



April 2011

### **For Participants in the LANS Defined Benefit Pension Plan:**

Each year, all participants in the LANS Defined Benefit Pension Plan are required to receive an Annual Funding Notice (Notice). This Notice is required under the Pension Protection Act of 2006 (PPA) and replaces the Summary Annual Report you have received in the past. **This Notice is for informational purposes only and you are not required to take any action.**

The Annual Funding Notice summarizes certain information about the Plan, including the funding level, assets and liabilities, and other reporting requirements. Attached to this letter is your Notice for the 2010 plan year. As you can see in the Notice, as of the measurement date on January 1, 2010, the Plan had a Funding Target Attainment Percentage of over 100%.

### **A Look at the Annual Funding Notice**

When you look at the Annual Funding Notice, you'll see it provides information about:

- The Plan's funding status for the current year and prior year
- The number of participants
- Funding and investment policies, including details on the asset allocation as of the end of the plan year
- Information on how the Pension Benefit Guaranty Corporation (PBGC) insures the Plan

While the Notice explains many of these items, we thought it would be helpful to provide some additional explanation in the following areas.

### **Funded Status**

One of the first items you'll see on the Notice is the Funding Target Attainment Percentage. This is one way to measure the funding status of the Plan—by comparing assets to liabilities. The Funding Target Attainment Percentage is the percentage of the Plan's liabilities that is covered by Plan assets. This figure is determined in accordance with rules for private pension plans under the PPA, which provides limited options for how both asset and liability values are determined. The values shown on this Notice are based on preliminary LANS elections and are not final.

### **Summary of Funding Status**

LANS takes the funding of the LANS Defined Benefit Pension Plan seriously and is committed to meeting the Plan's obligations. LANS maintains this perspective both when monitoring Plan funding and when deciding how to invest funds in the trust.

**Determining Plan Funding**  
LANS pays for your pension benefit by making contributions into a trust. The trust can only pay participant benefits and reasonable administrative expenses. LANS is responsible for monitoring the funding of the Plan and managing the investment of the trust's assets.

To determine the level of contributions, the Plan's actuaries use assumptions to determine the amount of money needed to help pay for future benefit payments. That amount is compared to the trust assets. In general, if trust assets are less than the current value of pension benefits, LANS will consider making a contribution to the trust. For the 2010 plan year, LANS is making a contribution to the plan as described in the notice.

Naturally, the Funded Status of the Plan is impacted by economic conditions—both the value of the investments in our pension trust and the interest rates used to determine the value of plan benefits in today’s dollars. The economic turmoil over the past few years has affected the Funded Status and may explain some of the change you see from one year to the next. The employer continues to monitor the Plan’s Funded Status and relies on independent actuaries to determine whether contributions to the Plan trust are required under federal law each year.

### **The Pension Benefit Guaranty Corporation (PBGC)**

The Notice includes information about the PBGC. The PBGC is a federal agency that was established to help protect pension benefits. PBGC insurance coverage is mandatory, and each year, we pay premiums to the PBGC to insure the benefits you have accrued under the Plan, subject to the PBGC guaranty limits.

LANS is committed to the long-term solvency of the Plan. However, if a PBGC-insured plan terminates without enough money to pay for all accrued benefits, the PBGC would take over the Plan and would pay pension benefits through its insurance program, up to certain maximum limits described in the Notice.

### **Questions?**

The Notice contains a great deal of information. If you have questions, you can find resources to contact in the “Where to Get More Information” section of the Notice. It provides contact information for both the Plan and the PBGC.

Sincerely,

Louis Polito  
Plan Administrator