

**NEW ORLEANS EMPLOYERS –  
INTERNATIONAL LONGSHOREMEN’S ASSOCIATION, AFL-CIO  
PENSION, WELFARE, VACATION AND HOLIDAY FUNDS  
SUITE 300, 147 CARONDELET STREET  
NEW ORLEANS, LOUISIANA 70130-2501**

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Administrator

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**ANNUAL FUNDING NOTICE**

For  
New Orleans Employers - International Longshoremen’s  
Association, AFL-CIO Pension Plan

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 October 1, 2008 and ending September 30, 2009 (“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.

	2008 Plan Year	2007 Plan Year	2006 Plan Year
Valuation Date	October 1, 2008	NA	NA
Funded percentage	90.97%	NA	NA
Value of Assets	\$253,669,941	NA	NA
Value of Liabilities	\$278,855,315	NA	NA

Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered “not applicable” in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For the 2007 Plan Year the Plan’s “funded current liability percentage” was 70.82%, the Plan’s



assets were \$262,713,328 and Plan liabilities were \$370,975,555. For the 2006 Plan Year the Plan's "funded current liability percentage" was 69.06%, the Plan's assets were \$257,559,363 and Plan liabilities were \$372,944,362.

#### 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 September 30, 2009, the fair market value of the Plan's assets was \$183,926,684. As of September 30, 2008, the fair market value of the Plan's assets was \$221,893,346. As of September 30, 2007, the fair market value of the Plan's assets was \$286,172,284. The September 30, 2009 asset value amount is preliminary, based upon unaudited information as of the date of the Notice.

#### Participant Information

The total number of participants in the plan as of the Plan's valuation date was 3,742. Of this number, 631 were active participants, 2,830 were retired or separated from service and receiving benefits, and 281 were 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 Plan's funding policy is based on funding by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan's participants.

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 to invest assets in a manner consistent with the fiduciary standards of ERISA. Its objectives are to achieve a long-term rate of return which meets or exceeds the assumed actuarial rate of the Plan as listed in the Plan's actuarial report; to maintain sufficient income and liquidity to fund benefit payments; and to preserve the principal value of the Plan.

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	5.5%
2. U.S. government securities	4.6%
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	2.6%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	21.6%
5. Partnership/joint venture interests	10.3%
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	47.4%
10. Value of interest in pooled separate accounts	8.0%
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

For information about the plan's investment in any of the following types of investments as described in the chart above - common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities - contact Thomas R. Daniel, Administrator at 504-525-0309 or mailing address 147 Carondelet Street, Suite 300, New Orleans, LA 70130.

#### 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 2008 because it has funding problems. More specifically, the Plan's actuary determined that the sum of the Plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits for active participants; and the plan is projected to have an accumulated funding deficiency by the end of the 2012 Plan Year. In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan on April 22, 2009 and further amended the Plan on September 30, 2009. The first day of the Rehabilitation Period is October 1, 2010 and the expected duration is thirteen years ending on September 30, 2023. The Rehabilitation Plan requires increases in the employer contribution rate and benefit reductions. The changes generally apply to participants whose benefit commencement date is after October 1, 2009. The changes include changes to the early retirement reductions for participants below age 62 with 30 or more years of creditable employment, elimination of the 30% and 20% supplemental benefits payable from retirement until age 62, elimination of subsidies in the pre-retirement 50% survivor benefit for terminated vested participants with spouse as beneficiary, elimination of subsidies in the post-retirement 50% joint and survivor benefit for active and terminated vested participants with spouse as beneficiary, and elimination of the pre-retirement lump sum estate death benefit to the extent it exceeds \$5,000. You previously received a Notice of Adjustment to Benefits Due to Critical Status explaining all the changes that were adopted.

#### 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. You may also obtain a copy of the Plan's annual report by making a written request to the plan administrator or by going to the Plan's website at [www.noeila.com](http://www.noeila.com).

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

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

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 Thomas R. Daniel at 504-525-0309 or mailing address 147 Carondelet Street, Suite 300, New Orleans, LA 70130. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 72-6023317. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://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).