

Pension Plan

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April 15, 2009

Dear Participant:

In your hands is the NYSNA Pension Plan's expanded Funding Notice for Plan Year 2008 and a newly required Zone Notice for Plan Year 2009.

Both notices are the result of the Pension Protection Act of 2006, legislation created to, among other things, inform employees about how their pension plans are funded and ensure that plans are funded adequately to pay current and future pension benefits.

In previous years, we've sent the Funding Notice in late summer or early autumn at the same time as your copy of our Summary Annual Report. This 2008 Funding Notice provides much more information, such as the Plan's funding and investment policies, in addition to financial information that used to be in the Summary Annual Report.

The Zone Notice addresses something you've probably heard a lot about lately – words such as “go red” and “freeze green.” In simple terms, the Zone Notice declares whether a pension plan is in one of four funded zones:

- Not endangered, not seriously endangered, or not critical (green);
- Endangered (yellow);
- Seriously endangered (orange); or
- Critical (red).

All of this may leave you confused, because the Funding Notice, which has information based on the value of Plan assets as of January 1, 2008, reflects a healthy funded situation preceding the historic market downturn in the latter part of last year. At the close of 2008, however, the Plan had lost approximately 30 percent of its value and would be in the critical (red) zone if the Trustees had not elected in late March to take advantage of an emergency amendment to the Pension Protection Act. The amendment, called the Worker, Retiree, and Employer Recovery Act, allows pension plans such as yours, which have been traditionally stable and well-funded, to freeze their funding status at a “green” level for the 2009 calendar year. Freezing green gives the Trustees more time to develop alternative solutions, gives the market a chance to recover, and allows time for further national pension relief legislation.

Why would the Plan be in the red zone if the percentages in the Funding Notice look so good? It has to do with future deficiencies projected by our actuaries. Deficiencies that could last for some time to come. Deficiencies that will have to be made up through increased employer contributions or reductions in some benefits, or a combination of both.

It's important to us that you know exactly where the Plan stands and the steps that will need to be taken to re-establish the Plan's well-funded status. I urge you to read the enclosed information carefully and consider two important points:

- We've been administering pension benefits exclusively for NYSNA RNs for nearly 37 years and have weathered other market downturns.
- We're meeting our obligations today and will meet them tomorrow. We have never missed a payment and continue to send benefit checks of nearly \$63 million a year to more than 4,500 retirees.

As always, please call us at (877) RN BENEFITS if you have any questions.



Michael E. Behan
Chief Executive Officer
New York State Nurses Association Pension Plan

**New York State Nurses Association Pension Plan
ANNUAL FUNDING NOTICE - Plan Year 2008**

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, a federal agency. This notice is for the plan year beginning January 1, 2008, and ending December 31, 2008 (referred to hereafter as “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 two 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.

	Plan Year 2008	Plan Year 2007	Plan Year 2006
Valuation Date	1/1/08	1/1/07	1/1/06
Funded Percentage	127.8%	not applicable	not applicable
Value of Assets	\$2,026,238,707	not applicable	not applicable
Value of Liabilities*	\$1,585,851,472	not applicable	not applicable

** It is important to note that the liabilities shown here do not represent those liabilities used for minimum funding requirements under the law. Using the liabilities used for minimum funding purposes, the funded percentage would be approximately 110 percent.*

Due to a significant decline in Plan assets in 2008, the projected funded percentage as of 12/31/08 is expected to be approximately 110 percent, and using the liabilities used for minimum funding purposes, the projected funded percentage as of 12/31/08 is expected to be approximately 95 percent.

Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The Plan has entered “not applicable” in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For 2006, the Plan’s “funded current liability percentage” was 81.8 percent, the Plan’s assets were \$1,544,051,805, and the Plan liabilities were \$1,887,783,027. For 2007, the Plan’s “funded current liability percentage” was 89.8 percent, the Plan’s assets were \$1,774,606,762, and the Plan liabilities were \$1,976,681,624. Note that these liabilities are calculated based on a lower interest rate than the liabilities shown in the table above as mandated by law, resulting in higher liabilities and lower funded percentages shown in this section.

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 12/31/08, the fair market value of the Plan’s assets was \$1,556,391,697. As of 12/31/07, the fair market value of the Plan’s assets was \$2,207,793,860. As of 12/31/06, the fair market value of the Plan’s assets was \$1,943,792,519.

Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 26,121. Of this number, 14,450 were active participants, 4,120 were retired or separated from service and receiving benefits, and 7,551 were retired or separated from service and entitled to future 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 funding policy of the Plan is as follows: All contributing employers have agreed to make contributions that the Plan’s actuary has estimated, as of the latest actuarial valuation date, to be sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

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 Plan's investment policy is recommended by its Investment Committee and approved by its Board of Trustees. The policy has been developed to reflect a long-term investment horizon. It contains approved asset class and allocation targets to create a broadly diversified pool of assets, consisting primarily of equities and fixed income securities, which is expected to produce a total return within a given level of expected risk.

Investment managers are allocated funds within these targets to manage on behalf of the Plan and are selected on the basis of proven skill within a given asset class.

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. These allocations are percentages of total assets:

Asset Allocations	Percentage
Interest-bearing cash	2%
U.S. government securities	12%
Corporate debt instruments (other than employer securities):	
Preferred	7%
All other	8%
Corporate stocks (other than employer securities):	
Preferred	1%
Common	49%
Partnership/joint venture interests	10%
Real estate (other than employer real property)	3%
Loans (other than to participants)	0%
Participant loans	0%
Value of interest in common/collective trusts	2%
Value of interest in pooled separate accounts	2%
Value of interest in master trust investment accounts	0%
Value of interest in 103-12 investment entities	0%
Value of interest in registered investment companies (e.g., mutual funds)	1%
Value of funds held in insurance company general account (unallocated contracts)	0%
Employer-related investments:	
Employer Securities	0%
Employer real property	0%
Buildings and other property used in plan operation	0%
Other	3%

Critical or Endangered Status

Under federal pension law, a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors also may apply). A plan also will be considered to be in "critical" status if the plan's current level of contributions currently is or is projected to be, in any of the next three plan years, less than the minimum contribution amount required by the law for that year. 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 not in endangered or critical status in the 2008 Plan Year.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. Department of Labor an annual report containing financial and other information about the plan. Copies of the annual report are available from the U.S. 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. You also may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

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 Pension Benefit Guaranty Corporation'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 $\$24.75$ ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

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 $\$6.75$ ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

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 office of Michael E. Behan, Chief Executive Officer, New York State Nurses Association Pension Plan, P.O. Box 12430, Albany, NY 12212-2430, (518) 869-9501. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is 13-6604799. For more information about the PBGC and benefit guarantees, go to PBGC's Web site, www.pbgc.gov, or call PBGC toll-free at (800) 400-7242. TTY/TDD users may call the federal relay service toll-free at (800) 877-8339 and ask to be connected to (800) 400-7242.

**New York State Nurses Association Pension Plan
NOTICE OF ZONE STATUS - Plan Year 2009**

Introduction

This is to inform you that on March 31, 2009, the Plan's actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan will be in critical status (red) for the Plan year beginning January 1, 2009. This means the Plan's level of contributions is currently or is projected to be, in any of the next three Plan years, less than the minimum contribution amount required by law for that year.

Election of "Green" Funded Status

The Trustees have elected under Section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 to treat the Plan as being neither in endangered nor critical status for the Plan Year beginning on January 1, 2009. This election applies only for Plan Year 2009.

If the Plan is certified to be in endangered or critical status for Plan Year 2010, the Trustees will notify you of such status and that steps will need to be taken to improve the Plan's funded situation. These steps may include increased employer contributions and/or reductions in future benefit accruals.

If the Plan is certified to be in critical status for Plan Year 2010, the steps that will have to be taken to improve the Plan's funded situation will include a surcharge on employer contributions and the suspension of the payment of accelerated distributions for individuals who begin receiving benefits after notice is provided of the Plan's critical status. Steps also may include amendments to reduce early retirement or other adjustable benefits.

Where to Get More Information

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Plan Year 2008 Funding Notice
Plan Year 2009 Zone Notice
(Election of Green Funded Status)

ADDRESS SERVICE REQUESTED

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