

CEMENT MASONS LOCAL NO. 886/404 PENSION PLAN
2012 ANNUAL FUNDING NOTICE
October 2013

Introduction

This Notice includes important information about the funding status of the Cement Masons Local No. 886/404 Pension Plan ("Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. All traditional pension plans, called defined benefit pension plans, must provide this Notice every year regardless of their funding status. It does not mean that the Plan is terminating. It is provided for informational purposes only and you are not required to respond in any way. This Notice is for the 2012 Plan Year, which began on July 1, 2012 and ended June 30, 2013.

Funded Percentage

Under federal law a pension plan must report how well it is funded by using a measure called the "funded percentage". This percentage is obtained by dividing the plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the 2012 Plan Year and the two preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	July 1, 2012 - June 30, 2013	July 1, 2011 - June 30, 2012	July 1, 2010 - June 30, 2011
Valuation Date	July 1, 2012	July 1, 2011	July 1, 2010
Funded Percentage	72%	77%	80%
Actuarial Value of Assets	\$84,396,397	\$87,120,179	\$85,736,924
Value of Liabilities	\$115,960,830	\$112,212,484	\$107,289,096

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Plan's valuation date for the Plan Year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes.

The asset values listed below are market values and are measured as of the last day of the Plan Year, rather than as of the valuation date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a pension plan's funded status as of the valuation date. The fair market value of the Plan's assets as of the last day of the 2012 Plan Year and the two preceding Plan Years is shown in the following table:

	June 30, 2013	June 30, 2012	June 30, 2011
Fair Market Value of Assets	\$86,321,069 *	\$80,209,729	\$83,417,198

* Unaudited.

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80% or in “critical” status if the percentage is less than 65% (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan’s actuary has certified that the Plan was in endangered status for the 2012 Plan Year. The 2010 Plan Year was the first year that the Plan was certified as endangered. This was because as of the Plan’s 2010 PPA certification date the Plan was projected to have an accumulated funding deficiency for the 2014 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 will be insolvent in the 2014 Plan Year.

On July 22, 2011, the Plan’s Board of Trustees adopted a funding improvement plan. The Plan’s funding improvement plan includes both a reduction in future benefit accruals and scheduled increases in the hourly contribution rates. The Plan’s current funding improvement plan is summarized below:

1. Effective July 1, 2010, the future benefit credit was reduced to 0.50% of contributions.
2. Also, for each Plan Year from July 1, 2009 through July 1, 2021, the Plan’s hourly contribution rate will be increased by at least \$0.20 per hour.

The Plan’s funding improvement plan will be reviewed annually with the Plan’s actuary and other professionals. Based upon such review, the funding improvement plan may be amended to include additional benefit reductions or contribution increases. You can request a copy of the Plan’s funding improvement plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

On September 3, 2013 the Plan’s actuary certified that the Plan will be in critical status for the 2013 Plan Year, which began on July 1, 2013 and will end June 30, 2014. The Plan’s Trustees adopted a rehabilitation plan on August 14, 2013 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. A detailed description of the Plan’s rehabilitation plan was included in the “2013 Notice of Critical Status” that was provided to you on September 9, 2013. You can contact the Plan’s Administrator for another copy of this Notice.

Participant Information

The total number of Plan participants as of the Plan's July 1, 2012 valuation date was 1,167. Of this number, 572 were active participants, 348 were retired or separated from service and receiving benefits, and 247 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out the plan's objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The Plan's funding policy is to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries that are responsible for Plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to invest in a diversified portfolio of assets that will maximize investment return over the long term while minimizing investment return volatility and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments as of the end of the 2012 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (interest bearing and non-interest bearing)	6.37%
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
Common	38.76%
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	7.96%
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	10.46%
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	36.45%
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	

Employer securities	_____
Employer real property	_____
16. Buildings and other property used in plan operation	_____
17. Other	_____

For information about the Plan’s investment in any of the investments described above – common/collective trusts, pooled separate accounts, master trust accounts, or 103-12 investment entities – you can contact the Plan Administrator.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the Plan’s annual report are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. For 2009 and subsequent plan years, you can get an electronic copy of the Plan’s annual report by going to www.efast.dol.gov and using the Form 5500 search function. Alternatively, you can obtain a copy of the Plan’s annual report by making a written request to the Plan Administrator.

Individual information, such as the amount of your accrued benefit under the Plan, is not included in the annual report. If you are seeking information regarding your benefits under the Plan, you can contact the Plan Administrator.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer pension plans. The Plan Administrator is required by law to include a summary of these rules in the annual funding notice. Under so-called “plan reorganization rules”, a pension plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC’s guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed, or both. The plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan’s available financial resources. If such resources are not enough to pay benefits at a level specified by law (see “Benefit Payments Guaranteed by the PBGC” below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan’s financial condition improves.

A plan that becomes insolvent must provide prompt notification of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In

addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including the loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited, called “vested benefits”, are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100% of the first \$11.00 of the Plan’s monthly benefit accrual rate, plus 75% of the next \$33.00 of the accrual rate, times each year of credited service. The PBGC’s maximum guarantee, therefore, is \$35.75 per month times a participant’s years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500.00, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant’s years of service ($\$500.00/10$), which equals \$50.00. The guaranteed amount for a \$50.00 monthly accrual rate is equal to the sum of \$11.00 plus \$24.75 ($.75 \times \$33.00$), or \$35.75. Thus, the participant’s guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200.00, the accrual rate for purposes of determining the guarantee would be \$20.00 (or $\$200.00/10$). The guaranteed amount for a \$20.00 monthly accrual rate is equal to the sum of \$11.00 plus \$6.75 ($.75 \times \$9.00$), or \$17.75. Thus, the participant’s guaranteed monthly benefit would be \$177.50 ($\17.75×10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person’s monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan’s termination or insolvency, or benefits that were in effect for less than 60 months at the time of termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this Notice, you can contact the Cement Masons Local No. 886/404 Pension Plan at 33 Fitch Boulevard, Austintown, Ohio 44515, or by calling 1-800-435-2388. For identification purposes, the official Plan Number is 001 and the Plan Sponsor’s Employer Identification Number, or “EIN”, is 34-1290577. For more information about the PBGC, you can go to the PBGC’s website at www.pbgc.gov.