



International Painters and Allied Trades **Industry Pension Fund**

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ANNUAL FUNDING NOTICE

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International Painters & Allied Trades Industry Pension Plan

Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning 1/1/2009 and ending 12/31/2009 (referred to hereafter as “Plan Year”).

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

Plan Year	2009	2008	2007
Valuation Date	1/1/2009	1/1/2008	1/1/2007
Funded Percentage	71.58%	82.88%	80.61%
Value of Assets	\$ 2,946,574,305	\$ 3,273,098,130	\$ 3,051,315,478
Value of Liabilities	\$ 4,116,637,367	\$ 3,949,131,045	\$ 3,785,241,000

Fair Market Value of Assets

For 2007, 2008 and 2009 the asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of 12/31/2009, the fair market value of the Plan’s assets was \$2,580,195,427. As of 12/31/2008, the fair market value of the Plan’s assets was \$2,455,478,588. As of 12/31/2007, the fair market value of the Plan’s assets was \$3,256,103,940.

Participant Information

The total number of participants in the plan as of the Plan’s valuation date was 83,888. Of this number, 44,970 were active participants, 24,688 were retired or separated from service and receiving benefits, and 14,230 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan’s objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The funding policy of the Plan is to set benefits based on expected contributions made pursuant to collective bargaining agreements in effect and to modify required contributions when necessary to maintain or improve the plan’s funding level.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries; that are responsible for plan investments, with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is that the investments of the Pension Fund are to be managed with the primary focus being preservation of capital. Emphasis will be placed on participation with the fixed income and equity broad market averages during times of rising markets and preservation of capital during periods of market contraction. Additionally, given the decision to seek out and retain investment managers, it is the Fund's desire to earn total returns (income plus capital gains) in excess of major indices of each asset class over a typical market cycle.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations

Interest-bearing cash	1.0%
U.S. Government securities	2.1%
Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	5.6%
Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	23.1%
Partnership/joint venture interests	20.8%
Real estate (other than employer real property)	2.3%
Loans (other than to participants)	0.0%
Participant loans	0.0%
Interest in common/collective trusts	37.3%
Interest in pooled separate accounts	4.3%
Interest in master trust investment accounts	0.0%
Interest in 103-12 investment entities	0.0%
Interest in registered investment companies (e.g., mutual funds)	1.4%
Funds held in insurance co. general account (unallocated contracts)	0.6%
Employer-related investments:	
Employer securities	0.0%
Employer real property	0.0%
Buildings and other property used in plan operation	0.2%
Other	1.3%

Critical or Endangered Status

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 in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in endangered status in the Plan Year because the Plan's funded percentage for 2009 is less than 80%. In an effort to improve the Plan's funding situation, the trustees adopted a Plan amendment effective January 1, 2010 which decreases the benefit accrual rate from 1% of contributions and 2% of contributions in excess of the rate in effect at January 1, 2006 to 0.5% of contributions and 1% of contributions in excess of the rate in effect at January 1, 2006. The trustees also adopted a funding improvement plan (FIP) on April 2, 2009 which will be effective from January 1, 2012 through December 31, 2024 or until the Plan is no longer in endangered status. The FIP provides two options. Under Option 1, the bargaining parties can increase their contribution rate by 35% of the rate in effect at March 1, 2009 and participants will continue to accrue benefits under the existing schedule. Option 2 is the default option if the bargaining parties do not agree. Under the default schedule, an employer will have to increase the contribution rate by 15% of the rate in effect at March 1, 2009, but benefit accruals will cease and early retirement and disability benefits will be frozen at their level in 2011.

You may obtain a copy of the Plan's funding improvement plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Form 5500 may also be obtained through this website: www.iupat.org/pension after it is filed with the Department of Labor.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants and PBGC. In addition, participants and beneficiaries must also receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact:

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For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6073909. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).