benefits”. The Plan offers the following “adjustable benefits” which could be reduced or eliminated as an amendment to the rehabilitation plan adopted by the Plan:

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

If the Board of Trustees of the Plan ever determines that further 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 will not reduce the level of your 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 **November 1, 2010.**

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, or by calling 260-497-9380 or 877-497-9380. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 51-6132690. You have a right to request a copy of the rehabilitation plan from the Plan.