



Electrical Construction Industry
VACATION-HOLIDAY PLAN
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Notice to Participants

As you know, the Plan provides paid time off, holiday and jury duty benefits. In addition, each November, the Plan had issued an additional distribution to participants. Last year you were advised that there will be no additional distribution in 2015. The Plan's Trustees provided the following explanation of how the additional distribution is calculated and why they have suspended the approval of additional distributions for the foreseeable future.

Under the Plan, the additional distribution is payable to the extent the Plan's investment earnings and forfeitures exceed the administrative expenses of operating the Plan. The Plan's earnings have been at historic lows for the past several years. The Plan's assets are invested conservatively in short-term fixed income securities (bonds) and cash equivalents. As you may know, interest rates are at historic lows. This has caused the Plan's investment earnings to be much lower than in past years. This is simply a function of the current interest rate environment. Given the nature of the Plan, the Plan's Trustees believe it is appropriate to invest conservatively with a primary goal of preservation of capital. For that reason, the assets have always been invested in conservative, short-term fixed income products. And unfortunately, while those investments provide security, they have not generated significant returns recently.

The Plan's Trustees will reinstate the additional distribution when earnings rebound and Plan assets can support the distribution. Economists generally project that interest rates will rise in future years. As interest rates rise, the Plan's investment earnings will increase, thus permitting additional distributions in the future. However, it is obviously difficult to project when rates will rise and Plan earnings will increase to the level allowing an additional distribution.

If you have any questions regarding this notice, please contact the Plan Office.