

CEMENT MASONS & PLASTERERS LOCAL 518



FRINGE BENEFIT FUNDS

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KANSAS CITY CEMENT MASONS PENSION FUND

IMPORTANT NOTICE TO PARTICIPANTS

Section 204(h) of the Employee Retirement Income Security Act of 1974 and ERISA regulation Section 2520.104b-3 requires the Board of Trustees to notify you of two changes that will be made in the Pension Trust Fund Plan Document. These changes were adopted by the Board of Trustees on January 8, 2003.

Please keep this Notice with your current SPD for future reference. If you have questions after reading this Notice, please contact the Fund Office.

Change in Credited Employer Contributions

Prior to April 1, 2003, all contributions made to the Fund on your behalf have been used in calculating the amount of benefit that you have been earning under the plan's benefit formula. For example, if you worked 1,500 hours during the plan year beginning August 1, 2001 and ending July 31, 2002, and contributions were being made to the Fund at the rate of \$2.50 per hour, \$3,750 would have been credited to the Fund on your behalf during the plan year. Currently, the benefit formula provides a monthly normal retirement benefit equal to 4.2% of employer contributions. Therefore, you would have earned a monthly benefit of \$157.50 (4.2% times \$3,750 = \$157.50) during the 2001-2002 plan year. This benefit is payable at your normal retirement age.

Beginning April 1, 2003, the plan will use employer contributions up to \$2.50 per hour in the calculation of your pension benefit. These contributions will be called 'credited employer contributions'. Contributions in excess of \$2.50 per hour will be used to help pay for benefits that have been earned under this Plan in the past. These contributions will be called 'funding contributions'. For example, if the employer contribution rate in effect after April 1, 2003 is \$2.70 per hour, \$2.50 of the \$2.70 per hour will be a 'credited employer contribution' and the other 20¢ per hour will be a 'funding contribution'. Contributions received by the Fund under a reciprocal agreement will be adjusted similarly. Important: All contributions made for hours worked before April 1, 2003 will be 'credited employer contributions'.

Decrease in Benefit Rate for Active Participants

If you are currently an active participant in the plan, the benefit formula used to determine the benefits that you are earning under the plan is equal to 4.2% of the total employer contributions paid to the fund on your behalf.

Effective April 1, 2003, the benefit formula is changing to 4.2% of credited employer contributions paid to the fund on your behalf. With this change, your benefit will be based on a maximum hourly contribution rate of \$2.50.

Effective August 1, 2003, the benefit formula is changing to 4.0% of credited employer contributions paid to the fund on your behalf.

The following example will illustrate how these changes will affect the benefits that you will be earning under the plan in the future. For this example, we will assume that you have earned \$1000.00 in monthly pension benefits under the plan through July 31, 2002 and are working 125 hours every month. We will also assume that the contribution rate increases from \$2.50 to \$2.70 on April 1, 2003, and stays at \$2.70 in the future.

	Benefit before Changes	Benefit after Changes
Benefit earned prior to 8/1/02	\$1,000.00	\$1,000.00
Benefit earned - 8/1/02-3/31/03	\$105.00 (8 mo x 125 hrs x \$2.50 x.042)	\$105.00 (8 mo x 125 hrs x \$2.50 x.042)
Benefit earned - 4/1/03-7/31/03	\$56.70 (4 mo x 125 hrs x \$2.70 x.042)	\$52.50 (4 mo x 125 hrs x \$2.50 x.042)
Benefit earned - 8/1/03-7/31/04	\$170.10 (12 mo x 125 hrs x \$2.70 x.042)	\$150.00 (12 mo x 125 hrs x \$2.50 x.040)
Benefit earned each year after 8/1/04	\$170.10	\$150.00

No Change for Retired Participants and Deferred Vested Participants

Participants who retired or terminated while vested under the Plan prior to April 1, 2003 and do not return to work under the Plan after April 1, 2003 will not be affected by these plan changes.

Retired and Deferred Vested Participants Returning to Work

Retired and deferred vested participants who return to work after April 1, 2003, will have any additional benefits earned during the period of reemployment determined under these revised rules. Any questions regarding benefits to be earned during a period of reemployment should be directed to the Fund Office.

Board of Trustees

February 14, 2003