January, 2007

# ANNUAL FUNDING NOTICE

## Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the Local 282 Pension Trust Fund (the "Plan"), E.I.N. 11-6245313 Plan Number 001. This notice also includes information about rules governing insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC"), a federal agency. This notice is for the period beginning March 1, 2005 and ending February 28, 2006 (the "Plan Year").

## Plan's Funding Level

The Plan's "funded current liability percentage" for the Plan Year was 72.6%. In general, the higher the percentage, the better funded the Plan. The funded current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors, including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the fund increase or decline, and whether benefits payments from the fund increase or decline.

## Plan's Financial Information

The market value of the Plan's assets as of March 1, 2005 was $480,640,007. The total amount of benefit payments for the Plan Year was $31,211,249. The ratio of assets to benefit payments is 15 to 1. This ratio suggests that the Plan's assets could provide for approximately 15 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. However, the ratio does not take into account future changes in total benefit payments or plan assets.

## Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganizations 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 is 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 notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must 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% of the first $11 of the Plan's monthly benefit accrual rate, plus 75% of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $33.75 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 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 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 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

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. 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 pan 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 the following individuals:

**William M. Maye, Fund Manager**
**Local 282 Pension Trust Fund**
**2500 Marcus Avenue**
**Lake Success, NY 11042**
**(516) 488-2822**

## Additional Explanation

This is the first year that Congress has required multiemployer defined benefit plans to prepare this Notice and, as such, we would like to provide some additional information about some of its contents.

As an initial matter, you will note that the Annual Funding Notice has a section entitled "Rules Governing Insolvent Plans." Under the law, we are required to include this provision even though we believe that there is very little actual risk of insolvency. Accordingly, the Plan is not currently subject to the requirements set forth in this section, and the inclusion of this section in the Annual Funding Notice should not be taken as meaning anything else about your retirement benefits.

The Annual Funding Notice reflects that the Plan's "funded current liability percentage" as of March 1, 2005 was 72.6%. To better understand this percentage, we think you should know that there are several different ways used to measure the funded status of a pension plan, and the different measurements produce different funded percentages. The law requires us to show the "funded current liability percentage" in the Annual Funding Notice. The "funded current liability percentage" is a term defined by Internal Revenue Service Regulations. IRS Regulations require that in determining the "funded current liability percentage," an annual interest rate must be used as if all of the Plan's assets were invested solely in high grade corporate debt instruments. The required interest rate is currently 6.03%.

In actuality, however, the Fund's actuaries use a higher investment return assumption in calculating the long-term funding requirements of the Plan. For the March 1, 2005 to February 28, 2006 plan year described in the Annual Funding Notice, the Fund's actuaries assumed the Plan would earn 7.50%. Using this investment return assumption, the Plan's funded percentage for that year was 86.4%. Interestingly, beginning in 2009, the new pension law that was passed last summer will require us to tell you the funded percentage based on a long-term funding investment return assumption (rather than the "funded current liability percentage").

Our purpose in describing the different funding measurements is simply to make the point that the 72.6% "current liability funded percentage" is only one measure of the Plan's funded status, and should not be viewed as cause for concern about the security of your pensions.

In sum, please be assured that the Board of Trustees remains committed to continuing to operate the Plan on a financially sound basis and meeting all Federal funding requirements, with the goal of providing pension benefits so that participants and beneficiaries may enjoy a secure financial future. Of course, if you have any questions about the Annual Funding Notice or any other matter, please do not hesitate to contact the Fund Office.

For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's web site, www.pbgc.gov or call the 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).