

# SOUTHERN NEVADA CULINARY AND BARTENDERS PENSION PLAN

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## Notice of Election of Funding Relief

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**To: All Participants and Beneficiaries of the Southern Nevada Culinary and Bartenders Pension Trust**

**From: The Board of Trustees**

**Date: April 30, 2011**

Last June, Congress passed the Pension Relief Act of 2010 (PRA), which eases certain minimum funding requirements for multiemployer pension plans, such as our Pension Plan. The new rules of the PRA give pension plans that qualify, a longer period of time to make up for plan assets lost in 2008 due to the economic meltdown.

**For a pension plan to qualify for this relief, the plan's actuaries must certify that the pension plan will have enough assets to cover all benefit payments and expenses for at least 30 years. We are pleased to report that the Culinary and Bartenders Pension Plan qualifies for the funding relief since it meets the 30 year requirement. We have elected to use the special rules listed below that are allowed under the PRA, retroactively to the plan year beginning January 1, 2009:**

1. The investment losses that our plan suffered in 2008 will be amortized over 29 years. Under the regular funding rules, those investment losses would be amortized over 15 years. This is similar to refinancing a home mortgage, where a 15-year mortgage is replaced by a 29-year mortgage. The actuaries' certification that the Plan will have sufficient assets indicates that this "refinancing" is a reasonable and prudent step for the Culinary and Bartenders Pension Plan to take.
2. Investment losses from 2008 will be "smoothed out" over ten years, instead of the five-year smoothing requirement under the rules for plans that don't meet the 30 year requirement. Asset "smoothing" means that, when funding requirements are determined each year for a pension plan, investment gains and/or losses are recognized gradually over several years, rather than taken into account all at once. With "asset smoothing", a pension plan does not need to make changes as frequently as it would if the "smoothing method" were not used.

Applying these two special funding relief rules gives the Culinary and Bartenders Pension Plan more time to make up the 2008 investment losses. It also means that our plan does not need to make changes in contributions and/or benefits that would otherwise have been necessary without the relief. Further, these special rules mean that we were able to re-certify the Plan as being in the "Green Zone" for 2010, instead of the "Yellow Zone". "The Yellow Zone" indicates a pension plan is in "endangered status" about which you were notified last April.

Note that a pension plan is not permitted to increase benefits during the two plan years immediately following any plan year in which either or both of the special funding rules apply unless certain conditions are met. Whether a special funding rule is considered to apply to any particular plan year is a technical determination made by the Plan actuaries in accordance with the requirements of PRA.

If you wish to obtain more information, please contact the Fund office at:

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Phone: (702) 369-0000

**Plan Identification:** Southern Nevada Culinary and Bartenders Pension Trust

**EIN:** 88-6016617

**Plan Number:** 001

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