

CEMENT MASONS LOCAL NO. 567 PENSION PLAN

Administered by Southern Benefit Administrators, Incorporated

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Notice of Critical Status for the 2014 Plan Year

Cement Masons Local Union No. 567 Pension Fund

EIN: 72-6063351

PN: 001

November 26, 2014

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

Under the Pension Protection Act of 2006 (PPA), the Pension Fund's actuary is required to make a determination of the Fund's financial status every plan year, and certify that status to the IRS and the Trustees. If the Fund's status is "endangered" (Yellow Zone), "seriously endangered" (Orange Zone, a type of Yellow Zone) or "critical" (Red Zone) the Trustees must notify all plan participants, employers and other stakeholders and take corrective action to restore the financial health of the Fund.

Critical Zone Status

For the plan year beginning August 1, 2014, there is a projected Funding Standard Account deficiency in the plan year ending July 31, 2018. Since this is within four years, the Plan was categorized by the Fund's actuary as being in critical status (Red Zone) for the 2014 plan year, and a certification of this fact was provided to the IRS on October 29, 2014. Previously, the Plan was certified as endangered and seriously endangered, and as a result, the Trustees adopted and updated a Funding Improvement Plan (FIP).

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires the Board of Trustees of pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. In addition to revising the plan's formula for future benefit accruals and making similar changes, as part of a Rehabilitation Plan, the law permits pension plans in the Red Zone to reduce, or even eliminate, benefits called "adjustable benefits." If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions or adjustments. No reduction of adjustable benefits will reduce the level of a Participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to Participants and Beneficiaries whose benefit commencement date is on or after November 26, 2014.

Adjustable Benefits

The Plan offers the following adjustable benefits that may be reduced or eliminated as part of the Rehabilitation Plan:

- Disability benefits (if not yet in pay status)
- Early retirement benefit or retirement-type subsidy

- 36-Month guaranteed form of benefit
- Pop-up feature within the 50% joint and survivor annuity
- Lump sum pre-retirement death benefit

Employer Surcharges

Any Employer who fails to timely agree to a schedule of contributions authorized under the Rehabilitation Plan on or before December 26, 2014 will incur a surcharge. The surcharge is payable to the Plan to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an Employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. A 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan Year while the Plan is in critical status, until the Employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The 5% surcharge is payable on contributions due on and after December 26, 2014 until July 31, 2015, and the 10% surcharge is payable with respect to contributions due after July 31, 2015 until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect.

The surcharges will be disregarded in determining benefits and withdrawal liability, as required by the law.

What's Next

The Rehabilitation Plan will be adopted by the Board of Trustees no later than June 26, 2015. Shortly after the adoption of the Rehabilitation Plan by the Trustees, a copy will be sent to Contributing Employers and the Union. Participants and Beneficiaries will receive a separate notice identifying and explaining the effect of any reductions or adjustments of benefits and may request a copy of the Rehabilitation Plan.

You will receive notices like this each year, letting you know of the Plan's progress in stabilizing its financial status. Since the funding of the Plan is influenced by economic and financial variables beyond the control of the Trustees (such as investment market volatility and changes in employment levels and/or the number of contributing employers), unexpected developments can affect the Plan's status and cause modification of the Rehabilitation Plan and the required corrective actions needed.

The Rehabilitation Plan and any recommended changes in benefits, contributions, or other Plan provisions will be communicated to all affected individuals and parties before any changes are made. However, as previously noted, no benefit changes will be included in the Rehabilitation Plan for any retiree or beneficiary currently in pay status (with benefits started before November 26, 2014).

We understand that legally required notices like this one can create anxiety and concern about the Pension Plan's future. The Board of Trustees is working with contributing employers and the union and taking appropriate actions to improve the financial health of the Fund.

In the event you have questions or would like additional information, you may contact the Board of Trustees, or the Plan's Administrator, Southern Benefit Administrators, Incorporated, at P.O. Box 1449, Goodlettsville, Tennessee 37070-1449, Telephone 615-859-0131, or toll-free at 800-831-4914.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor (DOL)
Pension Benefit Guaranty Corporation (PBGC)