

ANNUAL FUNDING NOTICE

For

Roofers Local No. 74/No. 203 Pension Fund

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 payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning July 1, 2010 and ending June 30, 2011 (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 2 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.

	2010	2009	2008
Valuation Date	July 1, 2010	July 1, 2009	July 1, 2008
Funded Percentage	71.3%	66.2%	87.2%
Value of Assets	45,917,646	43,822,647	56,079,380
Value of Liabilities	64,407,225	66,193,394	64,328,820

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 6/30/11, the fair market value of the Plan's assets was \$52,261,845. As of 6/30/10, the fair market value of the Plan's assets was \$45,917,646. As of 6/30/09, the fair market value of the Plan's assets was \$43,822,647.

Participant Information

The total number of participants in the plan as of the Plan's valuation date, July 1, 2010, was 721. Of this number, 345 were active participants, 280 were retired or separated from service and receiving benefits, and 96 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 has been for contributions to be sufficient to meet the Plan's short term and long term benefit obligations, taking into account investment returns and expenses and subject to the minimum and maximum contribution requirements of law. This requires communication with the bargaining parties who set the contribution levels through the collective bargaining process and an ongoing review of appropriate benefit levels.

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 primarily a balanced portfolio of equity, fixed income, and cash equivalent securities.

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:

Asset Allocations	Percentage
1. Interest-bearing cash	6.61%
2. U.S. Government securities	15.75%
3. Corporate debt instruments (other than employer securities): All	12.82%
4. Corporate stocks (other than employer securities) Common	56.04%
5. Value of Interest in 103-12 Investment Entities	0.20%
6. Value of Interest in Registered Investment Companies	3.66%
7. Buildings and Other Property Used in Plan Operation	1.21%
8. Other	<u>3.71%</u>
	100.00%

Critical or Endangered Status

The Plan was in endangered status for the plan year beginning July 1, 2010 because the funded percentage of the plan was less than 80%. In an effort to improve the plan's funding situation, the trustees adopted a Funding Improvement Plan on May 18, 2011 which includes scheduled contribution increases of \$0.75/hour at 7/1/11, \$0.50/hour at 7/1/12, and \$0.25/hour at 7/1/13 for Local No. 74 and scheduled increases of \$0.60/hour at 7/1/11, \$0.40/hour at 7/1/12, and \$0.20/hour at 7/1/13 for Local No. 203. The plan has also made a special election, under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, to extend the amortization period investment losses generated during the 2008-2009 plan year. The plan is anticipated to improve its funding position over the ten year funding improvement period.

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 administrator.

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 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

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 ($\17.75×10).

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 Board of Trustees or:

Bernadine I. Magney, Plan Administrator, at 716-828-0488, or by writing to:
Roofers Local No. 74/No. 203 Fund Office, 2800 Clinton Street, West Seneca, NY 14224

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 16-6062398. 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).