



American Federation
of Musicians &
Employers' Pension Fund

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IMPORTANT NOTICE

To: All Participants

From: Board of Trustees

Re: Changes to the Law that Affect Plan Benefits

Date: December 14, 2007

This notice contains important information about changes to the future benefits of some participants in 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.

By way of background, the Internal Revenue Code sets forth a cap, known as the IRS limit, on the annual benefit that can be paid to a participant each year. The IRS limit is modified by the government each year for inflation, but it is currently \$180,000 for 2007 and \$185,000 for 2008 (for benefits paid as a single life annuity). There are various different adjustments to the IRS limit, depending on the time benefits begin and the form of benefit you decide to take.

The IRS limit has in the past applied separately to the benefits earned as a result of contributions made on a participant's behalf by *each* of his or her employers. The government has now changed the IRS limit to apply to all benefits earned by a participant as a result of all contributions from all employers combined.

Example: You earned an annual benefit of \$200,000. Of that \$200,000, \$150,000 was from Employer A contributions and \$50,000 was from Employer B contributions. Under the old rule, the 2007 IRS limit of \$180,000 would be applied separately to the \$150,000 and the \$50,000. So, if you retired in 2008, the benefit would be the full \$200,000 under the old rule but would be capped at \$185,000 under the new rule since your total annual benefit from all employer contributions combined cannot exceed the 2008 IRS limit of \$185,000.

The good news is that there is a special provision in the law that protects the amount of benefit you earned through the end of 2007. This means that your benefit will generally be the greater of (i) your benefit as of December 31, 2007, applying the 2007 IRS limit on an employer-by-employer basis; or (ii) your benefit as of your retirement date, applying the IRS limit in effect on your retirement date to your total benefit from all employers.



Here are some examples of how the special provision applies:

Example 1: As of December 31, 2007, you earned an annual benefit of \$265,000, as follows:

Employer A:	\$ 50,000 (before the 2007 IRS limit is applied)
Employer B:	185,000 (before the 2007 IRS limit is applied)
Employer C:	<u>30,000</u> (before the 2007 IRS limit is applied)
Total:	\$265,000

You continue to work and as of January 1, 2013, your total annual benefit has increased to \$325,000, as follows:

Employer A:	\$ 75,000
Employer B:	195,000
Employer C:	<u>55,000</u>
Total:	\$325,000 (before the 2013 IRS limit is applied)

The 2007 limit is \$180,000 and assume the 2013 IRS limit will be \$220,000. Your grandfathered benefit as of December 31, 2007 cannot exceed the 2007 IRS limit on an employer-by-employer basis while the total benefit cannot exceed the 2013 IRS limit on an aggregated basis.

Grandfathered Benefit

Employer A:	\$ 50,000 (after the 2007 IRS limit is applied)
Employer B:	185,000 180,000 (after the 2007 IRS limit is applied)
Employer C:	<u>30,000</u> (after the 2007 IRS limit is applied)
Total:	\$260,000

Total Benefit

Employer A:	\$ 75,000
Employer B:	195,000
Employer C:	<u>55,000</u>
Total:	\$325,000 220,000 (after the 2013 IRS limit is applied)

Your resulting annual benefit would be the greater of the grandfathered benefit of \$260,000 and the total benefit of \$220,000. Therefore, your annual benefit would be \$260,000.

Example 2: As of December 31, 2007, you earned an annual benefit of \$155,000, as follows:

Employer A:	\$ 50,000 (before the 2007 IRS limit is applied)
Employer B:	75,000 (before the 2007 IRS limit is applied)
Employer C:	<u>30,000</u> (before the 2007 IRS limit is applied)
Total:	\$155,000

You continue to work and as of January 1, 2013, your total annual benefit has increased to \$225,000, as follows:

Employer A:	\$ 75,000
Employer B:	95,000
Employer C:	<u>55,000</u>
Total:	\$225,000 (before the 2013 IRS limit is applied)

The 2007 limit is \$180,000 and assume the 2013 IRS limit will be \$220,000. Your grandfathered benefit as of December 31, 2007 cannot exceed the 2007 IRS limit on an employer-by-employer basis while the total benefit cannot exceed the 2013 IRS limit on an aggregated basis.

Grandfathered Benefit

Employer A:	\$ 50,000 (after the 2007 IRS limit is applied)
Employer B:	75,000 (after the 2007 IRS limit is applied)
Employer C:	<u>30,000</u> (after the 2007 IRS limit is applied)
Total:	\$155,000

Total Benefit

Employer A:	\$ 75,000
Employer B:	95,000
Employer C:	<u>55,000</u>
Total:	\$225,000 220,000 (after the 2013 IRS limit is applied)

Your resulting annual benefit would be the greater of the grandfathered benefit of \$155,000 and the total benefit of \$220,000. Therefore, your annual benefit would be \$220,000.

Example 3: You retired on December 1, 2007, received the single life annuity and your annual benefit was \$183,000, as follows:

Employer A:	\$ 61,000 (before the 2007 IRS limit is applied)
Employer B:	61,000 (before the 2007 IRS limit is applied)
Employer C:	<u>61,000</u> (before the 2007 IRS limit is applied)
Total:	\$183,000

You returned to work in 2008 and re-retired in 2009. Your total annual benefit has increased to \$192,000, as follows:

Employer A:	\$ 61,000
Employer B:	64,000
Employer C:	<u>67,000</u>
Total:	\$192,000 (before the 2009 IRS limit is applied)

The 2007 limit is \$180,000 and assume the 2009 IRS limit will be \$190,000. Your grandfathered benefit as of December 31, 2007 cannot exceed the 2007 IRS limit on an employer-by-employer basis while the total benefit cannot exceed the 2009 IRS limit on an aggregated basis.

Grandfathered Benefit

Employer A: \$ 61,000 (after the 2007 IRS limit is applied)
Employer B: 61,000 (after the 2007 IRS limit is applied)
Employer C: 61,000 (after the 2007 IRS limit is applied)
Total: \$183,000

Total Benefit

Employer A: \$ 61,000
Employer B: 64,000
Employer C: 67,000
Total: ~~\$192,000~~ 190,000 (after the 2009 IRS limit is applied)

Your resulting annual benefit would be the greater of the grandfathered benefit of \$183,000 and the total benefit of \$190,000. Therefore, your annual benefit would be \$190,000.

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This notice is required to be furnished to you under 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 to the Summary Plan Description under Sections 102(a) and 104(b) of ERISA.