CARPENTERS DISTRICT COUNCIL OF KANSAS CITY PENSION FUND

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Important Benefit Announcement: Pension Plan Changes Effective April 1, 2005

March 11, 2005

Dear Participant:

As Trustees of your Pension Plan, one of our most important responsibilities is ensuring the financial stability of the Plan. We need to ensure the Plan has reserves to pay benefits to current *and* future retirees. We work with outside investment professionals and consultants to help us manage the Fund's investments and to ensure adequate funding of the Plan. Pension Fund assets are invested in stocks, bonds, and cash. We carefully monitor investments, expenses and contributions made to the Fund.

Market Impact On Fund

Strong investment returns during the mid- to late-1990's helped most retirement plans grow, including ours. However, since 9/11 investment returns of both stocks and bonds have been far from favorable.

Due to these lower than expected investment returns and an overall downturn in the economy, retirement plans across the country have experienced some financial challenges in recent years. Despite careful investing, our Fund has also been affected. As a result, we have reviewed the Pension Plan and are modifying the Plan effective April 1, 2005, as described below. The changes being made are designed to maintain the Pension Plan's reserves—money allocated to pay future benefits.

> The changes described in this announcement do **not** affect participants who are already receiving a pension benefit from the Fund. Additionally, these changes do **not** change the benefits you earned before April 1, 2005.

Regular Pension Multiplier Changing

A multiplier of 2.5% will be used to calculate pension benefits earned on and after April 1, 2005. If you worked on or after April 1, 2000, calculate your monthly Regular Pension benefit beginning April 1, 2005, as follows*:

STEP 1: *For Service Between April 1, 1968, and March 31, 2000*: Multiply the amount of contributions made on your behalf during this period by 3.65%.

STEP 2: *For Service Between April 1, 2000, And March 31, 2005:* Multiply the amount of contributions made on your behalf during this period by 3.35%.

STEP 3: *For Service On And After April 1, 2005*: Multiply the amount of contributions made on your behalf during this period by 2.5% (excluding "funding contributions" as discussed below).

STEP 4: Add the amounts calculated in steps 1 through 3 above. Please note that this amount may be reduced if you receive your benefit before age 61.

* If you have a break in covered employment or earned past service (service earned before the Contribution Date), your benefit may be calculated differently. Contact the Fund Office for more information.

> ***Example:*** Dave retires on April 1, 2006, at age 62 after 15 years of service. Assuming he has not had a break in service and has earned no past service, here's how his Regular Pension is calculated:

Step 1: For Dave's Service Between April 1, 1968, and March 31, 2000:
3.65% x $36,000 (employer contributions made during this period on Dave's behalf) = $1,314.00

Step 2: For Dave's Service Between April 1, 2000, And March 31, 2005:
3.35% x $24,000 (employer contributions made during this period on Dave's behalf) = $804.00

Step 3: For Dave's Service On And After April 1, 2005:
2.5% x $5,600 (employer contributions of $5,950 less "funding contributions" of $350 made during this period on Dave's behalf) = $140.00

Step 4: Dave's Total Monthly Benefit (before reduction for any forms of payment):
$1,314.00 + $804.00 + $140.00 = $2,258.00

Disability Pension Requirements Changing

Effective April 1, 2005, the Fund is increasing the number of pension credits needed to qualify for a Disability Pension from 10 to 15. All other eligibility and application requirements for a Disability Pension remain unchanged. In addition, as of April 1, 2005, the way a Disability Pension is calculated is changing. The amount of a Disability Pension will be your Regular Pension amount reduced by 5% per year for each year benefits are payable before age 61. However, in no event will benefits be reduced by more than 50%.

Example: Joe qualifies for a Disability Pension from the Fund after April 1, 2005, at age 52. His Disability Pension will be his Regular Pension amount reduced by 5% for each year he is younger than age 61, which results in a 45% reduction (9 years x 5%). Joe will receive 55% of his Regular Pension benefit.

Important: Completing an application for a Disability Pension can take several months. If you supply acceptable proof that you became disabled before April 1, 2005, these new provisions will not apply to you. If you are currently in the process of applying for a Disability Pension, please call the Fund Office for more information. These changes do not apply to participants who are already receiving a Disability Pension.

Employer Contribution Increase/Funding Contributions

Employer contribution rates will increase by $0.25 per hour in 2005. These increased contributions will be supplemental "funding contributions," which means that they will be used to increase the Pension Plan's assets and will *not* result in benefit accrual or pension credit. The "funding contribution" will start on dates in 2005 based upon the collective bargaining agreements requiring contributions to the Fund. The agreements and dates include the following:

<u>April 1, 2005</u>
Kansas City Area
Joplin Area
Springfield Area
Central Missouri Area

<u>May 1, 2005</u>
St. Joseph Area
AGC Outstate Heavy

<u>October 1, 2005</u>
Floorlayers Kansas City Area

If you work under a Shop Agreement, a Special Agreement or any agreement not listed above, you should contact the Fund Office regarding the date your "funding contribution" starts.

In Closing

If you have questions about the changes described in this announcement, please call the Fund Office.

Sincerely,

The Board of Trustees

This announcement serves as a 204(h) notice and provides only highlights of recent changes to the Carpenters District Council of Kansas City Pension Fund. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.