

CEMENT MASONS' PENSION TRUST FUND DETROIT & VICINITY

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Notice of Election to Freeze Pension Protection Act Status For Cement Masons Pension Trust Fund – Detroit and Vicinity

This notice, which federal law requires, includes important information about the funding level of the Cement Masons Pension Trust Fund – Detroit and Vicinity ("Fund"), Plan Number 001, Employer Identification Number 38-6242187 (Plan and Plan Sponsor). In 2006 the Pension Protection Act ("PPA") was enacted. Beginning with the 2008 Plan Year, that law requires the annual certification of the Plan's funding status as critical, endangered or neither, generally referred to as red, yellow or green, respectively.

For the 2008-09 Plan Year, the Fund's actuary certified that the Plan was in the green zone – the best of the three zones. The Plan was considered to be in the green zone because the funded percentage was 100% on May 1, 2008 and there were no projected funding deficiencies in any of the six subsequent Plan Years. The funded percentage is the percentage of earned benefits that could be funded with existing Plan Assets. A projected funding deficiency is a sign that the anticipated liabilities of the Fund are outpacing its assets.

On July 29, 2009, the Fund's actuary certified the Plan's funding status as red for the 2009-10 Plan Year. The Plan is considered to be in the red zone because the Fund's actuary determined that the funded percentage is 76.0%, there are projected funding deficiencies starting at the end of the 2013-14 Plan Year, the value of vested benefits for non-actives is greater than the value of vested benefits for actives, and contributions are less than the current year's costs plus interest on past unfunded liabilities. The projected funding deficiencies are largely a result of the crisis in the financial markets and a reduction in hours worked during the 2008-09 Plan Year.

As discussed in greater detail below, federal law requires pension plans in the red zone to adopt a rehabilitation plan aimed at restoring the financial health of the Plan through contribution increases and/or benefit reductions. However, Section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) allows the Board of Trustees to freeze the PPA funding status from the prior year, so the Fund will be treated as though it were certified green for the 2009-10 Plan Year and is not required to establish a rehabilitation plan. An election to freeze the PPA funding status does not restrict the Board of Trustees' ability to improve the Plan's funding status.

The Board of Trustees has elected, effective July 29, 2009, to freeze the 2008-09 certification of green for the Plan Year beginning on May 1, 2009. Though not required, it is the intent of the Trustees to develop and begin implementing an informal rehabilitation plan during the current and upcoming Plan Year. You will receive future notices regarding this effort. The Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal.

The decision to freeze the PPA funding status applies only for the 2009-10 Plan Year. If the Plan is certified to be in yellow or red zone for the 2010-11 Plan Year, the Board of Trustees will provide notice of the Plan's status on or before August 28, 2010 and additional steps will be taken to improve the Plan's funding, which may include additional increases in contributions and/or reductions in benefits.

If the Fund is certified to be in the red zone for the 2010-11 Plan Year federal law would require that certain steps be taken to improve the Plan's funding status, which will include the adoption of a rehabilitation plan, the suspension of the payment of lump sums and similar accelerated distributions for individuals who commence receiving benefits after Notice is provided of the Plan's red zone status, a prohibition on the reduction of the level of contributions to the Fund, limitations on Plan Amendments that provide benefit improvements and may include a surcharge on employer contributions, and may also include amendments to reduce early retirement benefits or other "adjustable benefits" for individuals who commence receiving benefits after Notice is provided and the imposition of employer surcharges..

Adjustable benefits include certain pre-retirement death benefits, disability benefits (if not yet in pay status), early retirement benefits or retirement-type subsidies, benefit payment options other than a qualified joint and survivor annuity (QJSA), and recent benefit increases (i.e., occurring in the past 5 years). Any reduction of adjustable benefits (other than a repeal of a recent benefit increase) will not reduce the level of a participant's basic benefit payable at normal retirement age.

Contributing employers would be required to pay a surcharge to the Plan to help correct the Plan's financial situation if a **rehabilitation plan is not timely adopted**. The amount of the surcharge would be equal to a percentage of the amount the employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge would be applicable in the initial critical year and a 10% surcharge would be applicable for each subsequent Plan Year in which the Plan remains in critical status.

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees of the Cement Masons Pension Trust Fund – Detroit and Vicinity at (248) 645-6550 or 30700 Telegraph Road, Suite 2400, Bingham Farms, Michigan 48025.

NOTICE OF YOUR RESPONSIBILITY TO KEEP RECORDS

The Fund has set up an employer audit and collection program to make sure that your employers pay the pension contributions owed to the Fund for your hours of work. But, it is your responsibility to keep records of your employment, including the names of your employers, your pay stubs, and other information that proves you worked and for how many hours, so that if one of your employers fails to pay the required contributions or keep records of your work, the Fund will have the information necessary to grant you the Credit Years and benefits to which you are entitled.