



Northern California Cement Masons Funds Administration, Inc.
220 Campus Lane, Fairfield, CA 94534-1499 • Telephone: 707 864 3300 or 888 245 5005

Cement Masons Pension Trust Fund for Northern California Funding Improvement Plan

Updated and adopted March 18, 2016

Introduction

The Pension Protection Act of 2006 (“PPA”) requires the Trustees of a multiemployer pension plan that has been certified by the plan’s actuary as being in Endangered status (also known as “Yellow Zone” status) to develop a Funding Improvement Plan (“FIP”). An FIP must prescribe actions, including recommended actions to be taken by the bargaining parties, which are expected to enable a plan to meet stated financial benchmarks by the end of the Funding Improvement Period, based on reasonably anticipated experience and on reasonable actuarial assumptions. On November 29, 2010, the Cement Masons Pension Trust Fund for Northern California (“Fund”) was certified by its actuary to be in Seriously Endangered status for the plan year beginning September 1, 2010. The Board of Trustees adopted a Funding Improvement Plan on June 27, 2011. The Fund was subsequently certified by its actuary to be in Endangered status for the Plan Year beginning September 1, 2011, and has remained in such status since then. This 2016 update to the FIP largely leaves in place the substance of the original FIP, but makes several changes relating to the change from “Seriously Endangered” to “Endangered” status in 2011, and several further changes and simplifications permitted under the Multiemployer Pension Reform Act of 2014 (“MPRA”).

The Funding Improvement Plan must be designed to accomplish the following:

1. An increase in the Fund’s funded percentage, as defined in the PPA, by the end of the Funding Improvement Period of at least 33% of the difference between the funded percentage as of the beginning of the Plan Year for which the status was initially certified as Endangered and 100%, and
2. No accumulated funding deficiency during the final year of the Funding Improvement Period.

Funding Improvement Period

The Funding Improvement Period for the Fund is the period of 10 plan years beginning September 1, 2013.

If the actuary certifies before the end of this period that the Fund is no longer in Seriously Endangered or Endangered status for a plan year, and is not in Critical status as defined in the PPA, the Funding Improvement Period will end as of the close of the preceding plan year.

Schedules

Based on the projected funded percentage of 65.4% as of September 1, 2011, the FIP must contain schedules of plan and/or contribution changes that are projected to enable the funded

percentage to improve to 76.9% by the end of the Funding Improvement Period and avoid a projected accumulated funding deficiency for the final year of the specified period. Projections based on reasonable assumptions indicate that these requirements will be met without changes to the current plan of benefits and/or the contribution rate(s) provided in the collective bargaining agreements currently in effect. For this update the Board of Trustees has determined that the Default Schedule is no longer necessary, and therefore the only schedule of the FIP is the Alternative Schedule (as shown below), which continues in effect essentially unchanged from the original FIP.

Alternative Schedule

1. A contribution rate of \$9.26 per hour in the first year of implementation of this schedule, \$9.72 in the second year, and \$10.18 from the third year onward. Contributions will remain at this level for all contributing employers and for every year that the Fund is in Seriously Endangered or Endangered status. In keeping with current Plan provisions, only the first \$3.20 per hour of a participant's total contributions will be credited toward benefit accruals; and
2. The plan of benefits in effect as of the day before the date of certification of Endangered status (November 28, 2011), for all current and future active participants and for every year that the Plan is in Seriously Endangered or Endangered status, except for:
 - a. Benefit accruals after the implementation date of this schedule will be based on 1.75% of credited contributions instead of 2.00%; and
 - b. The "supplemental benefit" as defined in Pension Plan section 3.19 shall be determined in the same manner as before the implementation of this schedule, except the numerator in the fraction in section 3.19(a)(2) shall be reduced by one eighth (1/8) of the excess, if any, of i) the Participant's Years of Credited Service, over ii) the Participant's Years of Credited Service earned through the date of implementation of this schedule.

As noted below, these schedules are subject to revision in future years if the Trustees determine that is necessary in light of the Fund's future financial condition and the requirements of the PPA, or as appropriate.

Automatic Implementation of FIP Default Schedule

If a collective bargaining agreement providing for contributions in accordance with a Schedule expires after one or more updated Schedules have been provided and the bargaining parties fail to adopt a contribution schedule consistent with the updated Funding Improvement Plan and any of its Schedules, then 180 days after the expiration of such agreement, the Schedule applicable to the expired agreement, as updated and in effect on such expiration date, will be automatically imposed. For purposes of the automatic imposition of an updated Schedule 180 days after the date on which the collective bargaining agreement expires, a collective bargaining agreement that is extended past its original scheduled expiration date shall be considered to have expired on its scheduled expiration date.

Annual Updating of FIP

Each year the plan's actuary will review and certify the status of the Fund under the PPA funding rules and whether the Fund is making the scheduled progress toward the requirements of the FIP. If the Trustees determine that it is necessary in light of updated information, they will revise the FIP and the benefit and contribution schedules recommended under it. Notwithstanding subsequent changes in benefit and contribution schedules, a schedule of contribution rates provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

Questions concerning the Funding Improvement Plan and/or the schedules should be directed to:

Edward Smith
Fund Manager
Northern California Cement Masons Funds Administration, Inc.
220 Campus Lane
Fairfield, CA 94534-1499
1 (707) 864-3300 . 1 (888) 245-5005