

**ANNUAL FUNDING NOTICE  
for  
UA Local 190 Pension Plan**

**Introduction**

This notice includes important information about the funding status of your pension plan (“the Plan”) and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning June 1, 2011 and ending May 31, 2012 (referred to as the “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 two preceding plan years is shown in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	<b>2012 Plan Year</b>	<b>2011 Plan Year</b>	<b>2010 Plan Year</b>
Valuation Date	June 1, 2011	June 1, 2010	June 1, 2009
Funded Percentage	65.7%	62.1%	56.9%
Value of Assets	\$114,530,556	\$105,198,878	\$97,407,372
Value of Liabilities	\$174,359,478	\$169,387,756	\$171,354,504

**Year-End Fair Market Value of Assets**

The asset values in the chart above are measured as of the Valuation Date for the plan year and are actuarial values, not market values. 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 that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table:

	May 31, 2012 (unaudited)	May 31, 2011	May 31, 2010
Fair Market Value of Assets	\$124,132,294	\$127,418,926	\$109,738,337

## Participant Information

The total number of participants in the plan as of the Plan's valuation date was 1,749. Of this number, 807 were active participants, 632 were retired or separated from service and receiving benefits, and 310 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 objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to collect employer contributions and set the benefits to a level that can reasonably be expected to be provided by those contributions after taking into account future investment returns and the expenses inherent in running the Plan.

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, who 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 designed to guide the activities necessary to maintain compliance with the policies and guidelines approved by the Plan's fiduciaries. The policy uses a long-term investment horizon and evaluates performance over a three to five year period, so short-term market fluctuations should not influence the investment structure under normal circumstances.

The investment objective of the Fund is To achieve an annualized rate of return which exceeds the rate of return produced by a Blended Index (30% S&P 500 Index, 5% Russell 2000 Index, 5% MSCI EAFE Index, 20% MSCI ACWI Index, 35% Barclays Capital Intermediate Government/Credit Bond Index, and 5% NCREIF ODCE Equal Weighted Index), before fees are deducted. Investment performance for each manager/product is analyzed within each asset class relative to an appropriate market index benchmark and a broad universe of managers.

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:

	<u>Asset Class</u>	<u>Target</u>	<u>Range</u>	<u>Actual Percentage</u>
1.	U.S. Equity	35%	30-40%	36.2%
2.	International Equity	5	2-8	4.8
3.	Global Equity	20	15-20	19.5
4.	Fixed Income and Cash:	35	30-40	33.8
5.	Equity-Oriented Real Estate	5	2-8	5.7

These broad categories were divided among the following types of investments, as a percentage of total assets:

Asset Allocations	Percentage (to nearest .1%)
1. Interest-bearing cash	0.7
2. U.S. Government securities	4.3
3. Corporate debt instruments	14.8
4. Corporate stocks	0.0
5. Value of interest in common/collective trusts	68.1
6. Value of interest in pooled separate accounts	2.9
7. Value of interest in registered investment companies (e.g., mutual funds)	4.1
8. Value of funds held in insurance company general accounts (unallocated contracts)	0.0
9. Loans	0.0
10. Other	5.1

For information about the plan's investment in common/collective trusts or pooled separate accounts as described in the chart above, contact the Fund's Plan Administrator:

Name UA Local 190 Pension Plan Joint Board of Trustees, Plan Administrator

Thomas Hayden, Administrative Manager

Phone (734) 432-3042

Address UA Local 190 Fringe Benefit Funds  
24900 Harper Ave.  
St. Clair Shores, MI 48080

### **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 ending May 31, 2012 because the Plan was less than 80% funded on the valuation date and projected not to have an accumulated funding deficiency within the next seven years. In an effort to improve the Plan's funding situation, the trustees previously adopted a

Funding Improvement Plan that was the same as its previous Rehabilitation Plan to meet the requirements of the law. The original Rehabilitation Plan changes effective for the Plan Year beginning June 1, 2010 are summarized below:

- The reduction for the 100% joint & survivor optional form of benefit was increased to eliminate any additional cost to the Plan when members select this form.
- For benefits attributable to Years of Benefit Credit earned after May 31, 2010, the following changes were made:
  - The early retirement reduction was increased to eliminate any additional cost to the Plan when members retire early.
  - The hours required at the highest contribution rate for a Year of Benefit Credit were increased from 1,500 to 1,800.

These changes are expected to be permanent.

In addition, the Funding Improvement Plan assumes that that the contribution rates in effect at the beginning of the Plan Year will not be decreased in the future.

Under this Funding Improvement Plan, the Plan is expected to emerge from endangered status no later than May 31, 2023, which is the end of the “funding improvement period” defined by law.

Because the Plan continues to be in endangered status for the Plan Year beginning June 1, 2012, you are receiving a separate notification of that status together with this notice.

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’s Administrative Manager:

Mr. Thomas Hayden  
UA Local 190 Fringe Benefit Funds  
24900 Harper Ave.  
St. Clair Shores, Michigan 48080

Phone: (734) 432-3042 or toll-free at (888) 390-PIPE (7473)

### **Events Having a Material Effect on Assets or Liabilities**

Federal law requires the plan administrator to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. Material effect events are occurrences that tend to have a significant impact on a plan’s funding condition. An event is material if it, for example, is expected to increase or decrease Total Plan Assets or Plan Liabilities by five percent or more. For the plan year beginning on June 1, 2012 and ending on May 31, 2013, there are no such events that are expected to have such an effect.

## **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. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator identified below under "Where To Get More Information."

## **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. This annual funding notice is required by law to include a summary of these rules, even though the Plan is not insolvent.

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 these special plan reorganization rules, a plan in reorganization 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 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 benefits that you have earned a right to receive and that can not be forfeited (called 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 \$870, 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 ( $\$870/10$ ), which equals \$87. The guaranteed amount for a \$87 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  $\$357.50 (\$35.75 \times 10)$ .

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$261, the accrual rate for purposes of determining the guarantee would be \$26.10 (or  $\$261/10$ ). The guaranteed amount for a \$26.10 monthly accrual rate is equal to the sum of \$11 plus  $\$15.10 (.75 \times \$15.10)$ , or \$22.33. Thus, the participant's guaranteed monthly benefit would be  $\$223.30 (\$22.33 \times 10)$ .

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 Mr. Thomas Hayden, Fund Administrative Manager, at UA Local 190 Fringe Benefit Funds, 24900 Harper Avenue, St. Clair Shores, Michigan 48080. The telephone number is (734) 432-3042. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 38-6065579. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).