

This letter is an important notice concerning the Bricklayers and Trowel Trades International Pension Fund (IPF) Rehabilitation Plan. It is being issued in accordance with Section 204(h) of the Employees Retirement Income Security Act (ERISA).

Notice of Changes in Benefits

This is an important notice concerning your pension benefits under the Bricklayers and Trowel Trades International Pension Fund (“IPF” or “Plan”) and is being furnished pursuant to Sections 204(h) and 305 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4980F of the Internal Revenue Code. This notice also constitutes a summary of material modifications under Sections 102(a) and 104(b) of ERISA.

As you know from prior notices, the IPF has been operating under a Funding Improvement Plan since it was certified as endangered under the Pension Protection Act (“PPA”) in 2010. The Funding Improvement Plan was designed to put the IPF on track to emerge from its endangered status and restore funding for its long-term financial stability. However, a continued contraction in the construction industry led to historically low work hours for IPF participants and resulting fewer contributions to IPF. In addition, as with other funds, IPF has faced challenging investment environments for the last two years. Based on all of those factors, the Plan has not progressed as well as anticipated. As a result, on March 17, 2016, the Plan was certified by its actuary to be in critical status for the plan year beginning on January 1, 2016 and ending on December 31, 2016 (the “2016 Plan Year”). **This does not mean that the Plan is running out of money. In fact, the Plan’s actuary continues to project that the Plan will remain solvent and able to pay benefits for at least the next 30 years.**

However, the PPA requires that the Board of Trustees develop a rehabilitation plan to further improve the plan’s funding and emerge from critical status by January 1, 2029. On March 18, 2016, the Board adopted a rehabilitation plan (the “Rehabilitation Plan”) consistent with this requirement. This notice describes both the benefit changes required by law as well as other benefit changes made by the IPF.

These changes fall into 5 main categories:

- I. Benefit changes for Early Retirement
- II. Benefit changes for Disability Retirement
- III. Benefit changes for Retirement Payment Options for new Retirees
- IV. Benefit changes for Lump Sums
- V. Other benefit changes

I. Benefit changes for Early Retirement Pension

These changes to the Early Retirement benefit do not apply to eligible applications received on or before May 31, 2016 with a pension start date effective on or before June 1, 2016. Please be aware that in order to have a pension start date on or before June 1, 2016 you must retire on or before that date, with no intention to return to work and work no hours for at least one month. For example, if your pension start date is June 1, 2016, you cannot work during the month of June. If you do, your benefit will be recalculated under these new rules and you are subject to reimburse the Plan for payments made for the period you did not separate from covered employment.

- 1. The Unreduced Early Retirement Pension is eliminated, and early retirement subsidies are reduced.**

Under the Current Plan

A Participant is eligible to retire on an unreduced early retirement pension upon reaching age 60, at the same amount as a pension paid at normal retirement age of 64. Participants may apply for early retirement benefits earlier, beginning on or after their 55th birthday, provided they meet eligibility requirements under the Plan, but the amount of the early retirement pension between age 55 and 60 is adjusted downward from the normal pension amount, based on the participant's age. The reduction is subsidized and does not fully reflect the longer period of time that a participant will receive pension payments and the earlier starting date.

Currently, the applicable reduction factors depend on the FIP Schedule adopted by your CBA. If your CBA follows the Statutory Alternative Schedule, the reduction is 1/2 of 1% for each full month that you are younger than age 60 (unreduced retirement age) when your early retirement pension begins. If your CBA follows the Preferred Schedule, the reduction for service credits earned under the Preferred Schedule is 1/2 of 1% for each full month that you are younger than age 64 (normal retirement age) when your early retirement pension begins.

Example #1: Peter is 58 and retires on May 1, 2016 with 25 pension credits based on service before April 1, 2009 and 4 pension credits earned afterwards. His benefit is based on a contribution rate of \$.90 per hour and his CBA followed the Statutory Alternative Schedule. Peter's early retirement benefit would be computed as follows:

1. Normal Pension to which Peter would be entitled if he were 64 = \$582.40¹
2. Early Retirement Reduction:

¹ Please refer to the tables on pages 17 and 19 of the Summary Plan Description for the calculation of pension benefits

- i. 24 (months younger than the unreduced early benefit payable at age 60) x ½% = 12%
 - ii. Reduction = 12% x \$582.40 (.12 x \$582.40) = \$69.89
3. \$582.40 Normal Pension
 - 69.89 Early Retirement Reduction
 \$512.51 \$513.00/month Early Retirement Pension

In this example, Peter’s early retirement pension would be \$513.00/ month because pensions between whole dollar amounts are rounded to the next higher dollar. His benefit will be less if he chooses the 50% or 75% Joint and Survivor Annuity.

Example #2: Tom, also 58, has a similar work history to Peter except his CBA followed the Preferred Schedule so 2 of his 4 years after March 31, 2009 are at the lower accrual rate of \$.85 per \$.10. In addition the 2 years of service earned under the Preferred Schedule have reduction for early retirement from age 64, or 36% (72 months at 1/2% per month). Tom applies for an early retirement pension on May 1, 2016. His early retirement pension is calculated as follows:

Normal Pension accrued before April 1, 2009	\$532.00
Normal Pension accrued after March 31, 2009	
a) 2 years @ \$12.60 ²	\$25.20
b) 2 years @ \$7.65	<u>\$15.30</u>
	\$572.50
<i>less</i>	
Early Retirement Reduction 12% of \$532.00	\$ 63.84
Early Retirement Reduction 12% of \$ 25.20	\$ 3.02
Early Retirement Reduction 36% of \$ 15.30	<u>\$ 5.51</u>
Early Retirement Pension	\$500.13

In this example, Tom’s Early Retirement Pension would be \$501.00/month because pensions between whole dollar amounts are rounded to the next higher dollar. His benefit will be less if he chooses the 50% or 75% Joint and Survivor Annuity.

Under the New Plan

Active Participants may still apply for early retirement benefits beginning on or after their 55th birthday, provided they meet eligibility requirements under the Plan. The unreduced

²Please refer to the tables on pages 22 and 24 of the Summary Plan Description for the calculation of pension benefits

early retirement benefit (from age 60-64) under Section 4.06 of the Plan will be eliminated, and subsidies for earlier years will be reduced. Under the New Plan, there will be a reduction for each year between age 55 and 64 that provides approximately equal value to the benefit the participant would receive by waiting until normal retirement age to retire.

For early retirement pensions with a start date after June 1, 2016, the following early reduction factors will apply regardless of which schedule was elected under the Funding Improvement Plan.

From the age of 60 to 64, the benefit will be reduced by 8% each year, and from 55 to 60 the benefit will be reduced by 5% each year, as follows:

<u>Age</u>	<u>% of Normal Retirement Age Pension Payable Early</u>
64	100%
63	92%
62	84%
61	76%
60	68%
59	63%
58	58%
57	53%
56	48%
55	43%

Example #3: Same facts as in Example 1 above except that Peter retires on May 1, 2016, and submits his completed application for benefits on that same day for a June 1, 2016 pension start date. Peter will not be affected by these changes and will receive the same \$513/month as under Example 1.

Example #4: Same facts as in Example 1 above except that Peter retires on June 15, 2016, and submits his application on September 4, 2016. Since Peter's application was submitted after June 1, 2016, Peter's early retirement benefit would be computed as follows:

1. Normal Pension to which Peter would be entitled if he were 64 = \$582.40
2. Early Retirement Factor: From Table 1 above the factor for 58 years of age is 58%.
3.

\$582.40	Normal Pension
<u>x .58</u>	Early Retirement Factor
\$337.79	\$338.00/month Early Retirement Pension

In this example, Peter's Early Retirement Pension would be \$338.00 a month because pensions between whole dollar amounts are rounded to the next higher dollar. His benefit will be less if he chooses the 50% or 75% Joint and Survivor Annuity.

Example #5: Same facts as in Example 2 above, except that Tom retires on September 1, 2016. Tom's early retirement pension is calculated as follows:

1. Normal Pension to which Tom would be entitled if he were 64 = \$572.50
2. Early Retirement Factor: From Table 1 above the factor for 58 years of age is 58%.
3.

\$572.50	Normal Pension
<u> x .58</u>	Early Retirement Factor
\$332.05	\$333.00/month Early Retirement Pension

In this example, Tom's early retirement pension would be \$333.00 a month because pensions between whole dollar amounts are rounded to the next higher dollar. His benefit will be less if he chooses the 50% or 75% Joint and Survivor Annuity.

Example #6: Same facts as in Example #5, except Tom submits his application on May 16th but continues to work for his employer until he retires on November 1, 2016. Tom's application will be processed as if he retired on November 1, 2016 and his early retirement benefit will be reduced according to the factors above, as demonstrated in Exhibit #5.

2. The Early Retirement Benefit is eliminated for Inactive Deferred Vested Participants

A Inactive Deferred Vested Participant is any Participant who is entitled to a pension at normal or Early retirement age, who has not commenced receipt of monthly pension payments, and who failed to earn at least .3 of a year(450 hours) of Future Service Credits in any two consecutive years without subsequently earning at least three years of Future Service Credits.

Inactive Deferred Vested participants are no longer eligible for an Early Retirement Pension under the Plan. They are, however, still entitled to receive a pension at normal retirement age. A Inactive Deferred Vested Participant may become entitled to an Early Retirement Benefit at any time if they return to active service with a contributing employer and earn at least three years of Future Service Credits. They will then be eligible to receive an Early Retirement Pension benefit, assuming they meet the other requirements under the Plan

document. The amount of the Early Retirement Pension benefit will be subject to the same reductions for active participants, as described above.

Example #1: Sam, 59, actively participated in the IPF from 1991 through 2012. From 2013 to the present, Sam earned less than 450 hours in each of 2013, 2014 and 2015. Sam is considered a Deferred Vested Participant. Should Sam wish to receive his pension from the IPF, he would need to wait until he turns 64 and start his pension at normal retirement age. If Sam wants to receive an early retirement pension from the IPF, he would need to return to covered employment and earn 3 years of Future Service Credits.

II. Benefit changes for Disability Pensions

These changes to the Disability benefit do not apply to applications received on or before May 31, 2016 with a Social Security Disability entitlement date on or before November 1, 2016.

- 1. The Disability Benefit under Section 4.09 of the Plan will be subject to actuarial reductions for years prior to normal retirement age.**

Under the Current Plan

The Plan's disability benefit is calculated in the same manner as a pension at normal retirement age (64), regardless of a participant's age at disability. A Participant's disability benefit commences on the date contained in a Social Security Disability benefit entitlement letter, not to exceed 12 months of retroactive payments.

Example #1: Brian, 61, becomes disabled on February 1, 2016. He applies for both a Social Security disability award letter and an IPF Disability benefit on May 1, 2016 and receives an approval for a Social Security Disability with an entitlement date July 1, 2016. His IPF disability benefit will be effective as July 1, 2016. Brian's pension at normal retirement age (64) would be \$1,400/month. Brian will receive the same \$1,400/month as a disability benefit.

Example #2: Same facts except Brian's Social Security award letter contains a retroactive entitlement date of January 1, 2015. Brian will receive \$1,400/month retroactive to May 1, 2015, 12 months prior to his May 1, 2016 application date.

Under the New Plan

Between the ages of 60 and 64, the disability benefit will be subject to an actuarial reduction factor of 8%. There will be no additional reduction for years prior to age 60. The reduction

factors, based on actuarial equivalence and using the Fund's funding assumptions, will be as follows:

Age	% of Normal Retirement Age Pension Payable as Disability
64	100%
63	92%
62	84%
61	76%
60 and under	68%

Example #3: Same facts as in Example 1, except that Brian receives his award letter on December 1, 2016 with a December 1, 2016 entitlement date. Brian's benefit will be calculated under the new rehabilitation plan because his Social Security Disability entitlement date is after November 1, 2016. Brian will receive 76% of \$1,400 as a disability benefit, or \$1,064/month, beginning December 1, 2016.

Example #3: Same facts as in Example 1, except Brian applies for both a Social Security Disability Award letter and an IPF Disability benefit on July 1, 2016 and receives an approval for a Social Security Disability pension on November 1, 2016 with a November 1, 2016 entitlement date. Brian's benefit will be calculated under the new rehabilitation plan because his application was received after May 31, 2016. Brian will receive 76% of \$1,400 as a disability benefit, or \$1,064/month, beginning November 1, 2016.

Example #4: Same facts as in Example 3, except Brian's November 1, 2016 award letter indicates a January 1, 2015 entitlement date. Brian's benefit will still be calculated under the new rehabilitation plan because his application was received after May 31, 2016. He will receive 76% of \$1,400 as a disability benefit, or \$1,064/month, retroactive to July 1, 2015, because he is still eligible for the 12-month lookback.

III. Benefit changes for Retirement Payment Options

These changes to the Retirement Payment Options do not apply to eligible applications received on or before May 31, 2016 with a pension start date effective on or before June 1, 2016.

1. The Joint and Survivor Pop-Up Benefit under Section 6.01 of the Plan Document is eliminated.

Under the Current Plan

If a participant's spouse dies after the Joint and Survivor pension has begun, the amount of the participant's pension increases, or "pops-up", to its unreduced amount.

Example #1: Vince is married and elected a Qualified Joint and 50% Survivor Annuity beginning April 1, 2015. His total benefit is \$2,000/month, however under the 50% QJSA, he receives \$1,800/month and his wife will receive 50% of the pension, or \$900/month upon his death. His wife dies on September 20, 2015. Vince's benefit "pops-up" to \$2,000/month upon his next pension payment date, October 1, 2015.

Under the New Plan

There will be no increase in the monthly pension amount payable to a retiree if the retiree's spouse predeceases the retiree. This change applies to both the Qualified Joint and 50% Survivor Annuity and the Qualified Joint & 75% Optional Survivor Annuity.

Example #2: Using the same facts in Example #1 above, except Vince retires and applies on June 1, 2016 for a benefit starting July 1, 2016. Upon his wife's death, Vince's benefit will remain at \$1,800/month for the remainder of his life.

2. The "60 payment guarantee" under Section 7.02 of the Plan Document is eliminated.

Under the Current Plan

The Plan's normal form of payment for unmarried Participants, or married Participants who reject either Qualified Joint & Survivor Annuity option, is a straight life annuity that guarantees no fewer than 60 monthly pension payments are made to the participant and his or her designated beneficiary, counting total payments to both, regardless of when the participant dies.

Example #1: Steve is unmarried and his friend, Eva, is his beneficiary. Steve's pension start date is June 1, 2012. Steve received 40 months of pension payments of \$700/month before he died on October 15, 2015. Eva, as Steve's beneficiary, will receive 20 pension payments of \$700/month until May 1, 2017. (Note that Eva's payments will continue after the effective date of the new plan as Steve had a pension start date before June 1, 2016.). The same would apply if Steve and Eva are married and both formally rejected the Joint and Survivor annuity.

Under the New Plan

The Plan will no longer pay pension benefits to the pensioner's beneficiary (or spouse, if J&S is rejected) after the participant's death, regardless of the number of pension payments made.

Example #3: Same facts as in Example #1 above, except that Steve's pension start date is August 1, 2016, and he dies on July 20, 2017. Steve will receive 12 months of pension payments of \$700/month until his death. Eva will not receive any benefits after Steve's death. If they were married, Steve and Eva could have elected the Joint and Survivor benefit.

IV. **Benefit changes for Lump Sums:**

The following changes are mandated by law and are effective April 15, 2016

The PPA restricts plans in critical status from paying lump sum benefits in excess of \$5,000. The following benefits are affected:

1. **The pre-retirement lump sum death benefit under Section 7.01 of the Plan is capped at a \$5,000 maximum benefit.**

A participant who dies before the effective date of his pension, who earned at least 1,500 hours of contributions subsequent to any breaks in service and did not take a severance benefit, qualifies for a death benefit of 100% of the contributions made on his behalf to be paid to his designated beneficiary or spouse (in lieu of the spousal benefit).

Under the Current Plan

The participant's designated non-spouse beneficiary receives the value of 100% of the contributions made on the participant's behalf in a lump sum payment.

The participant's spouse may elect to receive the greater of the monthly Joint and Survivor benefit under Section 6.03 or 100% of the contributions made on the Participant's behalf. Either benefit may be taken as a lump sum; however, if the actuarial value of the benefit exceeds \$25,000, then the benefit may only be paid in the form of an annuity under Section 6.03.

Under the New Plan

If unmarried, the participant's non-spouse designated beneficiary will receive a lump sum payment of the contributions made on the participant's behalf up to a maximum of \$5,000.

Example #1: Assume John, an unmarried participant, meets the eligibility requirements for a pre-retirement death benefit and had \$12,000 in contributions made on his behalf. His daughter, Joanne, is his designated beneficiary and, under the Current Plan is

entitled to a benefit equal to 100% of those contributions made for John, or \$12,000. Under the New Plan, Joanne would be entitled to \$5,000, the maximum.

If married, the participant's spouse will receive the Joint and Survivor annuity benefit, unless rejected, in which case he or she may receive the benefit in a lump sum. However, he or she may only reject such payment, and receive a lump sum payment, if the actuarial value of the benefit is \$5,000 or less.

Example #2: Same facts as above, except that John is married. John's spouse is entitled to the Joint and Survivor annuity benefit under Section 6.03 – that is not changing. However, if his spouse wishes to take the lump sum benefit instead of the Joint and Survivor benefit, he or she may only do so, and receive a lump sum payment, if the actuarial value is \$5,000 or less. It may be more beneficial for John's spouse to receive the monthly Surviving Spouse Pension.

2. The lump sum payment of the actuarial equivalent of the IPF monthly benefit under Section 8.19 of the Plan is capped at \$5,000

Under the Current Plan

The IPF provides that if the actuarial equivalent of your monthly benefit is less than \$10,000.00, but more than \$5,000.00, you have the option of electing the monthly benefit or the lump sum option. If the actuarial equivalency of your benefit is less than \$5,000.00, your benefit is automatically paid as a lump sum.

Under the New Plan

The participant will be automatically be paid as a lump sum if the actuarial equivalency is less than \$5,000.00. If the benefit is over \$5,000.00, the monthly benefit is paid.

Example #1: Assume John retires with a vested monthly benefit of \$70.00 and the actuarial equivalency of his monthly benefit at retirement is \$8,500.00. Under the current Plan, John could, with the consent of his spouse if married, choose either a lump sum payment of \$8,500 or the monthly benefit of \$70.00. Under the New Plan, John would not be eligible for a lump sum payment because the benefit exceeds the \$5,000 maximum.

Example #2: Assume John retires with a vested monthly benefit of \$45.00 and the actuarial equivalency of his monthly benefit at retirement is \$3,600.00. Under the Current Plan, John's benefit would automatically be paid as a lump sum because it is less than the \$5,000 maximum. Under the New Plan there would be no change.

V. Other Benefit Changes

1. The Severance benefit payable under Section 7.03 is capped at a \$5,000 maximum benefit after April 15, 2016 and then eliminated for applications received after May 31, 2016.

An inactive participant is eligible for a severance benefit if they have earned five or more years of Future Service Credit but are not vested, and either incur a Permanent Break in Service, become totally and permanently disabled, or attain age 64 and incur a one year break in service.

Under the Current Plan

Eligible Participants will receive 100% of the contributions made on their behalf in a lump sum payment.

Under the New Plan effective April 15, 2016

Eligible Participants will receive 100% of the contributions made on their behalf in a lump sum payment, up to a maximum of \$5,000.

Under the New Plan effective for applications received after May 31, 2016.

No severance benefit will be paid

2. Participants whose benefits are calculated under a merged plan

The IPF provides benefits to certain participants who came into the IPF by virtue of mergers between the IPF and their pension plan. The IPF has been administering the benefit earned by those participants under their former plan in accordance with the rules of that plan. As of the effective dates stated herein, those participants' benefits will be calculated pursuant to the rules of the IPF.

Where a merged plan has a normal retirement age above 64, the Early Retirement Benefit will be reduced by 8% each year from the normal retirement age to 60, and by 5% each year from 55 to 60. Benefits will no longer be available below 55, if any merged plans provide for them, unless the merged plan contains a normal retirement age below 55.

Lump sum benefits payable under a merged plan

Under the Current Plan

Some merged plans allow a participant to take a lump sum in lieu of a single life annuity, with no limit on the amount of the lump sum.

Example: Michael's single life annuity under the former plan is \$1,842 per month. The lump-sum actuarial equivalent of his benefit is \$335,000. Michael would have the option of electing either the annuity or a lump sum in the amount of \$335,000.

Under the New Plan

The Plan is only permitted to pay lump sum benefits up to a maximum of \$5,000.

Example: Under the facts above, Michael can still elect a single life annuity of \$1,842 per month. However, if he elects to receive his benefit in a lump sum, he would only receive \$5,000.

Miscellaneous

1. Benefit Accruals

There will be no change to benefit accruals under the various schedules, including Alternative and Preferred.

2. Noncovered Masonry Employment Rules

These Plan provisions which have been in effect since June 1988 remain in effect and unchanged.

3. Beneficiaries & QDRO Alternate Payees

The benefits of a beneficiary who has not yet retired (e.g. surviving spouse) will be determined on the same basis as those of the participant. The 100% pre-retirement surviving spouse pension will still apply although early retirement reductions will now be expanded.

The benefits of any “alternate payee” under a Qualified Domestic Relations Order (QDRO) will be determined on the same basis as those of the participant whose pension is divided by the QDRO. If the benefits of the participant are affected by a schedule, the benefits of the alternate payee will be likewise affected.

Rights and Remedies for Participants and Beneficiaries

Federal law requires that this notice contain information as to the rights and remedies of Participants and Beneficiaries. For a complete statement of the rights of Participants and Beneficiaries under ERISA, including the right to examine or receive certain Plan documents or to file suit under ERISA, consult the IPF SPD. In addition, the SPD describes your right to file an appeal should you experience a denial of benefits under the Plan, the Plan’s procedures governing such appeals, and your right to file suit in a federal court. A copy of the SPD is available on the Fund’s website at <http://ipfweb.org>. To contact the Board of Trustees, write to: Board of Trustees, Bricklayers and Trowel Trades International Pension Fund, 620 F Street, NW, Washington, DC 20004. If you need further assistance understanding your rights under ERISA, you can contact the nearest office of the Employee

Benefits Security Administration (“EBSA”), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, EBSA, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also contact EBSA by calling 1-866-444-EBSA [3272] or visiting the EBSA’s website at: www.askebsa.dol.gov.