

**CEMENT MASONS LOCAL NO. 886/404 PENSION PLAN**  
**2010 ANNUAL FUNDING NOTICE**  
*October 2011*

**Introduction**

This Notice includes important funding information about the Cement Masons Local No. 886/404 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 2010 Plan Year, which began on July 1, 2010 and ended on June 30, 2011.

**Funded Percentage**

The funded percentage of a pension 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 Cement Masons Local No. 886/404 Pension Plan's funded percentage for the 2010 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, 2010 - June 30, 2011	July 1, 2009 - June 30, 2010	July 1, 2008 - June 30, 2009
<b>Valuation Date</b>	July 1, 2010	July 1, 2009	July 1, 2008
<b>Funded Percentage</b>	80%	80%	93%
<b>Value of Assets</b>	\$85,736,924	\$83,476,756	\$92,812,471
<b>Value of Liabilities</b>	\$107,289,096	\$104,542,595	\$99,391,598

**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 pension 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 June 30, 2011, the unaudited fair market value of the Plan's assets was \$83,484,436. As of June 30, 2010, the fair market value of the Plan's assets was \$73,503,311. As of June 30, 2009, the fair market value of the Plan's assets was \$69,563,963.

### Participant Information

The total number of participants in the Cement Masons Local No. 886/404 Pension Plan as of the Plan's July 1, 2010 valuation date was 1,111. Of this number, 501 were active participants, 332 were retired or separated from service and receiving benefits, and 278 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 funding policy of the Cement Masons Local No. 886/404 Pension 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 who 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 Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	1.6%
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	57.06%
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	1.47%
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)	39.87%

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’s actuary has certified that the Cement Masons Local No. 886/404 Pension Plan was in “endangered” status for the 2010 Plan Year. The Plan is considered to be endangered because the Plan’s actuary has determined that the Plan is 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.

**Funding Improvement Plan**

As noted above, Federal law requires pension plans in endangered status to adopt a funding improvement plan aimed at improving the Plan’s funded percentage. On April 8, 2011, the Board of Trustees of the Cement Masons Local No. 886/404 Pension Plan adopted a funding improvement plan that includes both a reduction in future benefit accruals and scheduled increases in the hourly contribution rates. The Plan’s funding improvement plan is summarized below:

1. Effective July 1, 2009, the future benefit credit was reduced to 0.50% of contributions.
2. Also, beginning July 1, 2009 and ending 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.

### **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 Cement Masons Local No. 886/404 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 by calling 202-693-8673. Or you may 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 percent of the first \$11.00 of the Plan's monthly benefit accrual rate, plus 75 percent 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 ( $.75 \times \$33$ ), 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 Cement Masons Local No. 886/404 Pension Plan at 33 Fitch Boulevard, Austintown, OH 44515, or call 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 and benefit guarantees, 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).