



PIUMPF

Maria F. Wieck, CPA, CEBS
Administrative Officer
Trevor K. England, JD, CPA
Financial Officer

April 29, 2012

Re: Notice of Funding Status

Dear Participants and Beneficiaries:

Enclosed is a Notice regarding the funding status of the PACE Industry Union Management Pension Fund (“Fund”). The Notice is being sent to you as required by the Pension Protection Act of 2006 (“PPA”). As the enclosed Notice states, the Fund’s actuary has certified that the Fund is in critical status, or the “red zone” for Plan Year beginning January 1, 2012. As we advised you the past two years, because of this certification, some benefits that were previously available under the Fund’s Plan of benefits have been reduced or eliminated, such as the post-retirement 60-month guarantee and the Social Security Level Income Option. You were notified of all the changes in benefits by letter dated July 30, 2010.

Enclosed is a copy of the Fund’s 2011 Annual Funding Notice, which is also required to be provided to you by law. This Notice is very similar to the one that you received last year. The content and wording of this Notice are governed by federal law and all multiemployer defined benefit pension funds are required to issue similar notices annually.

If you have any questions regarding this letter or the enclosed Notices, please contact the Fund Office.

Sincerely,

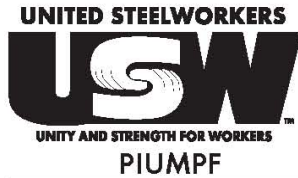
Board of Trustees

Enclosures

PACE Industry Union–Management Pension Fund

3320 Perimeter Hill Drive • Nashville, Tennessee 37211-4123 • 1-800-474-8673 • 615-333-6343 • 615-333-5760 (Fax)
website: www.uswbenefitfunds.com





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**NOTICE OF CRITICAL STATUS CERTIFICATION
FOR
PACE INDUSTRY UNION-MANAGEMENT PENSION FUND**

The purpose of this Notice is to inform you that, on March 30, 2012, the actuary of the PACE Industry Union-Management 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 January 1, 2012. 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 determined that the Fund is projected to have an accumulated funding deficiency within the next four (4) years. This means that contributions will not be enough to meet government standards for funding promised benefits plus those that participants are currently earning.

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 Fund. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Fund's Board of Trustees adopted a Rehabilitation Plan in July 2010 and on July 30, 2010 you received a notice describing the benefit reductions that were made as a result of the Plan being in critical status and the applicable effective dates of these 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 can only apply to those participants and beneficiaries whose benefit commencement date is on or after April 30, 2010. Effective as of April 30, 2010, the Fund is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

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Adjustable Benefits

The Fund offered the following adjustable benefits, some of which were reduced or eliminated as part of the Fund's rehabilitation plan:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint and survivor annuity (QJSA);
- Recent benefit increases (i.e. occurring in the past 5 years);
- Other similar benefits, rights or features under the Plan (i.e. 120-month payment guarantees, certain pre-retirement death benefits, "pop-up" benefit)

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation. 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. Since this is the second year that the Fund is in critical status, a 10% surcharge applies for each Plan Year in which the Fund is in critical status until the effective date of a CBA between the employer and union that incorporates the Schedule of the Fund's Rehabilitation Plan.

Where to Get More Information

For more information about this Notice, you may contact the Fund Office at 3320 Perimeter Hill Drive, Nashville, TN 37211, 1-800-474-8673, or at pensions@uswbenefitfunds.com. You have a right to receive a copy of the rehabilitation plan from the Fund.

ANNUAL FUNDING NOTICE
For
PACE Industry Union-Management Pension Fund

Introduction

This notice includes important funding information about The PACE Industry Union-Management Pension Fund (“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, 2011 and ending December 31, 2011 (“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 the two 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.

| | 2011 Plan Year | 2010 Plan Year | 2009 Plan Year |
|----------------------|-----------------|-----------------|-----------------|
| Valuation Date | January 1, 2011 | January 1, 2010 | January 1, 2009 |
| Funded percentage | 72.85% | 74.60% | 72.52% |
| Value of Assets | \$1,722,349,863 | \$1,783,348,822 | \$1,685,305,466 |
| Value of Liabilities | \$2,364,352,723 | \$2,391,227,326 | \$2,324,036,889 |

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, 2011, the fair market value of the Plan’s assets was \$1,474,534,789*. As of December 31, 2010, the fair market value of the Plan’s assets was \$1,600,143,023. As of December 31, 2009, the fair market value of the Plan’s assets was \$1,527,829,697.

*Preliminary, unaudited financial information.

Participant Information

The total number of participants in the plan as of the Plan’s valuation date was 75,366. Of this number, 19,183 were active participants, 28,344 were retired or separated from service and receiving benefits, and 27,839 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 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 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 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% over the long term 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 and based on preliminary, unaudited financial information:

| Asset Allocations | Percentage |
|--|-------------------|
| 1. Interest-bearing cash | 1.23% |
| 2. U.S. government securities | 3.71% |
| 3. Corporate debt instruments (other than employer securities): | |
| Preferred | 0.00% |
| All other | 6.74% |
| 4. Corporate stocks (other than employer securities): | |
| Preferred | 0.00% |
| Common | 42.14% |
| 5. Partnership/joint venture interests | 0.00% |
| 6. Real estate (other than employer real property) | 10.29% |
| 7. Loans (other than to participants) | 0.00% |
| 8. Participant loans | 0.00% |
| 9. Value of interest in common/collective trusts | 14.26% |
| 10. Value of interest in pooled separate accounts | 0.00% |
| 11. Value of interest in master trust investment accounts | 0.00% |
| 12. Value of interest in 103-12 investment entities | 20.72% |
| 13. Value of interest in registered investment companies (e.g., mutual funds) | 0.00% |
| 14. Value of funds held in insurance co. general account (unallocated contracts) | 0.00% |
| 15. Employer-related investments: | |
| Employer Securities | 0.00% |
| Employer real property | 0.00% |
| 16. Buildings and other property used in plan operation | 0.05% |
| 17. Other | 0.86% |

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 Maria Wieck, Administrative Manager for the PACE Industry Union-Management Pension Fund, at 1-800-474-8673 or 3320 Perimeter Hill Drive, Nashville, TN 37211-4123 or mwieck@uswbenefitfunds.com.

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 treated as being in critical status for the Plan Year.

The Plan was in “critical” status for the Plan Year beginning January 1, 2011 because the Plan was projected to have an accumulated funding deficiency in the next four years. In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan on July 17, 2010 designed to assist the Plan in meeting the applicable benchmarks established by law. The Rehabilitation Plan describes the actions to be taken by the Plan's Trustees, and the benefit and contribution changes that affect employers and participants. The Plan's Board of Trustees will update the Rehabilitation Plan as required by law.

You may obtain a copy of the Plan's Rehabilitation 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. You may obtain a copy of the Plan's annual report on the website at www.uswbenefitfunds.com or by making a written request to the plan administrator. The 2011 Form 5500 will be available after October 15, 2012.

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 Maria Wieck, Administrative Manager for the PACE Industry Union-Management Pension Fund, at 1-800-474-8673 or 3320 Perimeter Hill Drive, Nashville, TN 37211-4123 or mwieck@uswbenefitfunds.com or online at www.uswbenefitfunds.com. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 11-6166763. 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).