

**CEMENT MASONS LOCAL NO. 886/404 PENSION PLAN**  
**2014 NOTICE OF CRITICAL STATUS**  
*October 2014*

On September 26, 2014 the actuary for the Cement Masons Local No. 886/404 Pension Plan ("Plan") certified to the U.S. Department of the Treasury and the Plan Sponsor ("Board of Trustees") that the Plan will be in critical status for the 2014 Plan Year. The 2014 Plan Year began on July 1, 2014 and will end on June 30, 2015. Federal law requires that you receive this Notice.

**Critical Status**

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. The 2013 Plan Year was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2013 PPA certification date the Plan was projected to have an accumulated funding deficiency during the 2015 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2014 Plan Year because the Plan's actuary has determined that the Plan has not passed the "Emergence Test" that would enable it to come out of critical status. In order to pass this test, the Plan's actuary must certify that the Plan is not projected to have an accumulated funding deficiency for the current Plan Year or any of the nine succeeding Plan Years.

On August 14, 2013, the Plan's Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties as required by the *Pension Protection Act of 2006* (PPA). The Plan is continuing to operate in accordance with this rehabilitation plan. For the 2014 Plan Year, the Plan's actuary has certified that the Plan is making scheduled progress in meeting the requirements of its rehabilitation plan.

**Rehabilitation Plan and Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the plan's funded percentage. A rehabilitation plan can include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also stipulates that plans in critical status are not allowed to pay "restricted benefits", such as lump sum benefits or any other payment in excess of the monthly amount paid under a Single Life Annuity.

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties. The rehabilitation plan includes benefit changes and scheduled increases in the Plan's hourly contribution rate, and is summarized below:

1. **Changes to Early Retirement Benefits.** For retirements with an Annuity Starting Date *after October 1, 2013*, a vested Participant will not be eligible for any Early Retirement Benefits unless he is considered an Active Participant in the Plan. In determining eligibility, an Active Participant will be any Participant who has completed at least 200 hours in the Plan Year in which he retires or 200 hours in the Plan Year immediately preceding the Plan Year in which

he retires. A vested Participant who is not considered Active under the Plan will be entitled to a monthly pension equal to his Accrued Benefit at his Normal Retirement Date (age 60 or age 62, as applicable).

2. **Changes to Disability Retirement Benefits.** A Participant who first incurs a total and permanent disability after October 31, 2013 and is eligible for a Disability Retirement Benefit under the terms of the Plan will receive a monthly pension equal to his vested Accrued Benefit, reduced by  $\frac{1}{2}$  of 1% (0.005) for each month that his Disability Retirement Date precedes his Normal Retirement Date, with a maximum reduction of 30%. The Disability Retirement Benefit will commence on the later of: (1) the first day of the month following the month in which the total and permanent disability occurred, or (2) the first day of the month following the month in which the participant filed his application for a Disability Retirement Benefit with the Plan.
3. **Changes to the Supplemental Death Benefit.** For deaths occurring on or after September 9, 2013, the Plan's \$50,000 Supplemental Death Benefit will no longer be paid as a lump sum benefit. The beneficiary of an eligible deceased Participant will receive a monthly pension benefit that is actuarially equivalent to the \$50,000 Supplemental Death Benefit. This monthly annuity would be payable over the expected lifetime of the Beneficiary.
4. **Changes to the Pre-Retirement Return of Contributions Death Benefit.** For deaths occurring on or after September 9, 2013, the lump sum return of contributions pre-retirement death benefit will no longer be paid as a lump sum benefit. This means that the Beneficiary of a Participant who is not vested or not married will receive a monthly pension benefit that is actuarially equivalent to the lump sum return of contributions benefit. This monthly annuity would be payable over the expected lifetime of the Beneficiary.
5. **Changes to the Post-Retirement Return of Contributions Death Benefit.** For deaths occurring on or after September 9, 2013, the lump sum return of contributions post-retirement death benefit will no longer be paid as a lump sum benefit. Beneficiaries of retired Participants who are not eligible for Joint & Survivor benefits will receive the deceased Participant's monthly benefit until the sum of all monthly benefits received by the deceased Participant and his Beneficiary equal the total contributions made to the Plan on behalf of the deceased Participant. Surviving spouses of retired Participants who are eligible for Joint & Survivor benefits will receive their monthly Joint & Survivor benefit upon the death of the retired Participant, with a minimum benefit equal to the total contributions made to the Plan on behalf of the deceased Participant less the sum of all monthly benefits received by the deceased Participant and his surviving spouse.
6. **Elimination of the free Pop-Up provision with a Qualified Joint & Survivor Annuity.** The free "Pop-Up" feature will not be available to Participants with an Annuity Starting Date on or after September 9, 2013. The "Pop-Up" feature increases the monthly benefit payments of any Retiree who elected a Joint & Survivor form of benefit upon the death of an Eligible Spouse. Participants with an Annuity Starting Date on or after September 9, 2013 can continue to elect to receive the "Pop-Up" feature. However, their monthly pension amount will be actuarially reduced to reflect the cost of this option.

In addition to the benefit changes outlined above, the rehabilitation plan requires that the Plan's hourly contribution rate increase annually by \$0.35 per hour for each Plan Year beginning July 1, 2014 and ending June 30, 2024 for a total increase of \$3.50 per hour.

### **Adjustable Benefits**

If it is ever determined that the Plan's rehabilitation plan needs to be amended, federal law permits pension plans in critical status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the rehabilitation plan:

- Early Retirement benefits or retirement-type subsidies;
- Disability benefits (if not yet in pay status);
- Supplemental Death benefits;
- Qualified Pre-Retirement Survivor Annuity (QPSA); and
- Benefit payment options other than a qualified joint & survivor annuity ("QJSA").

If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate Notice identifying the type of the reduction and the effect of those reductions. Any reduction in adjustable benefits will not reduce the level of your basic benefit payable at your Normal Retirement Age (age 60 or age 62, as applicable). In addition, the reductions will only apply to Participants and beneficiaries whose Annuity Starting Date is on or after September 9, 2013.

### **Where to Get More Information**

For more information about this Notice, you can contact the Cement Masons Local No. 886/404 Pension Plan at Compensation Programs of Ohio at 33 Fitch Boulevard, Austintown, OH 44515, or by calling 1-800-435-2388. You have the right to request copies of the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number, or "EIN", is 34-1290577.