

**WASHINGTON-IDAHO CEMENT MASONS-EMPLOYERS RETIREMENT  
TRUST FUND**

**NOTICE OF CRITICAL STATUS**

September 2017

**TO: PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS AND LOCAL  
UNION(S)**

**FROM: BOARD OF TRUSTEES OF THE WASHINGTON-IDAHO CEMENT MASONS-  
EMPLOYERS RETIREMENT TRUST FUND**

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This is to inform you that on August 29, 2017 the actuary for the Washington-Idaho Cement Masons-Employers Retirement Plan (the "Plan") certified to the U.S. Department of the Treasury, and to the Board of Trustees, that the Plan is in critical status (the "red zone") for the Plan Year beginning June 1, 2017. Federal law requires that you receive this notice.

**CRITICAL STATUS**

The Plan is in critical status because the Plan is projected to have an accumulated funding deficiency in four years. Also, the Plan was in critical status last year and a funding deficiency is projected for this Plan Year or any of the next nine Plan Years without regard to the use of the shortfall method, but taking into account any extension of amortization periods under Internal Revenue Code § 431(d)(2) or Internal Revenue Code § 412(e) as in effect immediate prior to the Pension Protection Act of 2006.

**REHABILITATION PLAN**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. In an effort to improve the Plan's funding situation, the Board of Trustees adopted the Rehabilitation Plan for the Washington-Idaho Cement Masons Employer Retirement Trust. The Rehabilitation Plan relates to the 13-year period beginning June 1, 2009.

Generally, for deferred vested participants, the Rehabilitation Plan consists of the following:

- a reduction in prospective benefit accrual rates to 1.00% of contributions;
- elimination of the subsidy on Early Retirement Pensions and Special Early Retirement Pensions for all future retirees;
- elimination of all future Disability Pension awards;
- elimination of all future Pre-Retirement Death Benefit lump sums;
- removal of the 60-month guarantee for all future retirees;
- elimination of all optional forms of benefits, except the Joint and 50% to Spouse Pension Benefit; and
- elimination of the subsidy on the Joint and 50% to Spouse Pension Benefit.

For all active participants, the Rehabilitation Plan consists of the following:

- elimination of the subsidy on Early Retirement Pensions for all future retirees;
- elimination of all future Disability Pension awards;
- elimination of all future Pre-Retirement Death Benefit lump sums;
- removal of the 60-month guarantee for all future retirees;

- elimination of all optional forms of benefits, except the Joint and 50% to Spouse Pension Benefit; and
- elimination of the subsidy on the Joint and 50% to Spouse Pension Benefit.

For all active employees, please note that the prospective benefit accrual rate remains at 2.0% of contributions and the subsidized Special Early Retirement Pension for all future retirees is still an option under the Rehabilitation Plan. Revisions were made to the eligibility rules for the Plan's Early Retirement and Special Early Retirement Pension benefits effective July 1, 2015.

You may obtain a copy of the Plan's Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

### **WHAT'S NEXT**

We understand that legally required notices like this one can create concern about the Trust's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Trust. With the assistance of the Trust's actuary, legal counsel and other professionals, and working with the contributing employers and the Union, the Trustees adopted a Rehabilitation Plan that addresses these issues. Contribution increases and benefit reductions were adopted to improve the Trust's serious financial condition. As a final note, since the Pension Trust is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Trust's status and any future corrective actions needed. Each year the Board of Trustees will be reviewing the Trust's progress with its professional advisors, and which may lead to future changes in the recommended contribution and benefit schedules.

### **WHERE TO GET MORE INFORMATION**

For more information about this notice or the Trust, contact the Administration Office at 111 W. Cataldo, Suite 220, Spokane, WA 99201 or telephone (509) 534-5625. You have a right to receive a copy of the rehabilitation plan from the Plan.

Sincerely,

Board of Trustees

*As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.*