



# INTERNATIONAL ASSOCIATION OF BRIDGE, STRUCTURAL, ORNAMENTAL AND REINFORCING IRONWORKERS LOCAL NO. 79 PENSION PLAN

June 25, 2008

## NOTICE OF SERIOUSLY ENDANGERED STATUS

*Funding Status Improved - Early Retirement Reduction Factor Increase No Longer Applies to Credited Service Earned Prior to July 1, 2008*

### Dear Participant:

This is to inform you that on June 23, 2008 the plan's actuary, United Actuarial Services, certified to the U.S. Department of the Treasury and to us, the plan's board of trustees, that the plan is in seriously endangered status, as that term is defined by the Pension Protection Act, for the plan year beginning May 1, 2008. That same law requires that you receive this notice. This is a new law; in the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

### Seriously Endangered Status

The plan is considered to be in seriously endangered status because it satisfies both of the following criteria:

1. Funded percentage less than 80% - The plan's ac-

tuary determined that the plan's funded percentage is 58% as of May 1, 2008. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets.

2. Projected accumulated funding deficiency within 7 years - The plan's actuary projects that, if no further action is taken, the plan will have an accumulated funding deficiency for the plan year ending April 30, 2015. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

As required by law, the plan actuary's certification includes only those contribution rates that have already been negotiated into the plan.

### Improvement from Preliminary Certification/Early Retirement Reduction Factor Increase No Longer Applicable to Credited Service Earned Prior to July 1, 2008

On May 2, 2008, the plan's actuary certified to the U.S. Department of the Treasury and to us that the plan was reasonably expected to be in critical status for the plan year beginning May 1, 2008. This preliminary determination was made prior to a 25¢ hourly contribution rate increase and an increase in the expected number of hours to be worked. The additional contributions expected to be received by the plan as a result of these factors has improved the status of the plan, and the plan is not being certified as entering critical status.

International Association of Bridge, Structural,  
Ornamental and Reinforcing Ironworkers  
Local No. 79 Pension Plan



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As a result of not entering critical status, the early retirement reduction factor increase announced in a notice dated April 10, 2007 with an effective date of July 1, 2008 will no longer apply to credited service earned prior to July 1, 2008. The reduction factor will remain at .15% for all credited service earned prior to July 1, 2008 for each month by which your benefit commencement date precedes your Normal Retirement Date. However, effective July 1, 2008 the early retirement reduction factor will be .5% for all credited service earned on or after that date for each month by which your benefit commencement date precedes your Normal Retirement Date.

In other words, effective for retirements beginning on or after July 1, 2008, the early retirement reduction factor will remain at .15% per month for all credited service earned prior to that date, but will increase to .5% per month for all credited service earned on or after July 1, 2008. If, for example, you apply for and receive an early retirement benefit after July 1, 2008, your monthly payment will be reduced by .15% for each month by which your benefit commencement date precedes attainment of age 65 for all credited service earned up to that date. Your monthly payment will be further reduced by .5% for each month by which your benefit commencement date precedes attainment of age 65 for any credited service earned on and after July 1, 2008. This represents a significant improvement over the change announced on April 10, 2007 as the early retirement revision is no longer being enacted on a retroactive basis. Rather, the increase in the reduction factor to .5% will apply only to early retirements beginning on or after July 1, 2008 and only to credited service earned on or after that date.

### **Funding Improvement Plan**

Federal law requires pension plans in seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The funding improvement plan requires that the plan's funded percentage improve at least one-fifth of the way to 100% over the next 15 years. Therefore, the target for this Plan under the law is a funded percentage of 66% by 2024.

### **Future Experience and Possible Adjustments**

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if

the Fund were to suffer asset returns below the expected 7.5% (in future years), a drop in the hours worked, or poor experience from other sources. If, at some point in time, we determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

### **Commitment to Continued Improvement**

With the past and future changes in place, we anticipate that the Fund will emerge from seriously endangered status soon and continue to see improved funded percentages in the future. We maintain our commitment to providing a retirement benefit which you can rely upon to pay a lifetime benefit that will play a significant role in your overall retirement planning.

### **Employer Surcharge No Longer Applicable**

With the plan being certified as entering seriously endangered status rather than critical status, the employer surcharge provision summarized in our preliminary notice of critical status is no longer applicable.

### **Where to Get More Information**

For more information about this Notice, you may contact Southern Benefit Administrators at 5305 Virginia Beach Boulevard, Norfolk, Virginia, 23502 or by telephone at (757) 461-8091. You have a right to receive a copy of the funding improvement plan once it has been formally approved by the bargaining parties. It should be completed by the end of the year.

Best regards,  
**Board of Trustees**

Labor Trustees:  
Mr. Thomas Bell  
Mr. Robert L. Carney  
Mr. Brian S. Olson

Management Trustees:  
Mr. Tony W. Crosby  
Mr. Billy Martin

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