

April 27, 2016

## **Notice of Critical Status Cement Masons – Employers Pension Plan**

This is to inform you that on April 22, 2016 the Cement Masons – Employers Pension Plan entered critical status for the plan year beginning January 1, 2016. Federal law requires that you receive this notice.

### **Plan Status for 2016 Plan Year – Critical (“Red Zone”)**

The Cement Masons – Employers Pension Plan is considered to be in critical status because it has funding problems or liquidity problems, or both. More specifically, the Plan’s actuary determined that the Plan is projected to enter critical status in the five years following the current plan year due to a projected accumulated funding deficiency in the next nine years, and the Board of Trustees has elected to enter critical status effective January 1, 2016 under the Multiemployer Pension Reform Act of 2014.

### **Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. If the Board of Trustees determines that benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions in the future. Any reduction of adjustable benefits will not reduce the level of a participant’s basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after the date shown on this notice. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of the date of this notice, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount payable under a single life annuity) while in critical status.

### **Adjustable Benefits**

The plan offers the following adjustable benefits which may be reduced or eliminated as part of the rehabilitation plan:

- Early retirement benefits or early retirement type subsidies (if not yet in pay status);
- 60-month payment guarantees;
- Disability benefits;
- Benefit payment options other than a non-subsidized qualified joint-and-survivor annuity (QJSA).

### **Employer Surcharge**

The law requires that all contributing employers pay to the Plan a surcharge 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 collective bargaining agreement. During the first year that a plan is in critical status, the percentage is 5% of required contributions. In subsequent plan years, it is 10% of required contributions. This surcharge does not apply to employers once a collective bargaining agreement that incorporates a rehabilitation plan schedule is adopted. Employers will receive 30-days’ advanced notice before the surcharge goes into effect.

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

For more information about this Notice, or to receive a copy of the Rehabilitation Plan, you may contact Masonry Industry Trust Administration, Inc. at (503) 254-4022 or (800) 591-8326, 9848 E. Burnside, Portland, OR 97216.

Board of Trustees  
Cement Masons – Employers Pension Plan