

CARPENTERS DISTRICT COUNCIL OF KANSAS CITY PENSION FUND

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Important Pension Plan Changes Effective April 1, 2006

March 10, 2006

Dear Participant:

The Pension Plan is designed to reward you with security during retirement in return for your work as an active employee. To provide this security, it's important that the Plan remains financially strong to pay benefits to current *and* future retirees. As Trustees of your Pension Plan, it is our responsibility to review the Plan to ensure the financial stability of the Plan to provide you with income during retirement.

Market Impact On The Fund

As we've communicated in the past, strong investment returns during the mid- to late-1990's helped most retirement plans grow, including ours. However, following 9/11 investment returns of both stocks and bonds were far from favorable.

Despite careful investing, the ongoing cost of our Plan continues to be affected by these lower-than-expected investment returns. As a result, we have reviewed the Pension Plan and are modifying the Plan effective April 1, 2006, as described below. The changes being made are designed to maintain the Pension Plan's assets 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, 2006.

Regular Pension Multiplier Changing

A multiplier of 2.3% will be used to calculate pension benefits earned on and after April 1, 2006. If you worked on or after April 1, 2006, calculate your monthly Regular Pension benefit beginning April 1, 2006, 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 Between April 1, 2005, And March 31, 2006:* Multiply the amount of contributions made on your behalf during this period by 2.5% (excluding "funding contributions").
- STEP 4:** *For Service On And After April 1, 2006:* Multiply the amount of contributions made on your behalf during this period by 2.3% (excluding "funding contributions").
- STEP 5:** Add the amounts calculated in steps 1 through 4 above. Please note that this amount may be reduced for early commencement 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, 2007, 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:

$3.65\% \times \$36,000$ (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:

$3.35\% \times \$24,000$ (employer contributions made during this period on Dave's behalf) = \$804.00

Step 3: For Dave's Service Between April 1, 2005, And March 31, 2006:

$2.5\% \times \$5,600$ (employer contributions of \$5,950 less "funding contributions" of \$350 made during this period on Dave's behalf) = \$140.00

Step 4: For Dave's Service On And After April 1, 2006:

$2.3\% \times \$5,600$ (employer contributions of \$6,510 less "funding contributions" of \$910 made during this period on Dave's behalf) = \$128.80

Step 5: Dave's Total Monthly Benefit (before reduction for any forms of payment):

$\$1,314.00 + \$804.00 + \$140.00 + \$128.80 = \$2,386.80$ rounded to **\$2,387.00**

Employer Contribution Increase/Funding Contributions

Employer contribution rates will increase by \$0.40 to a total of \$0.65 per hour in 2006. 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 2006 based upon the collective bargaining agreements requiring contributions to the Fund. The agreements and dates include the following:

April 1, 2006

Kansas City Area

Joplin Area

Springfield Area

Central Missouri Area

May 1, 2006

St. Joseph Area

AGC Outstate Heavy

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.

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.