

**OPERATIVE PLASTERERS AND CEMENT MASONS LOCAL 109 PENSION PLAN  
2010 ANNUAL FUNDING NOTICE**

*August 2011*

**Introduction**

This Notice includes important funding information about the Operative Plasterers and Cement Masons Local 109 Pension Plan ("the Plan"). This Notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This Notice is for the Plan Year beginning May 1, 2010 and ending April 30, 2011 ("the 2010 Plan Year").

**Funded Percentage**

The funded percentage of a plan is a measure of how well that plan is funded. 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 Operative Plasterers and Cement Masons Local 109 Pension Plan's funded percentage for the 2009 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.

	<b>May 1, 2010 - April 30, 2011</b>	<b>May 1, 2009 - April 30, 2010</b>	<b>May 1, 2008 - April 30, 2009</b>
<b>Valuation Date</b>	May 1, 2010	May 1, 2009	May 1, 2008
<b>Funded Percentage</b>	82%	72%	87%
<b>Value of Assets</b>	\$93,785,491	\$85,929,697	\$95,682,369
<b>Value of Liabilities</b>	\$114,839,584	\$118,968,731	\$110,499,349

**Fair Market Value of Assets**

Asset values in the chart above are actuarial values, and are not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, 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 for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of April 30, 2011, the fair market value of the Plan's assets was \$90,748,159. As of April 30, 2010, the fair market value of the Plan's assets was \$84,462,906. As of April 30, 2009, the fair market value of the Plan's assets was \$71,608,081.

## Participant Information

The total number of participants in the Plan as of the Plan's May 1, 2010 valuation date was 1,418. Of this number, 616 were active participants, 456 were retired or separated from service and receiving benefits, and 346 were retired or separated from service and entitled to future benefits.

## Funding & Investment Policies

The law requires that every pension plan 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 the benefits promised under the plan currently and over the years.

The Operative Plasterers and Cement Masons Local 109 Pension Plan is funded by contributions made by Employers pursuant to collective bargaining agreements with the unions that represent the Plan's participants. The funding policy of the Plan 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. Specific investments are made 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 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 2010 Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	1.74%
2. U.S. Government securities	13.18%
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	18.82%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	47.28%
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	9.67%
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)	9.31%
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	_____

**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 percent or in “critical” status if the percentage is less than 65 percent (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 is considered to be in critical status. The 2009 Plan Year was the first year that the Plan was certified to be in critical status. The Plan continued to be in critical status for the 2010 Plan Year because the Plan’s Actuary has determined that the Plan has not passed the “Emergence Test” which would enable the Plan to come out of critical status.

**Rehabilitation Plan**

As explained above, federal law requires plans in critical status to adopt a rehabilitation plan aimed at improving the plan’s funded percentage. A rehabilitation plan may 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.

The Board of Trustees of the Operative Plasterers and Cement Masons Local 109 Pension Plan has adopted a rehabilitation plan that has been ratified by the bargaining parties. The rehabilitation plan includes the reduction of benefits and scheduled increases in the Plan’s hourly contribution rate.

The rehabilitation plan adopted by the Board of Trustees includes the following changes in “adjustable benefits”:

1. **Reduction in the Future Service Multiplier.** The multiplier used to determine benefits earned under the Plan on or after May 1, 2011 will be reduced to 0.8% of Employer contributions. This change will only be effective for contributions attributed to work performed on or after May 1, 2011 and will not reduce the amount of a participant's vested accrued benefit as of April 30, 2011.
2. **Changes to the Amount of Early Retirement Benefits.** Effective for retirements on or after December 1, 2010, eligibility for and the amount of the benefits payable under the Early Retirement provisions of the Plan were be modified. A participant will receive an Early Retirement Benefit as follows:
  - A. An **Active Participant** who has attained at least age 55 and who has at least 10 Years of Vesting Service but less than 30 years of service with the local union will be entitled to a monthly pension benefit equal to his or her vested accrued benefit, actuarially reduced to reflect commencement of benefits prior to Normal Retirement Age (generally, age 65). A participant will be considered an **Active Participant** if he or she completes at least 400 Hours of Service in a Plan Year.
  - B. A **Terminated Vested Participant** will not be eligible to commence receipt of any Early Retirement Benefits from the Plan. A Terminated Vested Participant will be entitled to a monthly pension benefit equal to his or her vested accrued benefit at Normal Retirement Age (generally, age 65). A participant will be considered a **Terminated Vested Participant** if he or she fails to complete 400 Hours of Service in a Plan Year.

The Plan is also prohibited from paying the following benefits that are considered "restricted benefits" under the Plan:

1. Effective August 27, 2010, the lump sum return of contributions pre-retirement death benefit will no longer be payable.
2. For retirements on or after August 27, 2010, the Joint & Survivor Annuity "pop-up" provision will no longer available.
3. For retirements on or after August 27, 2010, the Joint & Survivor Annuity will no longer provide the guarantee of 120 monthly payments.
4. For retirements on or after August 27, 2010, the Single Life Annuity will no longer provide the guarantee of 60 monthly payments.

In addition, the Plan's rehabilitation plan calls for increases in the hourly contribution rate. The amount of the increases will be determined by the collective bargaining agreement (as applicable) in accordance with the following schedule:

Plan Year Ending April 30 <sup>th</sup>							
2010	2011	2012	2013	2014	2015	2016	2017

**Local #39**

Building	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50
Plasterers	\$2.42	\$2.92	\$3.42	\$3.92	\$4.42	\$4.92	\$5.42	\$5.92
Heavy Highway	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50
WV Heavy Highway	\$3.30	\$3.80	\$4.25	\$4.57	\$4.88	\$5.20	\$5.52	\$6.50
711 Area	\$2.30	\$2.80	\$3.30	\$3.80	\$4.30	\$4.80	\$5.30	\$5.80
296 Area	\$2.30	\$2.80	\$3.30	\$3.80	\$4.30	\$4.80	\$5.30	\$5.80

**Local #109**

Building/Plasterers	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50
Heavy Highway	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50

**Local #132 Dayton**

Building	\$4.10	\$4.60	\$4.92	\$5.23	\$5.55	\$5.87	\$6.18	\$6.50
Plasterers	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50
Heavy Highway	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50

**Local #132 Portsmouth**

Building	\$4.50	\$5.00	\$5.25	\$5.50	\$5.75	\$6.00	\$6.25	\$6.50
Heavy Highway	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50

**Local #132 Cincinnati**

Heavy Highway	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50
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**Local #132 Columbus**

Heavy Highway	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50
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**Local #887 Charleston**

Building	\$4.06	\$4.56	\$4.88	\$5.21	\$5.53	\$5.85	\$6.18	\$6.50
Plasterers	\$3.48	\$3.98	\$4.40	\$4.82	\$5.24	\$5.66	\$6.08	\$6.50

**Local #887 Parkersburg**

Building	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50
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**Local #887 Huntington**

Building	\$5.53	\$5.67	\$5.81	\$5.95	\$6.08	\$6.22	\$6.36	\$6.50
Plasterers	\$4.06	\$4.41	\$4.76	\$5.11	\$5.45	\$5.80	\$6.15	\$6.50
Heavy Highway	\$5.00	\$5.21	\$5.43	\$5.64	\$5.86	\$6.07	\$6.29	\$6.50

You can request 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.

### **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 (i.e., Form 5500) containing financial and other information about the plan. Copies of the Operative Plasterers and Cement Masons Local 109 Pension 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 you can call 202-693-8673. Alternatively, you can obtain a copy of the Plan's annual report by making a written request to 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 plans. Under so-called "plan reorganization rules," a 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 law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless 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, by law, 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 the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including 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 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 ( $\$35.75 \times 10$ ).

*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 ( $\$17.75 \times 10$ ).

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 Operative Plasters and Cement Masons Local 109 Pension Plan at 33 Fitch Boulevard, Austintown, OH 44515 or call toll-free at 1-800-435-2388. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number, or "EIN", is 34-6622619. For more information about the PBGC and benefit guarantees, you can go to the PBGC's website at [www.pbgc.gov](http://www.pbgc.gov), or call the PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

August 18, 2011