

# SHEET METAL WORKERS LOCAL UNION NO. 7, ZONE 2 FRINGE BENEFIT FUNDS

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Sheet Metal Workers Local Union No. 7, Zone 2 Health Care Plan  
Sheet Metal Workers Local Union No. 7, Zone 2 Pension Plan

Managed for the Trustees by:  
TIC INTERNATIONAL CORPORATION

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## Notice of Endangered Plan Status for the 2010 Plan Year

**Plan Name:** Sheet Metal Workers Local Union No. 7, Zone 2 Pension Plan

**Employer Identification Number:** 38-1616942

**Plan Number:** 001

This notice includes important funding information about the Sheet Metal Workers Local Union No. 7, Zone 2 Pension Plan ("the Plan") for the plan year beginning January 1, 2010 to December 31, 2010 (the "Plan Year").

Under federal pension law, a plan generally will be considered to be in "endangered" status if, at the beginning of the Plan Year, the funded percentage of the plan is less than 80 percent or if the plan is projected to incur a funding deficiency within 7 plan years. If a pension plan becomes endangered, the Trustees of the plan are required to adopt a "Funding Improvement Plan". The Funding Improvement Plan must establish steps and benchmarks for the pension plan to improve its funding status within 10 plan years.

The Sheet Metal Workers Local Union No. 7, Zone 2 Pension Plan is considered "endangered" under section 432(b)(1) of the Internal Revenue Code for the 2010 Plan Year. Despite the fact that the funded percentage for the Plan is 90.81%, the Plan is projected to have a funding deficiency during the next seven years due to the loss in the market value of plan assets during 2008 and lower than expected plan contributions in 2009. As a result of the endangered status, the Board of Trustees must adopt a Funding Improvement Plan within 330 days of the beginning of the 2010 Plan Year or by November 26, 2010.

The Trustees have already met to discuss the features of that Funding Improvement Plan. The Funding Improvement Plan may include a combination of (1) an increase in the hourly contribution rate, and (2) a reduction in benefits for future service. The Funding Improvement Plan must also include an alternative schedule, known as the Default Schedule, that will achieve the funding benchmarks by decreasing future benefit accruals without increasing the hourly contribution rate. Another alternative schedule that will be considered is one that will achieve the funding benchmarks by increasing the hourly contribution rate without increasing the benefit rate.

The Funding Improvement Plan will probably go into effect beginning in 2011. The Board of Trustees will discuss the Funding Improvement Plan at their meeting in May and will notify the members of any Plan changes as soon thereafter as possible.

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