SMWIA LOCAL 28 PENSION FUND

Notice of Endangered Status (Yellow Zone) for the Plan Year Beginning January 1, 2011

April 30, 2011

To all Participants, Beneficiaries, Contributing Unions, and Contributing Employers:

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer pension plans such as ours.

Starting with the 2008 plan year, the PPA requires that a Pension Fund's actuary annually determine the Fund's status under a new set of rules and certify that status to the IRS and the Trustees, who are the plan sponsor. If the actuary determines that the Fund is in "endangered," "seriously endangered" or "critical" status", the Trustees must notify all plan participants, employers and other stakeholders, as well as take corrective action to restore the financial health of the plan.

Endangered Status

This letter will serve as the Notice that, on March 31, 2011, our Pension Fund's actuary certified that the Fund is in "endangered" status for the 2011 plan year (beginning January 1, 2011). This determination was made because, based on the PPA's new funding measures, the Fund is currently less than 80% funded. This means that the Fund's assets are less than 80% of the estimated present value of all of the benefits and other obligations that it is expected to pay over the lifetimes of the current participants, retirees and beneficiaries.

Funding Improvement Plan

The PPA also requires any pension fund that is "endangered" to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to restore the plan to financial health, improve the balance of assets and liabilities and avoid any accumulated funding deficiency.

Please note that the PPA requires that our Plan's funding status be reviewed and certified by the actuary annually, and notices like this one will be sent each year. There are several variables beyond our control that our advisors are monitoring, including investment market volatility, and changes in employment levels and/or the number of contributing employers, which could affect the Plan's status and the Trustees' recommended corrective actions in the future.

We understand that legally required notices like this one can be confusing and create anxiety and concern about the Pension Fund's future. The Board of Trustees remains confident that, with the actions that the collective bargaining parties have already taken to improve the Plan's funding status, the Fund will continue to provide our participants and their families with secure retirement benefits.

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Where to Get More Information

For further information, please contact Mr. Glen Camisa, Fund Administrator at the SMWIA Local 28 Pension Fund, 195 Mineola Blvd., Mineola, NY 11501. The telephone number is (516) 742-9478. You have a right to receive a copy of the Funding Improvement Plan from the Fund.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor
Pension Benefit Guaranty Corporation