



# WORKING FOR YOUR FUTURE

## RETIREMENT PLAN UPDATES COMING IN 2023

Traditional pension plans have many advantages, but they also come with some disadvantages. In volatile investment markets they can become underfunded. When they do, the burden of restoring benefits earned in the past falls on the cement masons and plasterers working today – and even on the generations to come. Fortunately, we now have options that do a better job of ensuring that your work is for your benefit – not someone else's.

Effective Jan 1, 2023, we're modernizing the Cement Masons and Plasterers Retirement Trust plan to provide a more sustainable benefit.



For a quick overview,  
scan the code below  
to watch a video:





### New! Variable pension benefit

- Benefit automatically adjusts each year with the plan's investment returns
- Still a defined benefit pension with monthly payments for your lifetime – and your spouse's lifetime, if you choose
- Protection from underfunding for benefits earned going forward
- You keep the traditional pension benefit you earn through Dec 31, 2022 (when you retire, you'll get both)

*The changes described in this document only apply to participants of the plan who work hours on and after Jan 1, 2023*

You'll keep the benefit you earn through Dec 31, 2022 under the current pension formula. When you retire, your benefit will include the legacy pension (fixed monthly benefit plus individual account) you earned before 2023 and the monthly variable pension benefit earned in 2023 and later.

The changes described in this document only apply to participants of the plan who work hours on and after Jan 1, 2023.

## HIGHLIGHTS OF THE NEW VARIABLE PENSION BENEFIT

**Benefits automatically adjust with investment returns:** When the plan's investments do well, you will too. Unlike the current benefit, the variable pension benefit has the potential to grow after it is earned – even in retirement.

**Investment returns above 5% automatically increase benefits:** Each year the plan's investments earn more than 5%, the variable pension benefits you have earned to date automatically go up.

**That means during your working years your benefit can grow in two ways:** with the benefit accrual you earn each year and, on top of that, with good returns on the plan's investments.

*Variable pension benefits do a better job of keeping up with inflation than traditional pensions which are designed to stay fixed once they are earned.*

**Same annual benefit accrual:** The accrual formula is not changing – 1.7% of the first \$4.47 for

cement masons. Assuming the same number of hours worked, the benefit amount you accrue under the variable formula will be the same as it is now. The difference is that variable benefits are adjusted each year depending on the plan's investment return and are expected to grow over time.

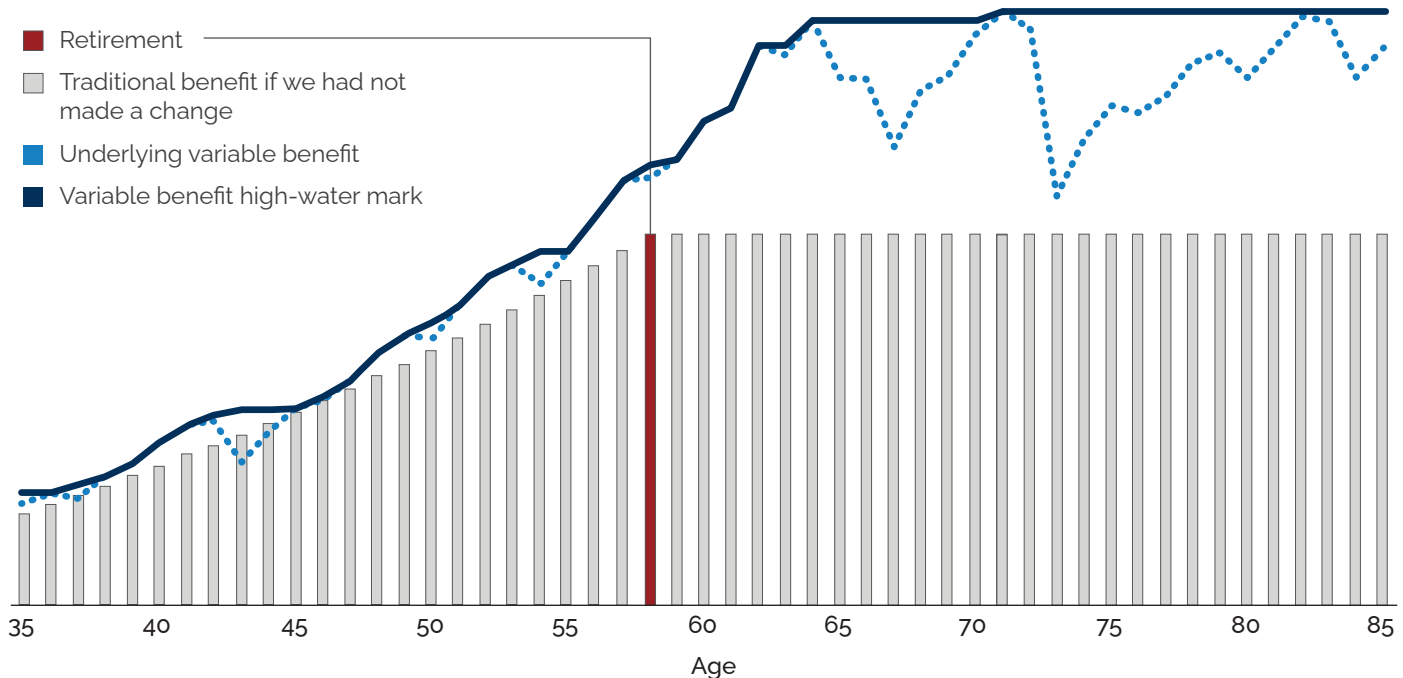
**Special transition benefit:** Because those who are closer to retirement will have less time for their variable pension benefit to grow with good investment returns, we've added a special 5-year transition benefit.

If you have at least 15 years of service as of Jan 1, 2023, you will accrue pension benefits at 2.0% for work through Dec 31, 2027 and if you have at least 20 years of service as of Jan 1, 2023, you will accrue pension benefits at 2.25% for work through Dec 31, 2027. If you work after Dec 31, 2027, your accrual rate will return to 1.7%.



### What if the plan earns less than 5%?

Prior to retirement, when the plan's investments earn less than 5%, your variable benefit will go down. But, the plan will have a "rainy-day" reserve fund that is designed to be used to maintain retiree benefits when the market takes a downturn. In the unlikely event the reserve runs out of funds, benefits will still be paid – just at the "underlying" benefit level (the dotted line in the illustration below).



**Variable pension benefits are designed to stay funded in all market conditions.** That means the money will be there to pay those benefits despite economic ups and downs, and without putting a burden on future generations.

Traditional pension benefits are vulnerable to underfunding. When reality doesn't live up to assumptions or investments suffer a downturn, active members often face higher contributions and lower benefits. In effect, active participants bear the burden of insuring traditional benefits against poor investment performance for all participants. We will still have legacy benefits in the plan for many years to come, but the changes we're making now are designed to protect members from this kind of burden in the future.

*No change to early retirement – you can still retire as early as age 55 if you have 30 or more years of service.*

*Keep in mind, the legacy benefits you earn through Dec. 31, 2022 will remain unchanged. They won't go up or down with investment performance, but will be there for your retirement in addition to the variable pension benefits you earn Jan. 1, 2023 and later.*



## WHY WE'RE MAKING THESE CHANGES

Currently, the retirement plan is in good shape despite very volatile investment returns over the last couple of decades. We've worked hard to keep the plan's funding level in the "green zone" and protect retirees' benefits. Now it's time to think about the future. The plan's current health doesn't mean it is protected from the conditions that have damaged so many other pension plans across the country. But we are fortunate to be able to both make the plan more secure and provide benefits that are expected to be higher than the current plan.

The changes we're making mean that going forward the plan will "buy" benefits that it can afford based on the plan's actual results – as opposed to promising benefits based on an educated guess about future investment returns; and then putting active members on the hook for making up the difference when investment returns don't meet the assumption. We don't want you to spend your career paying for someone else's benefit.

*We've worked hard to keep the plan's funding level in the "green zone" and protect retirees' benefits.*

## GET YOUR QUESTIONS ANSWERED

**Video** – watch a video with more about how the variable pension benefit plan will work at:

- [www.cementmasonstrust.com](http://www.cementmasonstrust.com) or
- by scanning the QR code on the first page

**Benefit Guide** – watch your mail for a more detailed benefit guide coming this fall.

*If you have questions about where to watch the video contact the Trust Office at (206) 441-7574 or toll-free at (877) 367-0528.*