



LOCAL 298 PENSION FUND

I.U.A.N. & P.W. AFL-CIO

April 29, 2015

Dear Participants and Contributing Employers:

This mailing includes two notices that the Local 298 Pension Fund (“Fund”) is required by law to send to all Fund participants: The Pension Status Notice and the Annual Funding Notice.

The financial crisis of 2008 led to the deepest recession since the Great Depression. Official unemployment rates climbed globally, US unemployment reached double digits, housing prices continued to fall, financial institutions failed or were forced to merge, and commercial real estate experienced what can only be termed a “meltdown”. During 2008, the US stocks returned -37%, international stocks returned -43.1%, high yield bonds returned -26.2%, and core commercial real estate returned -10.3%. This significant downturn in the capital markets caused the typical Pension Fund to lose 20% - 30% of its value in 2008. These losses have caused problems for most defined benefit funds across the country.

The Pension Protection Act of 2006 (“PPA”) is a law that established new requirements for multiemployer defined benefit pension plans like the Fund. One of the changes made by the PPA is the creation of “zones” to label the funding status of multiemployer defined benefit pension plans. Under the PPA, each year, the Fund’s actuary must certify whether the Fund is in the critical status (also known as the “red zone”), the endangered status (the “yellow zone”) or neither critical nor endangered status (the “green zone”). This year, the Fund’s actuary has certified the Fund to be in the red zone for 2015. This is directly a result of the financial crisis of 2008. This certification requires the adoption of a rehabilitation plan. The intent of the rehabilitation plan is to insure the long-term viability of the Pension Plan. The Trustees and Plan professionals continue to work to try to assure that a plan is put in place that will satisfy regulatory requirements.

Please keep in mind that many factors could have a significant effect on the Plan’s assets from year to year, such as future employer contributions that are expected to be made to the Plan, future investment earnings on the Plan’s assets, and any future changes to the Plan’s benefit design. The current financial crisis has caused funding problems for virtually all Pension Funds across the Nation.

The Trustees have worked very hard over the years to ensure the Plan’s financial health and use professional advisors e.g., actuaries, investment advisors and attorneys to monitor the Plan’s financial health. We take our responsibility to protect the security of your retirement benefit very serious. Our goal is, and has always been, to protect our participants and their families with secure retirement benefits and we are confident that the Fund will continue to do so in the future as we remain focused to accomplish this goal.

We hope that this explanation helps you to better understand the information that is included with this letter. As always, if you have any questions, please feel free to contact the Fund Office.

Sincerely,
Local 298 Pension Fund
Board of Trustees