

*Plumbers, Pipe Fitters & MES
Local Union No. 392 Pension Fund*

Phone (513) 241-0444
Fax (513) 241-1130

1228 CENTRAL PARKWAY • ROOM 100
CINCINNATI, OHIO 45210

e-mail: info@local392fringefunds.com



September 21, 2010

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Avenue, N.W.
Washington, DC 20210

To Whom It May Concern:

Enclosed is a copy of the Notice of Critical Status for the Plumbers, Pipe Fitters & MES Local Union No. 392 Pension Plan. This notice is for the plan year beginning June 1, 2010.

Very truly yours,

PLUMBERS, PIPE FITTERS & MES
LOCAL UNION NO. 392
PENSION FUND

Paula Allphin
Administrative Manager

PA:sns

Enclosure

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

2010 SEP 28 AM 7:51
EBSA/PUBLIC DISCLOSURE

PLUMBERS, PIPE FITTERS & MECHANICAL EQUIPMENT SERVICE
LOCAL UNION NO. 392 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, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan ("the 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 ("the 2010 Plan Year"). 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 adopted a rehabilitation plan on October 1, 2009 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 as of June 1, 2010 the Plan is making scheduled progress under its rehabilitation plan.

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. On September 25, 2009, you were notified that as of September 25, 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 October 21, 2009, you were notified that the Plan reduced or eliminated "adjustable benefits".

In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan that includes increases in the hourly contribution rate along with benefit reductions. The hourly contribution rate will be increased by at least \$0.45 per year for each Plan Year until 2021. This means that the hourly contribution rate for a journeyman will increase from \$6.40 per hour on June 1, 2009 to \$12.25 by June 1, 2021.

Detailed information regarding the benefit reductions included in the Plan's rehabilitation plan is outlined below:

1. **Changes to the Early Retirement Pension Calculations.** The rules for Early Retirement Pensions were changed for benefit commencement dates on or after February 1, 2010. The rules are summarized below:
 - a. **Basic Early Pension.** You will be eligible for a Basic Early Pension if you have attained age 55; you have 10 or more years of Vesting Service but less than 25 years of Vesting Service; and you have separated from service. The amount of the Basic Early Pension will be equal to your Accrued Benefit with a full actuarial reduction for each month that your benefit commencement date precedes age 62.
 - b. **Twenty-Five Year Early Pension.** You will be eligible for a Twenty-Five Year Early Pension if you have attained age 55; you have at least 25 years of Vesting Service; and you have separated from service. The amount of the Twenty-Five Year Early Pension will be equal to your Accrued Benefit with a reduction for each month that your retirement date precedes age 62. If you retire at any time between age 55 through age 57, your benefit will be reduced by a full actuarial reduction. However, if you retire at age 58 through age 62, your benefit will be reduced by a 50% actuarial reduction.
 - c. **Rule of 90 Early Pension.** You will be eligible for a Rule of 90 Early Pension if you have attained age 55; your age plus years of Vesting Service equal 90 or more; and you have separated from service. The amount of the Rule of 90 Early Pension will be equal to your Accrued Benefit reduced by 2/10 of 1% for each month that you

commence benefits prior to age 58. If you commence benefits on or after attaining age 58, there will be no reduction and your monthly benefit will be equal to your full Accrued Benefit.

2. **Changes to the Survivorship Benefits.** Effective for benefit commencement dates on or after February 1, 2010, the free 100% Joint and Survivor Benefit has been eliminated. All survivor benefits will be actuarially equivalent to the amount payable as a Single Life Annuity. However, the Plan will now offer three survivorship benefit options – the 50% Joint and Survivor Benefit, the 75% Joint and Survivor Benefit, and the 100% Joint and Survivor Benefit. If you are legally married on the date your monthly pension begins, your benefit will automatically be paid in the form of a 50% Joint and Survivor Benefit unless you and your spouse waive this benefit and select either the 100% Joint and Survivor Benefit, the 75% Joint and Survivor Benefit, or the Single Life Annuity.
3. **Change to the Qualified Preretirement Survivor Annuity.** Effective for deaths that occur on or after January 1, 2010, if you die prior to retirement, the Plan will pay your surviving spouse a benefit for the remainder of his or her lifetime. The amount payable will be equal to the 100% Joint and Survivor Benefit.
4. **Changes to the Amount of the Trade Disability Pension.** Effective for Trade Disabilities occurring on or after January 1, 2010, the amount payable as a Trade Disability Pension will be subject to a full actuarial reduction of 51.2639%.
5. **Suspension of Pension Benefits Rules Extended.** The Board implemented suspension of benefit rules for retirees that engage in Disqualifying Employment. Initially, these rules applied only to benefits that were accrued on or after January 1, 2009. Effective January 1, 2010, the Board of Trustees will extend the suspension rules to apply to all benefit accruals for those participants who commence receipt of benefits on or after February 1, 2010.
6. **Retirement Incentive Benefit No Longer Available.** Effective September 25, 2009, the Retirement Incentive Benefit (RIB) is no longer an optional form of payment. Participants with a RIB in pay status prior to September 25, 2009, will continue to receive benefits in accordance with the RIB provisions in the Plan.

Adjustable Benefits

If it is 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 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 September 25, 2009.

Where to Get More Information

For more information about this notice, you may contact the Plumbers, Pipe Fitters & Mechanical Equipment Service Local Union No. 392 Pension Plan at 1228 Central Parkway, Room 100, Cincinnati, OH 45202, or by calling 513-241-0444. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 31-0655223. You have a right to request a copy of the rehabilitation plan from the Plan.