

ADMINISTRATION OFFICE

BRICKLAYERS LOCAL UNION NO. 1 OF KENTUCKY PENSION TRUST FUND

3150 US ROUTE 60 • ONA, WEST VIRGINIA 25545 • (304) 525-0331



Notice of Critical Status For

Bricklayers' Local Union No. 1 of Kentucky Pension Trust Fund

This is to inform you that on March 28, 2013 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2013. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical Status

The plan is considered to be in critical status because it is projected to satisfy the following:

Projected accumulated funding deficiency within the current or next three plan years

The Plan's Actuary projects that, if no further action is taken, the Plan will have an accumulated funding deficiency (not recognizing any amortization extensions) for the plan year ending December 31, 2014. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

As required by law, the Plan's Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated (for participants not yet in pay status) as part of any rehabilitation plan the Pension Plan may adopt:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy

If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. But you should know that whether or not the plan reduces adjustable benefits, effective as of April 26, 2013, the Plan is not permitted to pay any lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Future Experience and Possible Adjustments

A rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 7.00% (in the 2013 plan year or later), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status. The surcharges continue until the bargaining parties formally approve a rehabilitation plan. If the bargaining parties are able to adopt a rehabilitation plan prior to that date, surcharges would not be required.

Where to Get More Information

For more information about this Notice, you may contact the plan administrator by phone at (304) 525-0331 or by letter at American Benefit Corporation, 3150 US Rt. 60, Ona, WV 25545. You have a right to receive a copy of the rehabilitation plan from the plan.

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