CARPENTERS DISTRICT COUNCIL OF KANSAS CITY
PENSION FUND
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March 15, 2013

Dear Participant:

Recent gains on investments in the Pension Fund have helped offset a portion of the financial losses sustained in the past five years. The impact of the less favorable years combined with a challenging economy requires an adjustment to our future accrual formula. As the Trustees of your Pension Plan, we have a responsibility to manage the Fund with a long-term perspective – by ensuring that the Fund can pay out benefits to both current and future retirees. Accordingly, the Trustees have approved the following actions regarding contributions.

Reallocation of Funding Contributions

Starting with contributions received on and after May 1, 2013, for all agreements and all employment classifications, the non-accrual funding contributions made to the Plan will be 33% of the total pension contribution made to the Plan on your behalf. These supplemental funding contributions are not used to determine your accrued pension benefit, but are used to improve the overall funding of the Plan.

Examples of reallocation:

1. For journeyman in Kansas City, effective May 1, 2013 your hourly contribution rate to the Pension Fund will be $7.25. Your non-accrual funding contribution rate will be $2.39, which is 33% of your total pension fund contribution.
2. If you work under a special agreement such as a shop agreement, and your current hourly contribution rate to the Pension Fund is for example $3.30, effective May 1, 2013 your non-accrual funding contribution rate will be $1.09, which is 33% of your total pension fund contribution.
3. If, as an apprentice, your current hourly contribution rate to the Pension Fund is $2.70, your non-accrual funding contribution rate will be $0.89, which is 33% of your total pension fund contribution.

Change in Pension Credit Requirement for Service Pension

Currently, if you retire and have earned at least 31 Pension Credits under this Plan, you are eligible for a Service Pension. For employment after March 31, 1976, you needed 400 hours of Covered Employment to earn one Pension Credit. A Service Pension is calculated in the same way as a Regular Pension and is payable at any age without reduction for commencement before age 61.

Effective April 1, 2013, for Service Pension eligibility requirements only, you will need 700 hours of Covered Employment to earn one Pension Credit. There will be no partial Pension Credit if you earn less than 700 hours. However, this change only affects benefits accrued on or after April 1, 2013 and any benefits accrued prior to that date will not be affected by the change to 700 hours.

Example 1:

Bob has earned 25 Pension Credits and has accrued $3,000 in benefits prior to April 1, 2013. Assume that Bob works another six years, has 500 hours of Covered Employment in each of those six years and accrues another $200 in benefits ($3,200 in total benefits.) Since Bob did not work at least 700 hours in any of the six years, he did not earn any Pension Credits towards a Service Pension for any of those years. As a result, Bob cannot retire with a Service Pension based on 31 Pension Credits. However, he is entitled to the unreduced Service Pension based on the $3,000 in benefits he earned prior to April 1, 2013 because he would have had 31 Pension Credits under the prior requirement of 400 hours. The $200 in accrued benefit earned in the six years after March 31, 2013 will be paid under the applicable provisions of the Plan such as the unreduced Regular Pension (if commenced after age 61) or Early Retirement Pension (reduced at 5% per year prior to age 61).

Example 2:

Bob has earned 25 Pension Credits and has accrued $3,000 in benefits prior to April 1, 2013. Assume that Bob works another six years, has 1,500 hours (more than 700) of Covered Employment in each of those six years and accrues another $650 in benefits ($3,650 in total benefits.) Since Bob worked at least 700 hours each of the next six years, he earns Pension Credits towards the Service Pension for those years. As a result, Bob can retire with a Service Pension based on all 31 Pension Credits. He is entitled to the unreduced Service Pension based on the full $3,650 in benefits he earns because he would have 31 Pension Credits under both the prior requirement of 400 hours and future rule of 700 per credit. The $650 in accrued benefit earned in the six years after March 31, 2013 will be paid unreduced the same as the past 25 credits.

Change in the Service Pension Commencement Age for Individuals with Hours Worked and Reported in Covered Employment after April 1, 2013

Currently, if you retire and have earned at least 31 Pension Credits under this Plan, you are eligible for an unreduced Service Pension commencing at any age. For those individuals with hours worked on or after April 1, 2013, the minimum age at which the Service Pension can begin is age 55. That means even if you earn 31 credits at the 700 minimum hour requirement per year in the future, an unreduced benefit cannot start until you turn age 55.

Example 3:

Mike earns 31 Pension Credits with more than 700 hours per year in his career starting June 1, 2013. He accrues $3,500 in monthly pension benefits on June 1, 2044.

However, Mike is age 52 in 2044 and must wait to commence his accrued pension without reduction until he turns age 55 in three more years.

A Final Note

As your Board of Trustees, we are committed to ensuring your pension benefits remain secure. The changes outlined in this announcement are part of our continued commitment to you.

If you have questions about this announcement or your pension benefits in general, we encourage you to contact the Fund Office.

Sincerely,

Board of Trustees

This letter highlights recent changes to the Pension Plan. 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. This notice is in compliance with ERISA 204(h).