

CEMENT MASONS LOCAL NO. 886/404 PENSION PLAN
2013 NOTICE OF CRITICAL STATUS

September 2013

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On September 3, 2013 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 2013 Plan Year. The 2013 Plan Year began on July 1, 2013 and will end on June 30, 2014. Federal law requires that you receive this Notice.

Critical Status

The Cement Masons Local No. 886/404 Pension Plan is considered to be in critical status because the Plan has funding or liquidity problems, or both. The 2013 Plan Year is the first year that the Plan will be certified as being in critical status. This is because, as of the Plan's 2013 PPA certification date, the Plan was projected to have a funding deficiency for 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.

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.

On August 14, 2013, the Plan's Trustees adopted a rehabilitation plan that has been ratified by the bargaining parties. This rehabilitation plan includes a reduction in benefits and scheduled increases in the Plan's hourly contribution rate. The Plan's rehabilitation plan is summarized below:

- 1. Changes to Early Retirement Benefits.** For retirements with an Annuity Stating 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 whose disability application is received by the Plan or who becomes disabled according to the terms and conditions of the Plan on or after November 1, 2013 and is eligible for a Disability Retirement Benefit 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%. On or after November 1, 2013 Disability Retirement Benefits will commence at the later of the date that the Disability Retirement application is received by the Plan or the date that the Plan determines a disability has occurred. This means that the Plan will no longer make Disability Retirement back payments on or after November 1, 2013
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. **Elimination of 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 payable. This means that the Beneficiary of a vested Participant who is not married or of a married Participant who has waived the Qualified Pre-Retirement Survivor Annuity will not be eligible to receive a lump sum payment equal to the total contributions made to the Plan on behalf of the Participant.
5. **Elimination of the Post-Retirement Return of Contributions Death Benefit.** The lump sum return of contributions post-retirement death benefit will be eliminated for any deaths that occur on or after September 9, 2013. This means that the Beneficiary or surviving spouse of a retired Participant will not be eligible to receive a lump sum payment equal to the total contributions made to the Plan on behalf of the Participant less any benefit payments issued.
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 3, 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 adopted by the Board of Trustees calls for scheduled increases in the hourly contribution rate. The Plan's hourly contribution rates will need to be increased by 35¢ per hour for the next 10 years starting on July 1, 2014. This means that the Plan's contribution rates will increase by \$3.50 per hour on July 1, 2023.

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 3, 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.