



Bricklayers & Trowel Trades International Pension Fund

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IMPORTANT NOTICE

TO: IPF Participating Local Unions

DATE: March 12, 2009

Recently the Board of Trustees of the Bricklayers & Trowel Trades International Pension Fund (IPF) reviewed the status of the Fund with regard to the Pension Protection Act of 2006 (PPA) and recent relief under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA). While the WRERA does provide some relief, it does not sufficiently address the unprecedented upheaval in financial markets that pension funds and other investors experienced universally in 2008 and continuing into 2009.

One option provided under the WRERA is for Pension Funds to maintain their 2008 Plan status under the PPA for the year 2009. As you know, the IPF was considered to be in the Safe or Green Zone for 2008 and the IPF Actuary will soon be providing notice that the Trustees elect to use the IPF 2008 Safe status for 2009. Without considering the WRERA, the IPF would be approximately 69% funded and in the Critical or Red Zone for 2009.

Without further regulatory relief or a rebound of investment markets on the horizon, the Trustees also reviewed the benefit formula of the IPF. The IPF benefit accrual rate has been in place since the Plan was established in 1972, and has been increased along with other improvements over the years as the growth of the IPF along with investment returns and pension legislation have allowed. As a result of uncertain investment markets and an expected contraction in hours reported, effective April 1, 2009 the Trustees have decided to change the IPF U.S. Plan benefit formula as follows:

For each \$.10 of the IPF contribution rate in effect there will be an accrual of \$1.40 per month for each year (1500 hours) of future service credit. Hours and service credits earned prior to April 1, 2009 will remain under the prior accrual rates.

For example, if an IPF participating local was at a contribution rate of \$1.50, the prior accrual was \$32.34 per year of service. Going forward, the accrual for employment after April 1, 2009 at the local's \$1.50 contribution rate will be \$21.00 ($\1.40×15) per year of service earned. Please refer to attached Table A for prospective IPF contribution rates.

To further address the funded position of the IPF under the PPA noted above, all collective bargaining agreements negotiated on or after April 1, 2009 or current agreements with increases to be allocated on or after April 1, 2009 must include at least a 15% increase in the IPF contribution rate effective from the time that the IPF rate in effect on March 31, 2009 expires. The 15% increase will not be recognized for the purposes of benefit accrual but will be used solely to increase the funding of the IPF.

The 15% increase will be a separate item on the IPF or Local Third Party Administrator reporting form and will be designated as IPF PPA rate. Please indicate this rate separately in your communications with the IPF and the BAC Collective Bargaining Department.

Any IPF rate that is negotiated in excess of the required 15% increase in the IPF contribution rate shall be divided as follows:

13% shall be used to increase funding and 87% shall be credited at the \$1.40 per \$.10 accrual rate noted above.

For any rate negotiated or allocated on or after April 1, 2009 that is less than the required 15% increase in the IPF contribution rate, an accrual rate of \$.70 per month of pension for each year of service for each \$.10 of the recognized contribution rate shall apply effective with the date of the collective bargaining agreement, rather than the \$1.40 rate noted above. Please see attached Table B in this regard.

These changes are necessitated by the current challenges in the investment and regulatory environment and intended to protect the long-term financial security of the IPF participants. The Board of Trustees remain committed to protecting the interests of all participants as it has for the last 37 years and will continue to work with Local Unions, contributing employers, members of Congress and others to address the ongoing challenges facing pension funds.

A similar notice to IPF participants will be mailed in conjunction with this letter shortly. If you have any questions, please contact me at the Fund office.

Sincerely,

A handwritten signature in black ink, appearing to read 'D F Stupar', with a stylized flourish at the end.

David F. Stupar
Executive Director

Attachment

cc: IPF Administrative Committee
BAC Collective Bargaining Department
BAC Regional Directors