

CARPENTERS DISTRICT COUNCIL OF KANSAS CITY PENSION FUND

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Important Pension Plan Changes Effective April 1, 2007

March 10, 2007

Dear Participant:

The Pension Plan is designed to provide you with retirement income to reward you for your work as an active employee — and 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 continually review the Plan to ensure its long-term financial stability in order to provide you with income during retirement.

Market Impact On The Fund

As you know, strong investment returns during the mid- to late-1990s helped most retirement plans grow, including ours. However, as a result of the effects of 9/11 and an overall downturn in the economy during the early 2000s, Pension Plan assets realized significantly lower and/or negative rates of return, despite careful investing.

While recent investment experience has been more favorable, our Plan has not yet fully recovered from the losses and low returns that occurred previously. As a result, we have reviewed the Pension Plan and are modifying the Plan effective April 1, 2007, as described below. These changes are designed to maintain the Pension Plan's assets allocated to pay future benefits.

IMPORTANT!

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, 2007.

Supplemental Funding Contribution Change

We are pleased to announce that the supplemental funding contribution will be lowered from \$0.65 to \$0.40, and the \$0.25 difference will be used to calculate benefit accruals. This change will be effective on dates in 2007 based upon the collective bargaining agreements requiring contributions to the Fund. The agreements and dates include the following:

April 1, 2007
Kansas City Area
Joplin Area
Springfield Area
Central Missouri Area

May 1, 2007
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" will change.

Regular Pension Multiplier Changing

A multiplier of 1.5% will be used to calculate pension benefits earned on and after April 1, 2007. If you worked on or after April 1, 2007, calculate your monthly Regular Pension benefit beginning April 1, 2007, 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 Between April 1, 2006 and March 31, 2007: Multiply the amount of contributions made on your behalf during this period by 2.3% (excluding "funding contributions").
- STEP 5:** For Service On and After April 1, 2007: Multiply the amount of contributions made on your behalf during this period by 1.5% (excluding "funding contributions").
- STEP 6:** Add the amounts calculated in steps 1 through 5 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: John retires on April 1, 2008, at age 61 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 John's Service Between April 1, 1968 and March 31, 2000:

$$3.65\% \times \$36,000 \text{ (employer contributions made during this period on John's behalf)} = \$1,314.00$$

Step 2: For John's Service Between April 1, 2000 and March 31, 2005:

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

Step 3: For John's Service Between April 1, 2005 and March 31, 2006:

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

Step 4: For John's Service Between April 1, 2006 and March 31, 2007:

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

Step 5: For John's Service On and After April 1, 2007:

$$1.5\% \times \$5,950 \text{ (employer contributions of } \$6,510 \text{ less "funding contributions" of } \$560 \text{ made during this period on John's behalf)} = \$89.25$$

Step 6: John's Total Monthly Benefit (before reduction for any forms of payment):

$$\$1,314.00 + \$804.00 + \$140.00 + \$128.80 + \$89.25 = \$2,476.05$$

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.