



# Joint Plumbing Industry Board Plumbers Local Union No. 1 Trust Funds



**Welfare Fund • Vacation and Holiday Fund • Trade Education Fund • Additional Security Benefit Fund • 401(k) Savings Plan**  
**George W. Reilly, Co-Chairman - Labor                      Walter Saraceni, Administrator                      Vito Giachetti, Co-Chairman - Management**

March 2009

## Re: ASB Fund Recent Financial Market Impact Update

Dear Plan Member:

This is to inform you that changes to the structure of the Plumbers Local Union No. 1 Additional Security Benefit Fund (ASB) Fund and to the Fund's recordkeeping system are being finalized. As previously described, these changes are being made in the wake of the turbulent financial markets to enable participants who wish to do so to access their ASB accounts while protecting the Fund and participants from overvalued withdrawals. As a reminder, under Phase 2 Benefits will be paid on a monthly basis. Below is an outline in a question and answer format to keep you informed of these changes.

### Q1. When should applications be submitted for Benefit payments?

For Monthly Benefit payments, application for Benefit Form are due in the Fund Office no later than the Fourth Tuesday of each calendar month for the subsequent month's Benefit payment. Monthly Benefits will be paid as follows:

Received thru:	Paid the week of:	Received thru:	Paid the week of:
<b>March 24, 2009</b>	April 6, 2009	<b>August 25, 2009</b>	September 7, 2009
<b>April 28, 2009</b>	May 4, 2009	<b>September 22, 2009</b>	October 5, 2009
<b>May 26, 2009</b>	June 1, 2009	<b>October 27, 2009</b>	November 2, 2009
<b>June 23, 2009</b>	July 6, 2008	<b>November 24, 2009</b>	December 7, 2009
<b>July 28, 2009</b>	August 3, 2009	<b>December 24, 2009</b>	January 4, 2010

### Q2. What is going to happen to the money I have in the Plan as a result of the Phase 2 changes?

One of the main changes during Phase 2 will be valuation of individual account balances to reflect market value. Specifically, the Plan will allocate the investment gains and losses and the administration and investment costs directly to the accounts of Participants.

To accomplish this, accounts will be initially valued as of December 31, 2008 and valued monthly based on market value thereafter. Commencing in 2009 the Fund will compute the value of your accounts monthly as of the last day of each month. After the end of each Quarter (March 31, June 30, September 30, December 31), you will receive a Statement of your ASB Fund benefits, showing your Individual Account as of the end of such quarter. A separate annual statement will be provided for 2008.

### Q3. Can my Account balances increase and/or decrease due to financial markets?

Yes. Your individual Account A and/or Account B balances may be affected on a monthly basis due to financial market conditions. You may realize a higher investment return by deferring Benefit payments from your individual account until such time as market conditions improve. Of course, this does not guarantee a profit, nor does it protect your account from losses if the markets continue to decline. You should make a decision whether to obtain Benefits based on your individual financial circumstances.

#### **Q4. Are there any changes to the plan fees with respect to investment changes to the plan?**

As you may know, Plan expenses were previously paid from excess investment income. This excess income is not currently available due to the downturn in the financial markets. Therefore, Plan expenses will be charged monthly to individual accounts.

There are two different types of expenses in the Plan, **Investment Expenses** (expense ratio) of investments and **Administrative Expenses** of the Plan.

The **Investment Expense** will be deducted from the "gross investment return" of the investment and the "net investment return" will be updated to your investment account.

The **Administrative Expense** includes all "non-investment related expenses." These expenses include Recordkeeping, Administration, Collection, Accounting, Legal, Consulting and Custody fees. Effective January 1, 2009, an amount of \$180 per year (\$15 per month) will be deducted from your account to cover the Plan's Administrative Expenses. This amount will be adjusted as necessary.

#### **Q5. How will my account be valued?**

As a Participant in the Plan, you will have an individual account (Account A and/or Account B) to which will be credited contributions on your behalf, if any, and your share of the earnings and expenses of the Fund.

Each Month, your account will be "valued" to show your share of any administrative expenses, Benefit payments, contributions, earnings (or losses) and investment expenses for the month. This "valuation" is a four-step process:

**First**, all administrative expenses (except investment expenses) incurred are charged against each account on an equal basis, regardless of the amount in the account;

**Second**, your account will be adjusted for any Benefit payments to you or on your behalf;

**Third**, your account will be credited with employer contributions received on your behalf since the last valuation; and

**Fourth**, a proportionate share of investment earnings (or losses) and investment expenses will be allocated to your account (based on assets in your account).

#### **Q6. How will Benefit payments be adjusted to compensate for any short-term market losses during Phase 2?**

The amount available for benefit payments will be the market value as of the end of the month prior to applying for benefits less an additional estimated amount to cover any market decline between the end of the prior month and the date of distribution plus administrative and investment expenses. Keep in mind the estimated additional amount withheld will vary as the Fund's asset value varies with market conditions. The Plan Trustees will determine this additional estimated amount at the time in which benefit payment amounts are being determined.

When an application for benefits is received, the Fund will pay an initial Benefit payment at the time stated above in Q&A Number 1. The amount paid will be adjusted for any estimated market change between the last monthly valuation date and the date of payment. When the valuation is completed for the month end immediately prior to the benefit payment, an additional automatic payment may be made (depending on the results of the valuation) to reflect the difference between the adjusted benefit payment and the actual valuation. For example, a benefit application received prior to March 24<sup>th</sup> will be paid the week of April 6. The amount paid will be based on the February 28<sup>th</sup> value with an additional adjustment as necessary to reflect the changes in the value between February 28<sup>th</sup> and the date of payment in April. When the value as of March 31<sup>st</sup> is determined, an additional payment will be made automatically if the adjusted amount paid based on the estimate was too low as reflected by the valuation.

#### **Note from the Board of Trustees of the Plumbers Local Union No. 1 Additional Security Benefit Fund.**

**As a Reminder, Benefits will continue to be paid during this time of turbulent financial markets. You may realize a higher investment return by deferring Benefit payments from your individual account until such time as market conditions improve. Of course, this does not guarantee a profit, nor does it protect from losses if the markets continue to decline. You should make a decision on obtaining Benefits based on your individual financial circumstances. No action needs to be taken on your part with respect to the changes occurring in the Plan. These changes will occur automatically.**

**We, the Board of Trustees thank you for your support during these turbulent financial markets.**