

SPECIAL BULLETIN

To: Plan Participants
Participating District Councils and Local Unions
Participating Employers
From: IUPAT Industry Pension Fund Board of Trustees
Date: December 15, 2009

We are writing to inform you of necessary amendments to the IUPAT Industry Pension Fund, with changes that may result in a reduction in the rate at which benefits accrue for future service for many Participants. This notice is to advise you of these changes that are effective January 1, 2010 and the impact they have on your benefits.

The decision to make these changes to the Plan was not made lightly, and is the result of careful analysis of today's economic realities and the Plan's funding status. As a result of the unprecedented deterioration in the financial markets in 2008 and early 2009, the investment portfolios of virtually every pension fund, endowment fund, and charitable trust have declined significantly. We, the Board of Trustees reported this to you in April, along with information on actions taken to ensure the financial integrity of the Plan.

That's why this decision is so important. As members of the Board of Trustees given the fiduciary responsibility to oversee the plan, it is our job to make decisions that are best for the plan as a whole and that ensure the financial security of all participants. It is therefore our primary objective to ensure that the Pension Plan is sound, now and for the future. The Trustees do not want you to lose your earned pension benefits or pension plan. Thus, the Board of Trustees has taken this action to protect participant and retiree benefits in the current investment market, as well as to ensure that the Plan is sound enough to weather any future market downturns.

CURRENT BENEFIT FORMULA

Under the Plan's current benefit formula, a participant's normal retirement benefit is the sum of (1) + (2) + (3), determined as follows:

- (1) *Accrued benefit at December 31, 2002* (under the old unit structure); plus
 - (2) *Benefits 2003-2005 and 2008.*
The benefit earned for service from January 1, 2003 through December 31, 2005, and for 2008 is equal to two percent (2%) of Employer contributions; plus
 - (3) *Benefits 2006, 2007, and on or after January 1, 2009.*
The benefit earned for service in calendar years 2006, 2007 and on or after January 1, 2009 is a varying percentage of an Employer's required contributions for an employee's work.
- Base Contribution Rate. The amount of benefits earned depends on the contribution rate for work covered by the Plan that was in effect at January 1, 2006 – which the Plan calls the “Base Contribution Rate.”
 - Benefit Percentage at the Base Contribution Rate. If the Contributing Employer pays the Base Contribution Rate, the benefit earned is equal to one percent (1%) of the Contributing Employer's required contributions for the employee's work.

- Benefit Percentage Above the Base Contribution Rate. If the Contributing Employer pays more than the Base Contribution Rate, the benefit earned is one percent (1%) of the Base Contribution Rate plus two percent (2%) of the contributions above the Base Contribution Rate for contributory hours after the increase is effective, but not before January 1, 2006.
- Benefit Percentage Below the Base Contribution Rate If the contribution rate is less than the Base Contribution Rate, the benefit earned is one percent (1%) of the actual rate for contributory hours up to May 31, 2006. For work after May 31, 2006, additional benefits are only earned if the contribution rate for work is over 70% of the Base Contribution Rate.

The benefit accrual rates following a contribution rate decrease are as follows.

New Contribution Level Effective After 05/31/06 as a % of the Base Contribution Rate	Benefit Accrual Rate After Contribution Rate Change
100%	1.00%
90%	0.67%
80%	0.33%
70%	0.00%

Rates between 71% and 100% of the Base Contribution Rate (rounded down to the nearest full percentage) will earn a proportionally reduced benefit up to one percent (1%) on contributions after May 31, 2006. The Plan may determine that a contribution rate has been reduced due to limitations on the hours or employees covered by a pension contribution agreement or other factors, even though the nominal dollar rate is the same as the Base Contribution Rate.

If the rate is less than 71% of the Base Contribution Rate but more than 30% of the Base Contribution Rate after May 31, 2006, no benefits are earned for the contribution, but service will still count for vesting and retirement eligibility.

If the rate goes below 30% of the Base Contribution Rate after May 31, 2006, the Trustees will refuse the contribution. Except as required by law, no service credit will be earned for any purpose under the plan after contributions cease (either directly by the Employer or due to rejection of contributions by the Trustees). The employer may also be obligated to pay withdrawal liability.

NEW BENEFIT FORMULA

This formula is being changed by a plan amendment. After the amendment, a participant's normal retirement benefit is his/her accrued benefit at December 31, 2009 (under the formulas described above) plus new steps (4) and (5), determined as follows:

(4) *Benefit Accrual on or after January 1, 2010*

The benefit earned for service in on or after January 1, 2010 will accrue at one-half the rate in effect for 2009, that is, a varying percentage of an Employer's required contributions for an employee's work.

- Benefit Percentage at the Base Contribution Rate. If the Contributing Employer pays the Base Contribution Rate, the benefit earned is equal to one half percent (1/2%) of the Contributing Employer's required contributions for the employee's work.
- Benefit Percentage Above the Base Contribution Rate. If the Contributing Employer pays more than the Base Contribution Rate, the benefit earned is one half percent (1/2%) of the Base Contribution Rate plus one percent (1%) of the contributions above the Base Contribution Rate for contributory hours after the increase is effective, but not before January 1, 2006.

The other adjustments to benefits with contributions above or below the Base Contribution rate remain in effect, with a special interim adjustment through 2011 that is described below.

(5) *Temporary Incentive*

For parties who choose to elevate their contribution rates as required by the Plan's Funding Improvement Plan at a date earlier than January 1, 2012, the Plan will provide a benefit accrual of two percent (2%) of contributions for increases above the contribution rate as of March 1, 2009 up to the 35% supplemental contribution that is required by January 1, 2012.

At January 1, 2012, the 35% supplemental contribution requirement goes into effect and the extra contribution will simply be converted into the supplemental contribution with no further benefit accrual for the participant on the extra 35%.

Your benefit for future service from January 1, 2010 will be calculated as described by the above amendment for your work from January 1, 2010 forward. Your total accrued benefit will be the benefit you earn from January 1, 2010 PLUS your accrued benefit as of December 31, 2009.

The Trustees hope that these changes will be short-lived and that future investment returns, contributions and economic and world events will allow the Plan to return benefit accrual to its prior rate. In a plan like the IUPAT Industry Plan, the Trustees can also make changes to increase benefits for prior service. The Trustees cannot assure you of that future today and must still make changes to address current economic conditions.

EXAMPLES

Assume the following:

Base Contribution Rate is \$2.00
1,000 hours worked each year after 2011

Contribution Rates must be increased 35% effective 1/1/2012 in accordance with the formal Funding Improvement Plan adopted by the Trustees as required by federal funding rules. This increase is required to cover existing debt under the formal Funding Improvement Plan adopted by the Trustees and will not factor into your benefits.

Example 1: Constant Hourly Contribution Rate

Assume the following contribution rates

Year	Contribution Rate	Hours Worked
2007	\$2.25	1,000
2008	\$2.25	1,000
2009	\$2.25	1,000
2010	\$2.25	1,000
2011	\$2.25	1,000

Benefit accruals, payable monthly beginning at your age 65, are determined as follows:

The contributions to the plan for each year would be as follows

Year	At Base Contribution Rate	Above the Base Contribution Rate	Total Contributions
2007	\$2.00 x 1000 = \$2,000	(\$2.25 - \$2.00) x 1000 = \$250	\$2,250
2008	\$2.00 x 1000 = \$2,000	(\$2.25 - \$2.00) x 1000 = \$250	\$2,250
2009	\$2.00 x 1000 = \$2,000	(\$2.25 - \$2.00) x 1000 = \$250	\$2,250
2010	\$2.00 x 1000 = \$2,000	(\$2.25 - \$2.00) x 1000 = \$250	\$2,250
2011	\$2.00 x 1000 = \$2,000	(\$2.25 - \$2.00) x 1000 = \$250	\$2,250

Prior to the amendment, the benefit you earn each year would be as follows

Year	At Base Contribution Rate	Above the Base Contribution Rate	Total Benefit Payable at Age 65
2007	\$2,000 x 1% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2008	\$2,000 x 2% = \$40.00	\$250 x 2% = \$5.00	\$45.00
2009	\$2,000 x 1% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2010	\$2,000 x 1% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2011	\$2,000 x 1% = \$20.00	\$250 x 2% = \$5.00	\$25.00

Reflecting the amendment effective January 1, 2010, the benefit you earn each year would be as follows

Year	At Base Contribution Rate	Above the Base Contribution Rate	Total Benefit Payable at Age 65
2007	\$2,000 x 1.0% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2008	\$2,000 x 2.0% = \$40.00	\$250 x 2% = \$5.00	\$45.00
2009	\$2,000 x 1.0% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2010	\$2,000 x 0.5% = \$10.00	\$250 x 1% = \$2.50	\$12.50
2011	\$2,000 x 0.5% = \$10.00	\$250 x 1% = \$2.50	\$12.50

This change affects the total benefit you can expect at age 65. The table below illustrates the additional benefits you would earn to age 65 to add to the amount of your benefit at the end of 2006.

Age in 2007	Before Amendment	After Amendment
25	\$1,045.00	\$570.00
35	\$795.00	\$445.00
45	\$545.00	\$320.00
55	\$295.00	\$195.00
60	\$170.00	\$132.50

Example 2: Hourly Contribution Rate Decrease

Assume the following contribution rates

Year	Contribution Rate	Hours Worked
2007	\$2.25	1,000
2008	\$1.70	1,000
2009	\$1.70	1,000
2010	\$1.70	1,000
2011	\$1.70	1,000

In 2008, the Contribution Rate decreased to 85% of the Base Contribution Rate. Benefits accrue at 50% of the standard benefit accrual rate following such a decrease.

Benefit accruals, payable monthly beginning at your age 65, are determined as follows:

The contributions to the plan for each year would be as follows

Year	At Base Contribution Rate	Above the Base Contribution Rate	Total Contributions
2007	\$2.00 x 1000 = \$2,000	(\$2.25 - \$2.00) x 1000 = \$250	\$2,250
2008	\$1.70 x 1000 = \$1,700	(\$1.70 - \$2.00) x 1000 = \$0	\$1,700
2009	\$1.70 x 1000 = \$1,700	(\$1.70 - \$2.00) x 1000 = \$0	\$1,700
2010	\$1.70 x 1000 = \$1,700	(\$1.70 - \$2.00) x 1000 = \$0	\$1,700
2011	\$1.70 x 1000 = \$1,700	(\$1.70 - \$2.00) x 1000 = \$0	\$1,700

Prior to the amendment, the benefit you earn each year would be:

Year	At Base Contribution Rate	Above the Base Contribution Rate	Total Benefit Payable at Age 65
2007	\$2,000 x 1% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2008	\$1,700 x 1% = \$17.00	\$0 x 2% = \$0.00	\$17.00
2009	\$1,700 x 0.5% = \$8.50	\$0 x 1% = \$0.00	\$8.50
2010	\$1,700 x 0.5% = \$8.50	\$0 x 1% = \$0.00	\$8.50
2011	\$1,700 x 0.5% = \$8.50	\$0 x 1% = \$0.00	\$8.50

After the amendment effective January 1, 2010, the benefit you earn each year would be:

Year	At Base Contribution Rate	Above the Base Contribution Rate	Total Benefit Payable at Age 65
2007	\$2,000 x 1% = \$20.00	\$250 x 2% = \$5.00	\$25.00
2008	\$1,700 x 1% = \$17.00	\$0 x 2% = \$0.00	\$17.00
2009	\$1,700 x 0.5% = \$8.50	\$0 x 1% = \$0.00	\$8.50
2010	\$1,700 x 0.25% = \$4.25	\$0 x 0.50% = \$0.00	\$4.25
2011	\$1,700 x 0.25% = \$4.25	\$0 x 0.50% = \$0.00	\$4.25

This change affects the total benefit you can expect at age 65. The table below illustrates the additional benefits you would earn to age 65 to add to the amount of your benefit at the end of 2006.

Age in 2007	Before Amendment	After Amendment
25	\$373.50	\$212.00
35	\$288.50	\$169.50
45	\$203.50	\$127.00
55	\$118.50	\$84.50
60	\$76.00	\$63.25

Hourly Contribution Rate Decrease:

If the contribution rate for your employer falls to less than 70% of the Base Contribution Rate (from 2006), your benefits will still be frozen. This means you will get no additional benefits for your future work.

FEDERAL LAW PROTECTIONS

Please note that those currently receiving a pension will not be affected by these changes and their benefits will remain unchanged under current federal law. Also, all participants should keep in mind the benefits you have earned under the IUPAT Industry Pension Plan current structure based on your service and contribution rates through December 31, 2009 and eligibility and optional forms of payment for those benefits will be fully protected and honored by the Plan. **This means that your plan benefit will never be less than the benefits you have earned under the current Plan structure based on your service and contribution rates through December 31, 2009.**

This information is a summary of recent changes affecting your benefit under the IUPAT Industry Pension Plan and is furnished in compliance with Section 204(h) of the Employee Retirement Income Security Act (ERISA). You should keep this information with the Plan booklet previously provided.

The Fund Office will be happy to answer your questions and the concerns that inevitably accompany a change in benefits. Please feel free to contact the Fund Office at (202) 783-4884, or write to the Fund Administrator at pension@iupat.org, or the address on this letter.