



**TOLEDO AREA SHEET METAL WORKERS
PENSION PLAN
P.O. BOX 4450
TROY, MICHIGAN 48099-4450
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August 24, 2012

**ANNUAL FUNDING NOTICE
Toledo Area Sheet Metal Workers Pension Plan
Plan Year Beginning May 1, 2011**

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 payment guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning May 1, 2011 and ending April 30, 2012 (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 two 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.

	2011	2010	2009
Valuation Date	May 1	May 1	May 1
Funded Percentage	57%	60%	54%
Value of Assets	\$ 33,586,820	\$ 34,137,974	\$ 31,049,605
Value of Liabilities	\$ 58,634,754	\$ 57,266,185	\$ 57,206,561

Fair Market Value of Assets

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 April 30, 2012, the fair market value of the Plan’s assets was \$27,692,142. As of April 30, 2011, the fair market value of the Plan’s assets was \$30,909,016. As of April 30, 2010, the fair market value of the Plan’s assets was \$28,448,312.

Participant Information

The total number of participants in the Plan as of the valuation date was 749. Of this number, 300 were active participants, 301 were retired or separated from service and receiving benefits, and 148 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is that the Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan's participants, or pursuant to participation agreements, and by earnings on its investments.

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries, who make specific investments 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 investment management decisions. The investment policy of the Plan targets the Plan asset classes according to the following schedule:

- 31.5% U.S. Equities
- 15.0% Global Equities
- 10.0% International Equities
- 25.0% Fixed Income
- 10.0% Alternative Assets
- 8.5% Real Estate

Investments are made in these asset classes by hiring qualified managers that employ separate account, comingled, and mutual fund investment vehicles through which marketable securities are held and transacted. Under 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 Allocation

Cash (interest bearing and non-interest bearing)	3.95%
U.S. Government securities	14.30%
Corporate debt instruments (other than employer securities):	
Preferred	0.00%
All other	10.09%
Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	42.44%
Partnership/joint venture interests	8.25%
Real estate (other than employer real property)	10.25%

Loans (other than to Participants)	0.00%
Participant Loans	0.00%
Value of interest in common/collective trusts	0.00%
Value of interest in pooled separate accounts	0.00%
Value of interest in master trust investment accounts	0.00%
Value of interest in 103-12 investment entities	0.00%
Value of interest in registered investment companies (e.g. mutual funds)	10.72%
Value of funds held in insurance co. general account (unallocated contracts)	0.00%
Employer related investments:	
Employer securities	0.00%
Employer real property	0.00%
Buildings and other property used in plan operation	0.00%
Other	<u>0.00%</u>
TOTAL:	100.00%

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 “critical” status in the Plan Year because of a funded ratio of 57.6%, a current projected funding deficiency at the beginning of the 2011-12 Plan Year, at least eight years of benefit payments within Plan assets, and other results. In an effort to improve the Plan’s funding situation, the trustees adopted a rehabilitation plan on May 1, 2009. The rehabilitation period is May 1, 2012 through April 30, 2025, or the date the Fund’s Actuary certifies it has emerged from critical status.

The rehabilitation plan has two goals which must be met over a 13 year period:

- (1) emerge from critical status by the end of the rehabilitation period and
- (2) have no projected funding deficiencies for the 10-year period following the rehabilitation period.

The rehabilitation plan contains two separate schedules of benefit changes and contribution rate increases. These schedules are called the Default Schedule and the Alternate Schedule. The Alternate Schedule was adopted by the Bargaining Parties, so the Default Schedule is not applicable to your benefits.

Default Schedule

Benefit Changes Effective June 1, 2009	<ul style="list-style-type: none">• All retirement benefits commencing earlier than age 65 will have actuarially equivalent early retirement reduction factors applied based on the age of the retiree at benefit commencement.• Eliminate the temporary disability benefit.• Eliminate all pre-retirement death benefits. The death benefit of 50% of a joint & 50% survivor payable at the participant's earliest retirement age will still be available, but participants will have to pay for coverage with an actuarial reduction in the accrued benefit payable at retirement.• Eliminate the 60-payment guarantee from the normal form of benefit payment.
Contribution Changes	Seven consecutive contribution rate increases of 18¢ per hour on July 1 st of 2009, 2010, 2011, 2012, 2013, 2014, and 2015

Alternate Schedule

Benefit Changes Effective June 1, 2009	<ul style="list-style-type: none">• Eliminate the pre-retirement death benefit that pays 75% of employer contributions to the beneficiary. The death benefit of 50% of a joint & 50% survivor payable at the participant's earliest retirement age will still be available.• Eliminate the 60-payment guarantee from the normal form of benefit payment.
Contribution Changes	Seven consecutive contribution rate increases of 54¢ per hour on July 1 st of 2009, 2010, 2011, 2012, 2013, 2014, and 2015

Federal law requires the Board of Trustees to monitor the progress toward achieving the objectives and annual standards of the rehabilitation plan. The Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal. The rehabilitation plan and its objectives and annual standards are based on a number of assumptions about future experience and may have to be adjusted if those assumptions are not met. Additional contribution rate increases and/or benefit reductions might be required. You will receive a separate notice identifying and explaining any additional changes in benefits, if necessary, and you will receive an annual notice, like this one, identifying any event that has a material effect on Plan assets or liabilities.

You may obtain a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan administrator: Toledo Area Sheet Metal Workers Pension Plan, P.O. Box 4450, Troy, MI 48099-4450, (800) 851-6024.

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.

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 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 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 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).

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 the plan's Administrative Manager, at (800) 851-6024 or P.O. Box 4450 Troy, MI 48099-4450. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 34-6682530. 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).