SEIU
National Industry Pension Fund

11 Dupont Circle, N.W. • Ste. 900
Washington, D.C. 20036-1202
202-730-7500 • 800-458-1010 (Toll Free)

SEIU National Industry Pension Fund
Cover Letter to 2012 Annual Funding Notice and 2013 Zone Certification

Given the current economic situation, the Board of Trustees wants to take this opportunity to share some important information with you related to our Pension Plan.

The **Pension Protection Act (PPA) of 2006**—was enacted to improve the financial condition of pension funds. Many of the PPA's provisions relate to funding—how much money a plan has coming in, how much is going out, and what is in reserve (or "in the bank") for the future. PPA also requires multiemployer pension plans to provide all plan participants, beneficiaries, unions, employers and other interested parties with notices regarding plan funding, depending on the circumstances of the plan. You'll find two notices enclosed for your review.

The first notice, the "**Annual Funding Notice**," looks back at the 2012 Plan Year. The Annual Funding Notice reports on the assets and liabilities of the SEIU National Industry Pension Fund and explains the legislation that has been put in place to protect plans like ours.

The second notice is called the "**Zone Certification Notice**." The Zone Certification Notice looks forward at the Plan's **2013** financial status, as required by PPA. Multiemployer pension funds like ours must have their funding status certified each year. Depending on their status, the plans are assigned a zone category:

- **Green zone** pension plans are considered in good financial health
- **Yellow zone** pension plans are considered in endangered status
- **Red zone** pension plans are considered in critical status.

Plans in the green zone are not required to notify participants or to take any action. However, Trustees of plans in the yellow or red zones are required to notify participants, participating employers and union representatives and to take corrective action to restore the financial health of the plan.

Last year, as you'll see in the Annual Funding Notice, our Plan was certified as a red zone pension plan. This year, our Plan has also been certified as a red zone pension plan.

Please take some time to review the enclosed notices.

April 26, 2012

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ANNUAL FUNDING NOTICE
SEIU National Industry Pension Fund
April 30, 2013

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, 2012 and ending December 31, 2012 ("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.

	2012 Plan Year	2011 Plan Year	2010 Plan Year
Valuation date	January 1, 2012	January 1, 2011	January 1, 2010
Funded percentage	79.0%	83.4%	82.8%
Value of assets	$1,109,970,761	$1,118,031,059	$1,088,710,158
Value of liabilities	$1,405,002,469	$1,340,517,090	$1,314,127,101

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, 2012, the fair market value of the Plan's assets was $958,301,912. As of December 31, 2011, the fair market value of the Plan's assets was $943,626,077. As of December 31, 2010, the fair market value of the Plan's assets was $1,000,484,703. Please note that the asset value as of December 31, 2012 is preliminary, and may change with the final audit.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 102,620. Of this number, 49,550 were active participants, 14,624 were retired or separated from service and receiving benefits, 36,300 were retired or separated from service and entitled to future benefits and 2,146 were deceased participants whose beneficiaries were receiving or were entitled to receive 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 is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the plan's participants. There are no employee contributions to this Plan.

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 earn a rate of return in excess of the actuarial assumption of 7.5% over rolling 5-year periods while controlling risk and commensurate with market conditions. In order to manage these conditions, a strategy of diversification and varying asset allocations may be employed. This may include but is not limited to type of asset class, style and amount of investment managers, capitalization sizes, and correlation between investments. Invested assets are managed within the SEIU Pension Plans Master Trust, which pools and invests the assets of the defined benefit pension plans administered by the SEIU Benefit Funds Office. Assets shall be invested in a manner consistent with the fiduciary standards contained in the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated there under and applicable federal and state laws and regulations. All transactions undertaken on behalf of the Fund must be in the sole interest of the Fund and its participants and beneficiaries.

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. The allocations below are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	.6798%
2. U.S. government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
Common	
5. Partnership/joint venture interests	
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	
10. Value of interest in pooled separate accounts	.1262%
11. Value of interest in master trust investment accounts	95.7916%
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	.5279%
17. Other	2.8743%

For information about the plan's investment in any of the following types of investments as described in the chart above, contact:

Erica Williams
Benefits Financial Manager, SEIU Benefit Funds
11 Dupont Circle, NW, Suite 900
Washington, DC 20036-1202
202-730-7507
Erica.Williams@seiu.org

Critical or Endangered Status

Under federal pension law, a plan generally will be considered to be in "endangered" or "critical" status if certain measures of the Plan's funded status are too low. 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 2012 Plan Year because the plan's actuary determined that the following three factors affecting plan funding were true: the sum of the Plan's normal cost and interest on the unfunded benefits for the current Plan year exceeded the value of all expected contributions for the year; the present value of vested benefits of inactive participants was greater than the present value of vested benefits of active participants; and the Plan was projected to have an accumulated funding deficiency for Plan years beginning January 1, 2014. In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan in November 2009.

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. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

Please note that the Annual Report for the 2012 plan year is generally not prepared until mid-October of 2013.

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 following:

Angela Johnson Norris
SEIU National Industry Pension Fund
11 Dupont Circle NW, Suite 900
Washington, DC 20036
(202) 730-7527
(800) 458-1010

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6148540. 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

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Cover Letter to 2012 Annual Funding Notice and 2013 Zone Certification

You recently received the "Annual Fund Notice."

Attached is the "**Zone Certification Notice,**" that was not included in our initial mailing. The Zone Certification Notice looks forward at the Plan's **2013** financial status, as required by PPA. Multiemployer pension funds like ours must have their funding status certified each year. Depending on their status, the plans are assigned a zone category:

- **Green zone** pension plans are considered in good financial health
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Last year, our Plan was certified as a red zone pension plan. This year, our Plan has also been certified as a red zone pension plan.

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May 3, 2013

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Notice of Critical Status
For
SEIU National Industry Pension Fund

April 30, 2013

EIN: 52-6148540 Plan Number: 001

To: Participants, Beneficiaries, Participating Unions, and Contributing Employers

The Pension Protection Act of 2006 requires that the Plan's actuary determine annually the Plan's financial status under specific rules. This Notice is to inform you that on March 31, 2012, the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the Plan remains in critical status (the "red zone") for the plan year beginning January 1, 2013. Federal law requires that you receive this notice.

Critical Status

The Plan was first considered to be in critical status (that is, in the "red zone") for the Plan Year beginning January 1, 2009. In order to emerge from critical status, the Plan would need to have no accumulated funding deficiency projected for 10 years. The Plan's actuary has determined that the Plan is projected to have an accumulated funding deficiency within 10 years; therefore, the Plan continues to be certified as critical status for 2013.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The rehabilitation plan may include changes to the benefits you earn in the future. In addition, the law permits pension plans in the red zone to reduce, or even eliminate, certain features of benefits you have already earned – these features are called "adjustable benefits" – as part of a rehabilitation plan. When the Plan first entered the red zone in 2009, the Trustees adopted a number of plan changes and contribution adjustments anticipated to bring the Plan out of the red zone in no more that thirteen years from the start of the Rehabilitation Period, as required under law. You have received separate notifications identifying and explaining the benefit changes on November 25, 2009 and December 30, 2009. Please refer to those notifications for details, or contact the Fund Office.

Please note that, according to the rehabilitation plan, the Plan is expected to remain in the red zone until the end of the rehabilitation period. The fact that the Plan is in the red zone this year is expected and does not mean that further Plan changes are necessary. As you know, certain adjustable benefits have already been reduced or eliminated as part of the rehabilitation plan adopted in 2009; the timing of some of these changes are dependent on adoption of schedules in collective bargaining. There is no indication that the Trustees intend to make any additional changes to adjustable benefits. There is no expectation that any other benefit reductions will be necessary in the future if progress continues to be made under the existing rehabilitation plan. Should any further changes be necessary under the rehabilitation plan, you will receive a separate notice in advance identifying and explaining the effect of any such changes. As always, any reduction in adjustable or other benefits will not reduce the level of a participant's already-earned benefit payable at the Plan's normal retirement age of 65, nor can they affect the benefits of those who were already in pay status on the date of the initial notice of critical status in April 2009.

Employer Surcharges

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan'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 plan. A 5% surcharge was applicable in the initial critical year (2009) and a 10% surcharge was applicable in 2010 and for each succeeding plan year thereafter in which the plan is in critical status, until the bargaining parties agree to a collective bargaining agreement that implements one of the contribution schedules in the Rehabilitation Plan

What's Next

The law requires that the Plan's funding status be reviewed each year and certified annually, so you will receive a notice similar to this each year that the Plan is certified to be in critical or endangered status. You will also receive formal Annual Funding Notices that present additional historical information about the Plan's funding status.

Where to Get More Information

For more information about this Notice, you may contact:

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