



CEMENT MASONS & PLASTERERS LOCAL UNION #518 FRINGE BENEFIT FUNDS

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

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July 2010

TO: ALL EMPLOYERS OF THE KANSAS CITY CEMENT MASONS PENSION FUND

RE: FUNDING IMPROVEMENT PLAN

Dear Employer:

On June 11, 2010, the Board of Trustees of the Kansas City Cement Masons Pension Fund (Pension Fund) adopted a Funding Improvement Plan (FIP) in accordance with the Pension Protection Act (PPA) to improve the funded status of the Pension Fund. The Pension Protection Act requires that the Trustees adopt a FIP that contains at least two Schedules, or methods, of improving the funding status of the Pension Fund: a preferred Schedule and a default Schedule. These Schedules combine contribution increases and future benefit reductions to achieve an improved funding status.

The FIP is required because the Pension Fund was certified by its actuary to be in endangered status, as defined by the PPA, as of October 29, 2009. The funded percentage under the PPA was less than 80%. The FIP required by the PPA for endangered plans must improve the Pension Fund's funded percentage at least one third of the way to 100% over a 13-year funding improvement period. The funding improvement period begins, for the Pension Fund, on August 1, 2012. Therefore, the target for the Pension Fund is to achieve a funded percentage of 84.0% by July 31, 2025.

The PPA does not regulate employers or unions. It regulates the Trustees and the Pension Fund. Therefore, the PPA requires the Trustees of the Fund to propose Schedules to the bargaining parties, who together will enter into Collective Bargaining Agreements (CBAs) requiring contributions to the Pension Fund in accordance with one of the Schedules. Projections based on reasonable assumptions indicate that the requirements described above are met without the need for changes to the current plan of benefits and the contribution rate provided in the collective bargaining agreement that was effective April 1, 2009. Accordingly, both the default schedule (the schedule that would be applicable should the proposed schedule not be adopted in collective bargaining on a timely basis) and the alternative schedule consist of the following:

1. The current benefit multiplier, which was effective August 1, 2009, is 1.5% of employer contributions.

As noted below, this schedule is subject to revision in future years if the Trustees determine that is necessary in light of the Plan's future financial condition and the requirements of the PPA, or as appropriate.

Projected Benchmarks

The expected values show expected results based on the data, assumptions and methods, except as otherwise stated, used in the actuarial valuation of the Fund.

Plan Year Beginning	Funded Ratio Percentage		Expected Form 5500 Credit Balance
	Expected	Target Level	
2012	76.1%	76.1%	7,599,000
2013	76.3%	76.7%	7,995,000
2014	78.4%	77.3%	6,981,000
2015	80.4%	77.9%	6,018,000
2016	82.4%	78.5%	5,094,000
2017	84.4%	79.1%	4,192,000
2018	86.3%	79.7%	3,509,000
2019	88.2%	80.4%	2,885,000
2020	90.2%	81.0%	2,456,000
2021	92.1%	81.6%	2,278,000
2022	94.1%	82.2%	2,398,000
2023	96.1%	82.8%	2,587,000
2024	98.2%	83.4%	2,909,000
2025	100.3%	84.0%	3,508,000

**The target for the Form 5500 Credit Balance is that it not go below zero.*

The following restrictions are also imposed upon the Trustees and the Pension Fund, pursuant to the PPA:

1. *Contribution Reductions.* After a certification of endangered status and throughout the funding improvement plan period, the Fund may not accept a CBA that provides a reduction in the level of contributions for any participants or a suspension of contributions with respect to any period of service for any participants, including newly hired employees. Rejection of a CBA may result in an assessment of withdrawal liability.

2. *Benefit Increases.* No plan amendment providing any plan changes increasing benefits or the vesting of those benefits for which plan liabilities would be increased, can be made prior to the beginning of the Funding Improvement Period. After the beginning of the Funding Improvement Period, the plan may only increase benefits if the Plan actuary certifies that the increase is consistent with the Funding Improvement Plan and is paid for out of additional contributions not required by the funding improvement plan to meet the projected funding goals of the funding improvement plan.
3. *Withdrawal Liability.* Failure of the bargaining parties to comply with either the Proposed or Default Schedule could result in the Trustees rejecting the Collective Bargaining Agreement and an assessment of Employer withdrawal liability.

The PPA requires this notification to be sent to the bargaining parties only. However, the Trustees are providing this notice to contributing employers for informational purposes. If you have any questions regarding this matter, you may contact the Fund Office at TIC International Corporation, 6405 Metcalf, Suite 200 Overland Park, KS, 66202 telephone 913-236-5490.

Sincerely,

BOARD OF TRUSTEES