

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

This is to inform you that on March 30, 2017, the plan actuary certified to the U.S Department of the Treasury, and also the plan sponsor, that the plan was in critical status for the plan year beginning January 1, 2017. Federal law requires that you receive this notice.

### **Plan Status for 2017 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 was in critical status last year and, over the next 9 years, the plan is projected to have an accumulated funding deficiency in the 2023 plan year.

### **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. This is the second year that the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. In June 2016, you were notified that the plan reduced or eliminated adjustable benefits. On April 27, 2016, you were notified that 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. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) 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 April 27, 2016.

### **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);
- 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