

May 1, 2009

Employer Surcharge Required of Contributing Employers
to the
Western States Office & Professional Employees Pension
(Effective June 1, 2009)

As stated in the "Notice of Critical Status," the Western States Office & Professional Employees Pension (Plan) was certified to be in critical status on March 31, 2009, for the plan year beginning January 1, 2009. The Pension Protection Act of 2006 requires that all contributing employers to the Plan pay a surcharge to help correct the Plan's financial situation while it is in critical status until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to a rehabilitation plan.

The amount of the surcharge to be paid by a contributing employer is mandated by the Pension Protection Act. Effective June 1, 2009, each contributing employer will be assessed a 5% surcharge on the contribution rate contained in the applicable collective bargaining agreement for the plan year of 2009. Note that this 5% surcharge is applied to June 2009 hours, payable in July 2009.

Unless the applicable collective bargaining agreement is renegotiated to include terms consistent with an appropriate schedule pursuant to the adopted rehabilitation plan, the employer surcharge will increase to 10% of the contribution rate otherwise required under the agreement for plan years beginning January 1, 2010 and thereafter. This is an increase applied to January 2010 hours, payable in February 2010. A rehabilitation plan will be adopted by the Plan's Trustees on or before November 26, 2009. Within 30 days of adopting a rehabilitation plan, a copy will be distributed to bargaining parties and you may request to receive a copy.

Please note that surcharge payments are due and payable on the same schedule, terms, and conditions as the monthly employer contributions are due and payable under the applicable collective bargaining agreement and trust agreement. Should a contributing employer fail to make a surcharge payment, such failure shall be treated as a delinquent employer contribution pursuant to the applicable collective bargaining agreement, trust agreement, and section 515 of the Employee Retirement Income Security Act.

Please contact the Administrative Office at (925) 294-8891 through May 31, 2009 and (503) 222-7694 or (800) 413-4928 on and after June 1, 2009, if you have any questions.