



IMPORTANT NOTICE OF BENEFIT CHANGES

To: All Participants

From: Board of Trustees

Re: Benefit Changes Effective June 1, 2010

Date: May 1, 2010

This notice contains important information about your future benefits from the American Federation of Musicians and Employers' Pension Fund (the "Fund"). Please read it carefully and keep it with a copy of your Summary Plan Description.

As you know from earlier communications from the Fund, the Pension Protection Act of 2006 requires defined benefit multiemployer plans, including the Fund, to obtain a funding zone certification each year by the plan's actuary. On April 15, 2010, the actuary for the Fund certified the Fund to be in "critical status" (also known as the "red zone") for the Fund's plan year beginning April 1, 2010. The significance of entering critical status is that the Fund's Board of Trustees (the "Board") is required by law to adopt a "rehabilitation plan" designed to improve the Fund's financial health and to allow it to emerge from critical status.

On April 15, 2010 the Board adopted a rehabilitation plan (the "Rehabilitation Plan") consistent with this requirement. This notice describes the benefit changes made by the Rehabilitation Plan, as well as certain other benefit changes made by the Board.

The benefit changes described below are effective for pension benefit payments with an annuity starting date on or after June 1, 2010. However, these benefit changes will not apply to pension benefit payments with an annuity starting date of June 1, 2010 if the initial application for benefits was postmarked (or received in the Fund Office, in the case of applications delivered by fax or by hand) on or before February 24, 2010. The effective date described in this paragraph, which will apply both to participants who are currently working for contributing employers and participants for whom contributions are not currently required to be made, is referred to in the remainder of this notice as the "Effective Date."

**NO CHANGES ARE BEING MADE TO ANY BENEFITS THAT
ARE CURRENTLY BEING PAID.**

The benefit changes will include the following:

1. Elimination of early retirement subsidy

A benefit that is due at normal retirement age (generally age 65) but paid at an earlier age is reduced to account for the fact that it is being paid for a longer period of time. For benefits earned beginning in 2004, the Fund’s early retirement benefit is reduced to an amount that is the actuarial equivalent of the normal retirement age 65 benefit. Benefits earned before 2004 are not currently reduced as much as would be necessary to make them the actuarial equivalent of the normal retirement age 65 benefit. Thus, these benefits are considered to be “subsidized” by the Fund. The “subsidy” makes these benefits even more valuable than the normal retirement age 65 benefit calculated at the \$4.65 benefit multiplier.

The Rehabilitation Plan eliminates the subsidy for early retirement benefits with an annuity starting date on and after the Effective Date. Thus, the early retirement benefit earned before 2004 will be reduced to the actuarial equivalent of the age 65 benefit earned before 2004 (Benefit Period A), just as all early retirement benefits earned during all later Benefit Periods are already the actuarial equivalent of the age 65 benefit. This change affects the calculation of Regular Pension Benefits, Disability Pension Benefits and Pre-Retirement Death Benefits. The benefit multipliers for each Benefit Period are shown below, with the new benefit multipliers for early retirement benefits earned before 2004 (expressed as a single life annuity) highlighted to emphasize that these are the *only* benefit multipliers that are being changed under the Rehabilitation Plan.

Benefit Multipliers by Benefit Period and Age at Annuity Starting Date payable as a Single Life Annuity					
Age at Annuity Starting Date	Contributions Earned Through December 31, 2003	Contributions Earned From January 1, 2004 Through March 31, 2007	Contributions Earned From April 1, 2007 Through April 30, 2009	Contributions Earned From May 1, 2009 Through December 31, 2009	Contributions Earned on and after January 1, 2010
	Benefit Period A	Benefit Period B	Benefit Period C	Benefit Period D	Benefit Period E
65 or older	\$ 4.65	\$ 3.50	\$ 3.25	\$ 2.00	\$1.00
64	\$ 4.16	\$ 3.13	\$ 2.91	\$ 1.79	\$0.90
63	\$ 3.75	\$ 2.82	\$ 2.62	\$ 1.61	\$0.80
62	\$ 3.36	\$ 2.53	\$ 2.35	\$ 1.45	\$0.72
61	\$ 3.04	\$ 2.29	\$ 2.13	\$ 1.31	\$0.65
60	\$ 2.75	\$ 2.07	\$ 1.92	\$ 1.18	\$0.59
59	\$ 2.48	\$ 1.87	\$ 1.74	\$ 1.07	\$0.53
58	\$ 2.26	\$ 1.70	\$ 1.58	\$ 0.97	\$0.49
57	\$ 2.05	\$ 1.54	\$ 1.43	\$ 0.88	\$0.44
56	\$ 1.86	\$ 1.40	\$ 1.30	\$ 0.80	\$0.40
55	\$ 1.70	\$ 1.28	\$ 1.19	\$ 0.73	\$0.37

Monthly benefits are calculated by adding together the benefit produced by:

1. contributions earned before January 1, 2004 calculated using the benefit multiplier for Benefit Period A; *plus*
2. contributions earned between January 1, 2004 and March 31, 2007 calculated using the benefit multiplier for Benefit Period B; *plus*
3. contributions earned between April 1, 2007 and April 30, 2009 calculated using the benefit multiplier for Benefit Period C; *plus*
4. contributions earned between May 1, 2009 and December 31, 2009 calculated using the benefit multiplier for Benefit Period D; *plus*
5. contributions earned on and after January 1, 2010 calculated using the benefit multiplier for Benefit Period E.

The following examples show how this change will affect hypothetical participants' benefits. Note that the examples assume that benefits are paid in the form of a single life annuity. If benefits are paid in the form of a 50% joint and survivor annuity or a 75 % joint and survivor annuity, they will be reduced to pay for the survivor annuity, just as under current Fund rules. Additionally, each Benefit Period must include at least \$50.00 of contributions to earn a benefit in that Benefit Period.

Example 1A

John begins to receive his pension in August 2010 at age 64. His contributions during each benefit period are set forth in the Total Contributions column of the chart below. His monthly benefit is \$4,036.05, calculated by adding the benefits earned during each benefit period as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 64 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 57,600.00	576	\$ 4.16	\$ 2,396.16
B	\$ 30,100.00	301	\$ 3.13	\$ 942.13
C	\$ 22,500.00	225	\$ 2.91	\$ 654.75
D	\$ 1,900.00	19	\$ 1.79	\$ 34.01
E	\$ 1,000.00	10	\$ 0.90	\$ 9.00
			Total benefit	\$ 4,036.05

If the Benefit Period A age 64 benefit multiplier had not changed from \$4.46 to \$4.16, John would have received a monthly benefit of \$4,208.85 calculated as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 64 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 57,600.00	576	\$ 4.46	\$ 2,568.96
B	\$ 30,100.00	301	\$ 3.13	\$ 942.13
C	\$ 22,500.00	225	\$ 2.91	\$ 654.75
D	\$ 1,900.00	19	\$ 1.79	\$ 34.01
E	\$ 1,000.00	10	\$ 0.90	\$ 9.00
			Total benefit	\$ 4,208.85

Example 1B

Lucy begins to receive her pension in December 2010 at age 55. Her contributions during each benefit period are set forth in the Total Contributions column of the chart below. Her monthly benefit is \$814.92, calculated by adding the benefits earned during each benefit period as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 55 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 40,200.00	402	\$ 1.70	\$ 683.40
B	\$ 5,300.00	53	\$ 1.28	\$ 67.84
C	\$ 3,500.00	35	\$ 1.19	\$ 41.65
D	\$ 1,700.00	17	\$ 0.73	\$ 12.41
E	\$ 2,600.00	26	\$ 0.37	\$ 9.62
			Total benefit	\$ 814.92

If the Benefit Period A age 55 benefit multiplier had not changed from \$2.33 to \$1.70, Lucy would have received a monthly benefit of \$1,068.18 calculated as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 55 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 40,200.00	402	\$ 2.33	\$ 936.66
B	\$ 5,300.00	53	\$ 1.28	\$ 67.84
C	\$ 3,500.00	35	\$ 1.19	\$ 41.65
D	\$ 1,700.00	17	\$ 0.73	\$ 12.41
E	\$ 2,600.00	26	\$ 0.37	\$ 9.62
			Total benefit	\$ 1,068.18

Example 1C

George begins to receive his pension in October 2012 at age 62. His contributions during each benefit period are set forth in the Total Contributions column of the chart below. His monthly benefit is \$643.94, calculated by adding the benefits earned during each benefit period as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 62 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 9,200.00	92	\$ 3.36	\$ 309.12
B	\$ 4,200.00	42	\$ 2.53	\$ 106.26
C	\$ 6,800.00	68	\$ 2.35	\$ 159.80
D	\$ 3,600.00	36	\$ 1.45	\$ 52.20
E	\$ 2,300.00	23	\$ 0.72	\$ 16.56
			Total benefit	\$ 643.94

If the Benefit Period A age 62 benefit multiplier had not changed from \$4.09 to \$3.36, George would have received a monthly benefit of \$711.10 calculated as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 62 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 9,200.00	92	\$ 4.09	\$ 376.28
B	\$ 4,200.00	42	\$ 2.53	\$ 106.26
C	\$ 6,800.00	68	\$ 2.35	\$ 159.80
D	\$ 3,600.00	36	\$ 1.45	\$ 52.20
E	\$ 2,300.00	23	\$ 0.72	\$ 16.56
			Total benefit	\$ 711.10

Example 1D

Rose begins to receive her pension in December 2014 at age 58. Her contributions during each benefit period are set forth in the Total Contributions column of the chart below. Her monthly benefit is \$120.91, calculated by adding the benefits earned during each benefit period as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 58 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 1,200.00	12	\$ 2.26	\$ 27.12
B	\$ 2,000.00	20	\$ 1.70	\$ 34.00
C	\$ 1,200.00	12	\$ 1.58	\$ 18.96
D	\$ 3,300.00	33	\$ 0.97	\$ 32.01
E	\$ 1,800.00	18	\$ 0.49	\$ 8.82
			Total benefit	\$ 120.91

If the Benefit Period A age 58 benefit multiplier had not changed from \$3.16 to \$2.26, Rose would have received a monthly benefit of \$131.71 calculated as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 58 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 1,200.00	12	\$ 3.16	\$ 37.92
B	\$ 2,000.00	20	\$ 1.70	\$ 34.00
C	\$ 1,200.00	12	\$ 1.58	\$ 18.96
D	\$ 3,300.00	33	\$ 0.97	\$ 32.01
E	\$ 1,800.00	18	\$ 0.49	\$ 8.82
			Total benefit	\$ 131.71

2. Elimination of the Benefit Guarantee on the Single Life Annuity

For pension benefits payable in the form of a single life annuity, there is currently a guaranteed payment of 100 times the portion of the monthly pension benefit as of the participant's annuity starting date earned prior to 2004. (There is no payment guarantee for benefits earned beginning in 2004). Under the guarantee, if a participant dies before receiving a total of 100 times the portion of the monthly benefit earned prior to 2004, the designated beneficiary receives the balance of that amount. The Rehabilitation Plan eliminates the guaranteed payment. Thus, the single life annuity will provide for monthly payments for the life of the retired participant and will cease at the participant's death.

3. Elimination of the Pop-up and Guarantee Features on the 50% Joint and Survivor Annuity

Currently, if a benefit is payable in the form of a 50% joint and survivor annuity and the joint annuitant dies within 5 years of the participant's annuity starting date, the portion of the monthly payment attributable to benefits earned before 2004 increases, or "pops up", to the monthly amount that would have been paid under a single life annuity. In addition, under this form of benefit, if *both* the participant and the joint annuitant die before receiving a total of 60 months of payments, the participant's designated beneficiary will receive the balance of the 60 months, but only for the portion of the monthly payment attributable to benefits earned before 2004. Both the "pop-up" feature and the 60-month guarantee will be eliminated for benefits with an annuity starting date on or after the Effective Date. (There are no pop-up or guarantee features on the 50% joint and survivor annuity for benefits earned beginning in 2004).

4. Elimination of the lump-sum payment option for the Retirement Account Benefit (RAB)

Currently, a participant who has at least \$1,500 of Covered Earnings in five consecutive calendar years before 1968 may elect to receive the benefit attributable to those contributions (the "Retirement Account Benefit, or RAB") in a single lump sum. For benefits with an annuity starting date on or after the Effective Date, this optional form of benefit payment will be eliminated and contributions made on a participant's behalf before 1968 will be paid as part of a monthly annuity (or in a single lump sum if the participant's total benefit has an actuarial equivalent present value of \$5,000 or less).

5. Change to Re-Retirement Benefit Calculation Method 2

Currently, additional benefits earned before normal retirement age by participants receiving an early retirement benefit ("re-retirement benefits") are calculated in two alternative ways, and the participant receives the greater of the two benefits. Under Method 1, which became effective in 1996, the re-retirement benefit is the difference between (i) the monthly early retirement benefit being paid and (ii) the total pension benefit calculated as if the participant had not started receiving an early retirement benefit, minus the actuarial equivalent value of the pension benefits that the participant already received. Under Method 2, the re-retirement benefit is the sum of all of the annual benefits payable under the rules that were in effect before 1996; that is, the additional monthly benefits that would have begun each July 1 from the July 1 following the annuity starting date of the early retirement benefit through the July 1 immediately before the participant's normal retirement date, based on contributions of \$50 or more (rounded to the nearest \$100) earned during the prior calendar year and the following table of Re-determination multipliers:

Age as of July 1	Re-determination Multiplier (benefit per \$100 of contributions in the prior calendar year)
55	\$0.83
56	\$0.86
57	\$0.87
58	\$0.89
59	\$0.90
60	\$0.92
61	\$0.95
62	\$0.97
63	\$0.99
64	\$1.02

The benefit calculated under Method 2 will be frozen as of May 31, 2010; accordingly, all re-retirement benefits will be calculated as the greater of (i) the benefit calculated under Method 1, or (ii) the benefit calculated under Method 2 for contributions earned through May 31, 2010 only.

Example 5A

Paul began receiving his early retirement pension benefit in 2006 at age 59. He later returned to Covered Employment and had additional contributions made on his behalf. His contributions made are set forth in the “Contributions made” column of the chart below. He reaches normal retirement age (age 65) in 2012. His monthly re-retirement benefit under Method 2 would be \$249.32, calculated by multiplying the “Contributions used in the calculation” column for each calendar year below through May 31, 2010 by the applicable Re-determination multiplier based on his age at the calculation date:

Contribution year	Contributions made	Contributions used in the calculation	Calculation date	Age at calculation date	Re-determination Multiplier	Method 2 Benefit
2006	\$ 6,600.00	\$ 6,600.00	Jul-07	60	\$ 0.92	\$ 60.72
2007	\$ 5,400.00	\$ 5,400.00	Jul-08	61	\$ 0.95	\$ 51.30
2008	\$ 5,300.00	\$ 5,300.00	Jul-09	62	\$ 0.97	\$ 51.41
2009	\$ 6,100.00	\$ 6,100.00	Jul-10	63	\$ 0.99	\$ 60.39
2010	\$ 6,000.00	\$ 2,500.00	Jul-11	64	\$ 1.02	\$ 25.50
					Total	\$ 249.32

If the benefit calculation under Method 2 had not been frozen at May 31, 2010, Paul’s monthly re-retirement benefit under Method 2 would have been \$285.02, calculated by multiplying the “Contributions used in the calculation” column for each calendar year below by the applicable Re-determination multiplier based on his age at the calculation date:

Contribution year	Contributions made	Contributions used in the calculation	Calculation date	Age at calculation date	Re-determination Multiplier	Method 2 Benefit
2006	\$ 6,600.00	\$ 6,600.00	Jul-07	60	\$ 0.92	\$ 60.72
2007	\$ 5,400.00	\$ 5,400.00	Jul-08	61	\$ 0.95	\$ 51.30
2008	\$ 5,300.00	\$ 5,300.00	Jul-09	62	\$ 0.97	\$ 51.41
2009	\$ 6,100.00	\$ 6,100.00	Jul-10	63	\$ 0.99	\$ 60.39
2010	\$ 6,000.00	\$ 6,000.00	Jul-11	64	\$ 1.02	\$ 61.20
					Total	\$ 285.02

Example 5B

Cynthia began receiving her early retirement pension benefit in 2003 at age 55. She later returned to Covered Employment and had additional contributions made on her behalf. Her contributions made are set forth in the “Contributions made” column of the chart below. She reaches normal retirement age (age 65) in 2013. Her monthly re-retirement benefit under Method 2 would be \$97.48, calculated by multiplying the “Contributions used in the calculation” column for each calendar year below through May 31, 2010 by the applicable Re-determination multiplier based on her age at the calculation date:

Contribution year	Contributions made	Contributions used in the calculation	Calculation date	Age at calculation date	Re-determination Multiplier	Method 2 Benefit
2003	\$ -	\$ -	Jul-04	56	\$ 0.86	\$ -
2004	\$ 100.00	\$ 100.00	Jul-05	57	\$ 0.87	\$ 0.87
2005	\$ 100.00	\$ 100.00	Jul-06	58	\$ 0.89	\$ 0.89
2006	\$ 2,600.00	\$ 2,600.00	Jul-07	59	\$ 0.90	\$ 23.40
2007	\$ 6,400.00	\$ 6,400.00	Jul-08	60	\$ 0.92	\$ 58.88
2008	\$ 800.00	\$ 800.00	Jul-09	61	\$ 0.95	\$ 7.60
2009	\$ 500.00	\$ 500.00	Jul-10	62	\$ 0.97	\$ 4.85
2010	\$ 400.00	\$ 100.00	Jul-11	63	\$ 0.99	\$ 0.99
2011	\$ 300.00	\$ -	Jul-12	64	\$ 1.02	\$ -
					Total	\$ 97.48

If the benefit calculation under Method 2 had not been frozen at May 31, 2010, Cynthia’s monthly re-retirement benefit under Method 2 would have been \$103.51, calculated by multiplying the “Contributions used in the calculation” column for each calendar year below by the applicable Re-determination multiplier based on her age at the calculation date:

Contribution year	Contributions made	Contributions used in calculation	Calculation date	Age at calculation date	Re-determination Multiplier	Method 2 Benefit
2003	\$ -	\$ -	Jul-04	56	\$ 0.86	\$ -
2004	\$ 100.00	\$ 100.00	Jul-05	57	\$ 0.87	\$ 0.87
2005	\$ 100.00	\$ 100.00	Jul-06	58	\$ 0.89	\$ 0.89
2006	\$ 2,600.00	\$ 2,600.00	Jul-07	59	\$ 0.90	\$ 23.40
2007	\$ 6,400.00	\$ 6,400.00	Jul-08	60	\$ 0.92	\$ 58.88
2008	\$ 800.00	\$ 800.00	Jul-09	61	\$ 0.95	\$ 7.60
2009	\$ 500.00	\$ 500.00	Jul-10	62	\$ 0.97	\$ 4.85
2010	\$ 400.00	\$ 400.00	Jul-11	63	\$ 0.99	\$ 3.96
2011	\$ 300.00	\$ 300.00	Jul-12	64	\$ 1.02	\$ 3.06
					Total	\$ 103.51

6. Adjustment to Pension Benefits Commencing after Normal Retirement Age

Pension benefits that begin after the participant's normal retirement age are increased based on the participant's age at the annuity starting date to account for the later commencement of benefit payments. Currently, the Fund uses simplified factors (i.e., interest and mortality assumptions) to make this adjustment, resulting in a benefit that is greater than the actuarially equivalent benefit that would have been payable at normal retirement age. These factors will be changed for benefits with an annuity starting date on or after the Effective Date; so that they produce a benefit that is the actuarial equivalent to the normal retirement age benefit.

Example 6A

Louis begins to receive his pension on June 1, 2010 at age 66 and 3 months. His contributions during each benefit period are set forth in the Total Contributions column of the chart below. His age 65 monthly benefit is \$994.95. Because he is age 66 and 3 months at his annuity starting date, his monthly benefit is adjusted to \$1,109.37 to account for the fact that his benefit did not begin to be paid at his normal retirement age. His monthly benefit is calculated as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 65 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 18,300.00	183	\$ 4.65	\$ 850.95
B	\$ 2,500.00	25	\$ 3.50	\$ 87.50
C	\$ 1,400.00	14	\$ 3.25	\$ 45.50
D	\$ 300.00	3	\$ 2.00	\$ 6.00
E	\$ 500.00	5	\$ 1.00	\$ 5.00
			Age 65 benefit	\$ 994.95
			<i>Plus late retirement adjustment</i>	11.50%
			Total benefit	\$ 1,109.37

If the simplified late retirement factor was used (as it would have been prior to this change), the late retirement adjustment would have been 15% instead of 11.5%.

Example 6B

Audrey begins to receive her pension on January 1, 2011 at age 68 and 5 months. Her contributions during each benefit period are set forth in the Total Contributions column of the chart below. Her age 65 monthly benefit is \$3,639.50. Because she is age 68 and 5 months at her annuity starting date her monthly benefit is adjusted to \$4,913.33 to account for the fact that her benefit did not begin to be paid at her normal retirement age. Her monthly benefit is calculated as follows:

Benefit Period	Total Contributions	Contributions rounded to the nearest \$100	X age 65 benefit multiplier	Pension Benefit as a Single Life Annuity
A	\$ 48,000.00	480	\$ 4.65	\$ 2,232.00
B	\$ 23,000.00	230	\$ 3.50	\$ 805.00
C	\$ 13,000.00	130	\$ 3.25	\$ 422.50
D	\$ 6,000.00	60	\$ 2.00	\$ 120.00
E	\$ 6,000.00	60	\$ 1.00	\$ 60.00
			Age 65 benefit	\$ 3,639.50
			<i>Plus late retirement adjustment</i>	35.00%
			Total benefit	\$ 4,913.33

If the simplified late retirement factor was used (as it would have been prior to this change), the late retirement adjustment would have been 41% instead of 35%.

7. Changes for Former Participants in the AFM Retirement Plan or AFM-EPF Staff Plan

Individuals who participated in the AFM Retirement Plan or the AFM-EPF Staff Plan (each referred to as a “Prior Plan”) prior to their merger into the Fund may currently elect to receive their total benefit either in a form available under the Prior Plan or any form available under the Fund. For the AFM Retirement Plan the additional options are the joint & 50% survivor annuity and the joint & 100% survivor annuity. For the AFM-EPF Staff Plan the additional options are the joint & 1/3 survivor annuity, the joint & 50% survivor annuity, the joint & 100% survivor annuity, the 10-year certain & life annuity and the Social Security income level annuity. Effective for benefits with an annuity starting date on or after the Effective Date, participants in a Prior Plan must elect among the Fund’s benefit forms for their total benefit under the Prior Plan and the Fund.

8. Compensation and Benefit Limitations

Currently, the amount of compensation that may be taken into account by the Fund and the maximum annual benefit that may be paid by the Fund for any calendar year are subject to limits required by law. These limits are indexed each year based on the Internal Revenue Service’s maximum limits. However, for benefits with an annuity starting date on or after the Effective Date, these limits will not increase above their 2010 levels (\$245,000 for the maximum annual compensation limit and \$195,000 for the maximum annual benefit limit).

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This notice is required to be furnished to you pursuant to Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4980F of the Internal Revenue Code. This notice also constitutes a summary of material modifications under Sections 102(a) and 104(b) of ERISA.