

# MICHIGAN BAC FRINGE BENEFIT FUNDS

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Michigan BAC Health Care Fund  
Michigan BAC Pension Fund  
Michigan BAC Apprenticeship & Training Fund  
November 1, 2013

Managed for the Trustees by:  
TIC INTERNATIONAL CORPORATION

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## IMPORTANT NOTICE

**Re: MICHIGAN BAC PENSION PLAN -- NOTICE OF REDUCTION OF  
“ADJUSTABLE BENEFITS” AND SUMMARY OF MATERIAL  
MODIFICATIONS (SMM)**

**– Current and Future Benefit Reductions**

Dear Participants:

This letter explains **IMPORTANT** changes in the way your **CURRENT and FUTURE** Michigan BAC Pension Plan benefits will be calculated. These changes *are effective December 1, 2013*. The changes are discussed in detail below.

## **CHANGES IN BENEFITS YOU ALREADY HAVE ACCRUED AND MAY ACCRUE IN THE FUTURE**

**The Pension Plan was amended as follows, effective for retirement benefits that begin on or after December 1, 2013:**

- **Early retirement benefits for Inactive Vested Participants will be reduced from the Pension Plan’s Normal Retirement Age of sixty-five (65) using factors that reduce the early retirement benefits to their true actuarial value.**

**The factors used now do not fully reduce early retirement benefits to their true actuarial value.**

An Inactive Vested Participant’s early retirement benefit must have at least the same “actuarial value” as the benefit that the Participant would receive at “Normal Retirement,” at age sixty-five (65). Before this change, the Pension Plan reduced benefits that began before age sixty-five (65) to a value greater than their legally required “actuarial value.” After the change, an Inactive Vested Participant’s early retirement benefit will be reduced to take into account the true cost of paying the benefit before the Pension Plan’s age sixty-five (65) “Normal Retirement Age.”

In other words, before the change, Inactive Vested Participants were not “charged” for all of the “costs” of paying their benefits early. **The change requires Inactive Vested Participants to “pay” the full “cost” for starting to receive benefits before age sixty-five (65), Normal Retirement Age. It applies only to Inactive Vested Participants (and their beneficiaries) whose benefits commence on or after December 1, 2013.**

(over)

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6525 Centurion Drive • Lansing, MI 48917-9275  
(517) 321-7502 • FAX (517) 321-7508  
TOLL FREE (800) 531-2244  
[www.michiganbac.org](http://www.michiganbac.org)

**THIS CHANGE IS AUTHORIZED BY THE PENSION PROTECTION ACT OF 2006.**

The following table lists the percentage of Pension Plan Benefit at age sixty-five (65) that is payable to an Inactive Vested Participant who elects Early Retirement at certain ages. The pre-December 1, 2013 benefit percentage is called “Current Early Factor” and the benefit percentage after the December 1, 2013-effective Pension Plan amendment is called “Actuarial Equivalent Factor.”

Age	Current Early Factor	Actuarial Equivalent Factor
56	46.0%	40.6%
57	52.0%	44.5%
58	58.0%	48.9%
59	64.0%	53.8%
60	70.0%	59.3%
61	76.0%	65.5%
62	82.0%	72.5%
63	88.0%	80.5%
64	94.0%	89.6%
65	100.0%	100.0%

This change applies to you if you are an Inactive Vested Participant now. It also will apply to you if you are an Active Participant but later become an Inactive Vested Participant.

**INFORMATION ON PARTICIPANT RIGHTS AND REMEDIES**

Federal law requires that this Notice include information as to the rights and remedies of Participants and beneficiaries. That information is attached.

***WHY THESE CHANGES ARE NECESSARY***

Why did we make these changes?

These changes are required by law and are necessary to maintain your Pension Fund’s financial health. Beyond the legal requirements, several factors compelled us to make these difficult changes. Basically, the sluggish economy, investment market performance and the continued slow “bounce back” of the Michigan masonry industry have strained the finances of your Pension Plan and drive these changes.

This Pension Fund, like other federally-regulated pension funds, is subject to special rules that demand that it will **always** have enough assets to pay promised retirement benefits when due. Government rules require us, as well as the Local Unions and Employers who bargain over Pension Fund contributions, to take drastic steps to satisfy these strict and aggressive government pension funding requirements. And, for the past several years, Active Participants have agreed to have an increasing portion of Pension Fund contributions made on their behalf be “non-

credited,” which means they earn no Pension Fund benefits based on those non-credited contributions.

The changes summarized in this Notice and SMM, which have been adopted by the Unions and Employers, are required to satisfy these recent strict government rules.

We know these changes are difficult. But, they are required by law and our duty to prudently administer your Pension Fund. We adopted these changes only after a careful review and consultation with the Pension Fund’s experts.

If you have any questions about the Pension Fund, please contact the Pension Fund Office at the address on this letter.

Sincerely,

Board of Trustees of the Michigan BAC Pension Fund

cc: BAC Local Unions and Chapters  
Employer Associations and Contributing Employers

## INFORMATION ON PARTICIPANT RIGHTS AND REMEDIES

As a Pension Fund Participant, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all Participants have certain rights, including the following—

### *Receive Information about the Pension Fund and Benefits*

You have the right to:

- Examine, without charge, at the Pension Fund Office, all documents governing the Pension Fund. These include the Rehabilitation Plan and Schedules, previous notices issued in connection with the Rehabilitation Plan, the Pension Plan Document and Summary Plan Description, the Annual Funding Notice, periodic actuarial reports and other financial information and summaries, Collective Bargaining Agreements, any application for extension of amortization periods to the Secretary of Treasury and the Secretary's determination on that application, and a copy of the latest annual report (Form 5500 Series) filed by the Pension Fund with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor, 200 Constitution Avenue, N.W., Suite N-1513, Washington, DC 20210; 202.693.8673. The Pension Fund's address is listed later in this Notice.
- Obtain, upon written request to the Board of Trustees, copies of documents governing the Pension Fund's operation. These include the Rehabilitation Plan and Schedules, all previous notices issued in connection with the Rehabilitation Plan, the Pension Plan Document and Summary Plan Description, the Annual Funding Notice, periodic actuarial reports, and other financial reports, information and summaries, Collective Bargaining Agreements, the latest annual report (Form 5500 Series), any application for extension of amortization periods to the Secretary of Treasury and the Secretary's determination on that application. There may be a reasonable charge for copies.
- Receive the Annual Funding Notice. This notice provides information regarding the Pension Fund's funding levels, assets and liabilities, number of Participants and a description of the benefits eligible to be guaranteed by the Pension Benefit Guaranty Corporation ("PBGC") and an explanation of the limits on the PBGC guarantee and other information.
- Obtain at no charge, a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so an estimate of benefits at Normal Retirement Age if you stop working under the Pension Fund now. If you do not have a right to a pension, the statement will provide an explanation as to that determination. You must make a written request for the statement, and the Pension Fund need only provide one statement every 12 months.
- Obtain at least once every three years, a pension benefit statement showing your non-forfeitable accrued benefit provided you are employed by an employer contributing to the Pension Fund at the time the statement is to be furnished. You may also obtain such a statement upon written request.

For documents and statements, write to the Board of Trustees of the Michigan BAC Pension Fund, 6525 Centurion Drive, Lansing, MI 48917-9275.

### ***Prudent Actions by Plan Fiduciaries***

In addition to creating rights for participants, ERISA imposes duties upon the people who are responsible for the operation of the Pension Fund. The people who operate your plan, called “fiduciaries,” have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your 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 you make a claim for a pension benefit that is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time periods.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of documents or the latest annual report from the Pension Fund 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 plan administrator (Board of 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 administrator. 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 Pension Fund’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 (DOL), or you may file suit in a federal court. If you choose to 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.

If you wish to seek assistance from the DOL, you should contact the DOL’s Employee Benefits Security Administration (“EBSA”), which maintains regional and district offices covering your state or territory. You may obtain the contact information for the closest EBSA office (or receive other assistance) by calling its toll-free Hotline at 1-866-444-EBSA; Telephone: 1-877-889-5627). You can also obtain information on the EBSA’s website at [www.askebsa.dol.gov](http://www.askebsa.dol.gov). Additionally, your local telephone or government directory may list the EBSA office nearest to your residence. If you contact the DOL, it may be helpful if you have the Pension Fund’s Employer Identification, Number 38-2895943 and the Plan Number 001.