MICHIGAN CARPENTERS' FRINGE BENEFIT FUNDS

Michigan Carpenters' Health Care Fund
Michigan Carpenters' Pension Fund
Michigan Carpenters' Apprenticeship & Training Fund

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Notice of Reduction in Adjustable Benefits Under the 2009 Alternative Schedule

January 29, 2009

The Board of Trustees of the Michigan Carpenters' Pension Fund (Fund) sent you a Notice on December 24, 2008, that the Fund's Pension Plan was certified by its actuary as being in "critical status" for the 2009 Plan Year (September 1, 2008 – August 31, 2009) under recent amendments to the Employee Retirement Income Security Act (ERISA), the federal law that governs pension plans like this one. As required by ERISA, the Board of Trustees has, with the advice and assistance of its actuary and attorneys, adopted a Rehabilitation Plan. The Rehabilitation Plan combines benefit reductions and contribution increases intended to get the Pension Plan out of critical status and financially healthy again within a 13 year Rehabilitation Period. The benefit reductions include permitted changes to "adjustable benefits" as defined in ERISA.

The purpose of this communication is to give you 30 days advance notice that adjustable benefits under the Fund's Pension Plan will be reduced or eliminated as part of the Rehabilitation Plan. This Notice applies to all Participants, Retirees, their Alternate Payees and Beneficiaries and to employees of Contributing Employers who are participating in the Fund under agreements other than a collective bargaining agreement.

Elimination of Recent Benefit Increases

On May 11, 2005, the Fund adopted an amendment increasing the Future Service Benefit Credit earned for Hours of Work performed from September 1, 2003 through August 1, 2004 from 1% to 3% of Employer contributions. Then, on August 29, 2006, the Fund adopted an amendment increasing the Future Service Benefit Credit earned for Hours of Work performed from September 1, 2004 through August 31, 2005 from 1% to 3% of Employer contributions. These increases are adjustable benefits under ERISA because they were adopted less than 60 months before September 1, 2008, the first day of the first year for which the Fund's Pension Plan was certified as being in critical status.

Both of these increases are rescinded/eliminated effective March 1, 2009 as part of the Rehabilitation Plan.

<u>The Effect on Retirees, Alternate Payees and Beneficiaries in Pay Status before March 1, 2009</u>

The monthly pension benefits of those Retirees who retired before March 1, 2009 and who had Hours of Work between September 1, 2003 and August 31, 2005 (Plan Years 2004 and 2005), and the monthly pension benefits of their Alternate Payees and Beneficiaries, will be reduced as of March 1, 2009 because the increases adopted in 2005 and 2006 are rescinded/eliminated. Their benefit will be recalculated as of March 1, 2009 at 1% of Employer contributions for Hours of Work they performed between September 1, 2003 and August 31, 2005. This action has no effect on benefits received before March 1, 2009. If you retired before September 1, 2003 or did not work any hours or have any pension contributions remitted on your behalf during the Plan Years ended August 31, 2004 or 2005, this provision

Example 1: Joe retired October 1, 2007 and is receiving a monthly benefit of $2,587.96 in the 50% Qualified Joint and Survivor form. Joe worked 1,868 Hours between September 1, 2003 and August 31, 2005 and earned a benefit of $194.96 based on those Hours (3% of the Employer contributions of $6,498.59). His Accrued Benefit, before adjustment for the 50% Qualified Joint and Survivor form, was $2,930.87 when he retired.

Beginning March 1, 2009, Joe will receive a monthly benefit of $2,415.81, which is calculated in the 50% Qualified Joint and Survivor form on an Accrued Benefit of $2,735.91 ($2,930.87 minus $194.96, which is 2% of $6,498.59).

If Joe is survived by the Spouse to whom he was married on October 1, 2007, the date he retired, she will receive a benefit of $1,207.90 (50% of $2,415.81) each month for the rest of her life.

Example 2: Assume the same facts as in Example 1, except that Joe was divorced on the date he retired and his former wife, the Alternate Payee, is entitled to 50% of his Accrued Benefit under a Qualified Domestic Relations Order. Joe chose to take his 50% share of the Accrued Benefit in the Straight Life form, so he is receiving $1,465.44 (one half of $2,930.87). His Alternate Payee chose to receive her 50% share in a Life-Ten Years Certain Benefit calculated on her life expectancy. She is receiving $1,401.29 per month.

Beginning March 1, 2009, Joe will receive a monthly benefit of $1,367.96 ($1,465.44 minus $97.48, which is one half of the $194.96 benefit reduction based on his Hours of Work between September 1, 2003 and August 31, 2004). His Alternate Payee's benefit will be $1,307.77 after her Life-Ten Years Certain benefit is recalculated on her share of the reduced Accrued Benefit.

<u>The Effect on Participants Who Are Not Retired</u>

The Accrued Benefit of Participants who had Hours of Work between September 1, 2003 and August 31, 2005 and are not retired as of March 1, 2009 will be reduced because of the elimination of the increases adopted in 2005 and 2006. Their Accrued Benefit will be recalculated as of March 1, 2009 at 1% of Employer contributions for Hours of Work they performed between September 1, 2003 and August 31, 2005.

Example: Ben's Accrued Benefit as of January 1, 2009 is $3,947.09. He worked 3,388.5 Hours between September 1, 2003 and August 31, 2005 and $14,468.03 was contributed by Employers to the Fund based on those Hours, so he earned a benefit of $434.04 (3% of the Employer contributions of $14,468.03). When his benefit is recalculated at the 1% rate as of March 1, 2009, his Accrued Benefit will be reduced by $289.36 (2% of $14,468.03) and his Accrued Benefit will be $3,657.73.

Elimination of the 100% Qualified Pre-Retirement Survivor Annuity

The Qualified Pre-Retirement Survivor Annuity, also referred to as the Surviving Spouse Benefit, is the monthly benefit payable to the spouse of a vested Participant who dies before he retires. It was paid in the 50%

Qualified Pre-Retirement Survivor Annuity form until September 1, 1997, when the Plan was amended to provide that it be paid in the 100% Qualified Pre-Retirement Survivor Annuity form. Beginning March 1, 2009, the Qualified Pre-Retirement Survivor Annuity is reduced as part of the Rehabilitation Plan to the 50% Qualified Pre-Retirement Survivor Annuity form for the eligible Surviving Spouse of any vested Participant who dies after February 28, 2009.

> **Example:** Jason is a 58-year-old vested Participant with an Accrued Benefit of $3,442.16 when he dies on March 19, 2009 before retiring. His widow is entitled to receive a 50% Qualified Pre-Retirement Survivor Annuity benefit for the rest of her life, which will be $1,519.71 per month. If Jason had died on February 19, 2009, his widow would have been entitled to a 100% Qualified Pre-Retirement Survivor Annuity benefit for the rest of her life in the amount of $2,722.75 per month.

Elimination of the (Pre-Retirement) Single Sum Surviving Spouse's Benefit

The (Pre-Retirement) Single Sum Surviving Spouse's Benefit is a single lump sum cash payment equal to the higher of the lump sum Pre-Retirement Death Benefit under the Plan in effect prior to March 1, 2009 or the Actuarial Equivalent of the Deferred Surviving Spouse's Benefit. The Surviving Spouse of a vested <u>Participant who died before he retired</u> had the option of choosing the single lump sum cash payment instead of monthly benefits beginning when her deceased husband would first have been eligible for benefits. Please note that this provision <u>does not apply to a Participant who retired and elected</u> a 75% Joint and Survivor Option or a 100% Joint and Survivor Option. The (Pre-Retirement) Single Sum Surviving Spouse's Benefit is eliminated effective March 1, 2009 as part of the Rehabilitation Plan.

> **Example:** Sam is a 34-year-old vested Participant with 9 Years of Service when he dies on March 11, 2009. There is no immediate Qualified Pre-Retirement Survivor Annuity payable because he was not yet eligible to Retire, but his widow is entitled to receive a deferred 50% Qualified Pre-Retirement Survivor Annuity benefit for the rest of her life, which will be $1,235.00 per month commencing on the date Sam would have been eligible to Retire. If Sam had died on February 19, 2009, his widow would have been entitled to elect either the deferred Qualified Pre-Retirement Survivor Annuity benefit for the rest of her life, which would have been $2,385.00 per month commencing on the date Sam would have been eligible to Retire or an immediate lump sum benefit of $36,745.00.

Elimination of the (Pre-Retirement) Lump Sum Pre-Retirement Death Benefit

The (Pre-Retirement) lump sum Death Benefit payable upon the death of a Participant who has at least five Years of Service, has not received benefits under the Normal, Early or Vested Retirement provisions of the Plan and does not have a spouse entitled to a Surviving Spouse Benefit is eliminated as of March 1, 2009 as part of the Rehabilitation Plan.

> **Example:** Pete is a single 53-year-old Participant with 19 Years of Service when he dies on March 11, 2009 before retiring. There is no Death Benefit payable on his behalf. If Pete had died on February 25, 2009, the Fund would have paid a Death Benefit of 100% of the Employer contributions paid for his 19 Years of Service to his designated Beneficiary, his brother, under the following schedule, which was part of the Fund's Pension Plan before March 1, 2009.

Years of Service Since Effective Date of Participation (including Years of Service Under the Lathers' Fund or Under the Tile Helpers' Fund)	Percentage of Contributions Made in Years Where Years of Service Accrued
Less than 5 Years	0%
5 Years	20%
6 Years	25%
7 Years	30%
8 Years	35%
9 Years	40%
10 Years	45%
11 Years	50%
12 Years	55%
13 Years	60%
14 Years	65%
15 Years	100%

Information on Rights and Remedies

As a Participant, Retiree, Alternate Payee or Beneficiary in the Pension Plan of the Michigan Carpenters' Pension Fund, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended, (ERISA). ERISA provides that all Plan Participants and Beneficiaries are entitled to:

(a) Examine, without charge, at the Fund Office and at other specified locations, such as certain worksites and local union halls, all Plan documents, including the Rehabilitation Plan and Schedules, all notices issued in connection with the Rehabilitation Plan, collective bargaining agreements and copies of documents filed by the Fund with the United States Department of Labor, such as detailed annual reports and Plan descriptions. The Fund will, however, charge a reasonable fee established by the Trustees for furnishing the copies.

(b) Obtain copies of all Plan documents and other Plan information upon written request to the Administrative Manager. The Fund will, however, charge a reasonable fee established by the Trustees for furnishing the copies.

(c) Receive the Annual Funding Notice. The Plan mailed that Notice to you on May 29, 2008.

(d) Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to earn a right to a pension. This statement must be requested in writing and is not required to be supplied more than once a year. The Plan must provide the statement free of charge. The Plan mails such statements to all Participants on an annual basis.

For copies of documents, write to the Board of Trustees, Michigan Carpenters' Pension Fund, 6525 Centurion Drive, Lansing, Michigan 48917-9275. The documents are also available on the Fund's website, **www.michigancarpenters.org.**

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and Beneficiaries. No one, including your Employer, the Michigan Regional Council of Carpenters, your Local Union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Trustees to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Trustees. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Trustees or the Fund Office. If you have any questions about this Notice or about your rights under ERISA, or if you need assistance in obtaining documents from the Trustees, you should contact the Employee Benefits Security Administration, U.S. Department of Labor, the Detroit office of which is located at 211 W. Fort Street, Detroit, Michigan 48226, (313) 226-7450, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. The website address for the Employee Benefits Security Administration of the Department of Labor is http://www.askebsa.dol.gov.