32BJ North Pension Fund
140 Huguenot Street
New Rochelle, NY 10801-5210

www.32bjnorthfunds.com
914-637-7000

April 14, 2014

Dear Employer:

This package includes two notices that are required by law to be sent to all employers who contribute to the Service Employees 32BJ North Pension Fund (Pension Fund). The Annual Funding Notice provides detailed information about the status of the Pension Fund, including the fact that for the 2013 plan year the Pension Fund was certified in the critical or "red" zone, as defined by the Pension Protection Act of 2006 (PPA), largely due to investment losses in 2008. The Notice of Critical Status includes information about the Rehabilitation Plan first adopted in 2009.

The Trustees were required to develop a plan (called a Rehabilitation Plan) to improve the Pension Fund's funding status over the long term. The plan developed by the Trustees gave the union and employer bargainers two options for improving the Plan: a Preferred Schedule, which does not cut benefit accruals, but provides for contribution increases, and a Default Schedule which the law required the Trustees to provide. The Rehabilitation Plan also requires that once the bargainers have agreed to a contract that conforms to a Schedule, they must adopt that same schedule in successor agreements.

Currently <u>all</u> contributing employers have negotiated contracts which provide for increases in employer contributions which conform to the Preferred Schedule. As a result, the surcharge is not imposed on any employers.

If you have any questions regarding this letter or the enclosed Notices, please contact me at 1-914-637-7000, extension 138.

Sincerely,

Karen Leitson

Karen Leitson
Director of Administration

ANNUAL FUNDING NOTICE

FOR

32BJ NORTH 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 January 1, 2013 and ending December 31, 2013 (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.

	2013 Plan Year	2012 Plan Year	2011 Plan Year
Valuation Date	January 1	January 1	January 1
Funded Percentage	78.6%	77.4%	79.4%
Value of Assets	$287,449,879	$279,752,125	$272,089,171
Value of Liabilities	$365,937,335	$361,204,405	$342,470,930

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 December 31, 2013, the fair market value of the Plan's assets was $289,267,843. As of December 31, 2012, the fair market value of the Plan's assets was $261,541,534. As of December 31, 2011, the fair market value of the Plan's assets was $237,690,826.

The fair market value of the Plan's assets as of December 31, 2013 is preliminary and subject to change during the annual audit process.

. **Participant Information**

The total number of participants in the Plan as of the Plan's valuation date was 13,373. Of this number, 6,218 were active participants, 3,862 were retired or separated from service and receiving benefits, and 3,293 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 is as follows:

The funding policy of the Plan is to fund the Plan through a combination of contributions received from employers and investment income generated by the Plan's investments. The funding level is designed to comply with requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by employers for federal income tax purposes. The Board of Trustees creates and implements the funding policy and monitors the funding level with the assistance of the Plan's enrolled actuary and the Plan's investment consultant.

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 as follows:

The investment policy of the Plan has been adopted by the Board of Trustees with the advice of the Plan's investment consultant. It is intended to generate returns that equal or exceed the Plan's actuarial assumed rate of return of 7.5% and to control risk. Based on the advice of the investment consultant, the Trustees have diversified the Plan's investments with allocations to a number of different asset classes.

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	1%
2. U.S. Government securities	3%
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	4%
4. Corporate stocks (other than employer securities):	
Preferred	-
Common	3%
5. Partnership/joint venture interests	2%
6. Real estate (other than employer real property)	9%
7. Loans (other than to participants)	-
8. Participant loans	-
9. Value of interest in common/collective trusts	51%
10. Value of interest in pooled separate accounts	-
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)	24%
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	3%

The asset allocations, and related asset values, are preliminary and subject to change during the annual audit process.

For information about the Plan's investment in the common/collective trusts, please contact the Plan's designated representative as indicated on page 6.

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" for the Plan Year beginning January 1, 2013 because the Plan was in critical status in the prior year and there was a projected deficiency in the Funding Standard Account within two years. In an effort to improve the Plan's funding situation, the Trustees adopted an updated Rehabilitation Plan on December 16, 2011 designed to assist the Plan in emerging from critical status by the end of the Rehabilitation Period applicable to the Plan. The 2013 update to the Rehabilitation Plan made no additional changes. The Rehabilitation Plan describes the actions to be taken by the Plan's Trustees, and the benefit and contribution changes to be bargained by the bargaining parties, to achieve a timely emergence from critical status. The Plan's Board of Trustees will update the Rehabilitation Plan as required by law.

You may obtain a copy of the Plan's funding rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan's designated representative as indicated on page 6.

Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2014 and ending on December 31, 2014, there are no events expected to have such an effect.

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 designated representative. The Annual Report for the 2013 Plan year will not be available until mid-October of 2014.

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 designated representative at:

Regine Breton
Director of Retirement Services
25 West 18th Street
New York, NY 10011
(800) 551-3325 or (212) 388-3500
rbreton@32bjfunds.com

For identification purposes, the official plan number is 002 and the plan sponsor's employer identification number or "EIN" is 13-1819138. 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).

NOTICE OF CRITICAL STATUS
FOR
BUILDING SERVICE 32BJ PENSION FUND

The purpose of this Notice is to inform you that, on September 26, 2014, the actuary of the Building Service 32BJ Pension Fund ("Fund") certified to the U.S. Department of the Treasury, and also to the Board of Trustees of the Fund, that the Fund is in critical status for the plan year beginning July 1, 2014. Federal law requires that you receive this Notice.

Critical Status

The Fund is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Fund's actuary has determined that the Fund is projected to have an accumulated funding deficiency within four plan years.]

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the Fund's Trustees determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions will apply only to those participants and beneficiaries whose benefit commencement date is on or after the date of the initial notice of the Fund's critical status which was October 28, 2010.

Adjustable Benefits

The Fund offers the following adjustable benefits which may be reduced or eliminated as part of the Fund's rehabilitation plan:

- 36-month (or 12 month in Program B) payment guarantees
- Disability benefits (not yet in pay status)
- Early retirement benefit
- Recent benefit increases (e.g. occurring in the past 5 years before the adoption of the Rehabilitation Plan)

Under the original Rehabilitation Plan adopted by the Fund's Board of Trustees, one schedule provided for an increase in contributions only, while the other schedule reduced future benefit accruals, eliminated the adjustable benefits described above, and increased contributions. Effective July 17, 2013, the Rehabilitation Plan contains only one schedule, which provides for increased contributions only.

Employer Surcharge

The law requires that contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation unless the bargaining parties amend their collective bargaining agreement to include terms consistent with the schedules set forth in the Rehabilitation Plan. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Fund under the applicable collective bargaining agreement. A 5% surcharge was applicable in the initial critical year (2010).

Where to Get More Information

For more information about this Notice, you may contact the Fund Office at 25 West 18th Street, New York, NY 10011-4676 or 212-388-3500. You have a right to receive a copy of the Rehabilitation Plan from the Fund.