

**Annuity Fund** of Local No. One, I.A.T.S.E.

**Pension Fund** of Local No. One, I.A.T.S.E.

**Welfare Fund** of Local No. One, I.A.T.S.E.



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320 West 46th Street • New York, N.Y. 10036 • Telephone: (212) 247-5225 • Fax: (212) 977-9319

**November 22, 2006**

Dear Pension Fund Participant:

Beginning this year, all multiemployer, defined benefit pension plans including the Pension Fund of Local No. One I.A.T.S.E. (Plan), are required to distribute the attached Notice annually to plan participants, as a result of a new requirement of the U.S. Department of Labor (“DOL”), which is one of the government agencies that regulates employee benefit plans.

We are providing this brief explanation in order to clarify certain parts of the Notice that may be difficult to understand, such as how the Plan’s funded status was calculated (for purposes of the Notice) and its meaning to you as a Plan Participant.

The Plan’s funded status, which is described in the Notice as the Plan’s “funded current liability percentage,” was determined at a certain point in time by the relationship of the Plan’s assets to its liabilities. In accordance with the DOL’s required method of calculating this percentage, the Plan’s funded percentage was 75% as of January 1, 2005, which means that the Plan had 75% of the money it needed to pay Plan benefits earned through that date.

The DOL’s method for calculating the “funded current liability percentage” shows only a “snapshot” of the Plan’s assets and liabilities as of a particular point in time. Importantly, the DOL’s method also assumes that the Plan is being terminated as of that date (which, of course, is not the case with respect to the Plan) and evaluates the Plan’s liabilities on a very short-term basis, whereas the Plan generally evaluates liabilities over a much longer time period. Please also keep in mind that other factors could have a significant effect on the Plan’s assets from year to year, such as future employer contributions that are expected to be made to the Plan, withdrawal liability payments that are required to be made to the Plan by employers that have terminated their participation in the Plan, future investment earnings on the Plan’s assets, and any future changes to the Plan’s benefit design.

We hope that this explanation helps you understand better the information that is included in the Notice. As always, if you have any questions, please feel free to contact the Fund Office.

Our very best wishes to you and your families.

Sincerely,

**THE BOARD OF TRUSTEES**

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**ANNUAL FUNDING NOTICE  
PENSION FUND OF LOCAL NO. ONE, IATSE**

**November 22, 2006**

**Introduction**

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the Pension Fund of Local No. One, IATSE Defined Benefit Pension Plan (the "Plan"), E.I.N. 13-6414973, 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 January 1, 2005 and ending December 31, 2005 (the "Plan Year").

**Plan's Funding Level**

The Plan's "funded current liability percentage" for the Plan Year was 75%. 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 benefit payments from the fund increase or decline.

**Plan's Financial Information**

The market value of the Plan's assets as of January 1, 2005 was \$234,225,426. The total amount of benefit payments for the Plan Year was \$13,452,715. The ratio of assets to benefit payments is 17 to 1. This ratio suggests that the Plan's assets could provide for approximately 17 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 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 representing participants.

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 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 \$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 ( $\$35.75 \times 10$ ).

*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 ( $\$17.75 \times 10$ ).

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 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 following individual:

Carnell Joyner, Fund Administrator  
Pension Fund of Local No. One, IATSE  
320 West 46<sup>th</sup> Street  
New York, NY 10036  
212-247-5225

For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's web site, [www.pbgc.gov](http://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).