

## ***2013-2014 NOTICE OF CRITICAL STATUS***

***For***

### ***San Diego County Cement Masons Pension Plan***

***October 25, 2013***

This is to inform you that on September 27, 2013 the Plan's actuary certified to the U.S. Department of the Treasury and to the plan sponsor that the Plan is in critical status for the Plan Year beginning July 1, 2013. Federal law requires that you receive this notice.

#### ***Critical Status (Red Zone)***

The Plan is considered to be in critical status because it has funding 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 nine years, the Plan is projected to have an accumulated funding deficiency. Currently, the Plan is projected to have an accumulated funding deficiency by June 30, 2016 without the consideration of the approved 5-year amortization extension.

#### ***Rehabilitation Plan***

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 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. On April 30, 2013, you were notified that the Plan reduced or eliminated certain adjustable benefits effective July 1, 2013. If the Trustees of the Plan determined that further benefit reductions are necessary you will receive a separate notice 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 October 26, 2012. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of October 26, 2012, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. However, the Plan may still pay mandatory lump sum distributions as required by law or any makeup payment in the case of a retroactive annuity starting date.

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(Continued)

### *Adjustable Benefits*

The Plan offers the following adjustable benefits which may have been reduced or eliminated as part of its rehabilitation plan effective July 1, 2013:

- Post-retirement death benefits;
  - Sixty-month payment guarantees;
  - Disability benefits (if not yet in pay status);
  - Early retirement benefit or retirement-type subsidy;
  - Benefit payment options other than a qualified joint-and-survivor annuity (QJSA);
  - Recent benefit increases (i.e., occurring in past 5 years);
  - Other similar benefits, rights, or features under the Plan {provide identification}
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### *Employer Surcharge*

The law requires that all contributing employers pay 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 applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable effective December 1, 2012 through June 30, 2013 and, effective July 1, 2013, a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status, until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to a rehabilitation plan.

### *Where to Get More Information*

For more information about this notice, you may contact the Plan Administrator by phone at (619) 297-8235 or by mail at Allied/Delta Fund Administrators, 2831 Camino del Rio South Suite 311, San Diego, California 92108. You have a right to receive a copy of the rehabilitation plan from the Plan.

cc: U.S. Department of Labor  
U.S. Pension Benefit Guaranty Corporation