



BUILDING A MODERN PENSION BENEFIT

As announced this Fall, we're modernizing the Cement Masons and Plasterers retirement benefits to provide a more comprehensive and sustainable retirement program, effective January 1, 2023.





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WHAT'S CHANGING

Effective Jan. 1, 2023:

- **New pension formula!** You will earn pension benefits under the variable pension benefit formula. Benefits you currently earn under the 1.7% of contributions formula after 2022 will now be adjusted by investment returns.
- The requirement to work a certain amount in the 5 years before retirement to be eligible for special early retirement is going away. See page 16 for details.
- The factors that are used to adjust pension benefits for different payment options will change each year for benefits accumulated after 2022.
- The Plan year is changing to the calendar year – January through December.

WHAT'S NOT CHANGING

It's important to understand what's not changing, too.

- You keep the legacy benefits you earn on hours worked through December 31, 2022.
- You don't have to start over when it comes to vesting in the variable pension benefit – all your vesting service counts for both the legacy benefit and the variable pension benefit.
- The Pension Plan's investments continue to be professionally managed (so you are not responsible for investment decisions).
- The variable pension benefit maintains the security of lifelong income like the legacy benefit. It's still a defined benefit pension with monthly income payable to you for your lifetime, as well as options to provide a benefit to your spouse/beneficiary after your death.
- Other benefit features aren't changing, such as early retirement benefits.

The requirement to work a certain amount in the 5 years before retirement to be eligible for special early retirement is going away.



Why We Made These Changes

The pre-2023 benefits stay flat — the new benefits have the opportunity to grow, even in retirement

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.

Keep in mind, the pension benefits you earn through December 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 you earn January 1, 2023 and later.

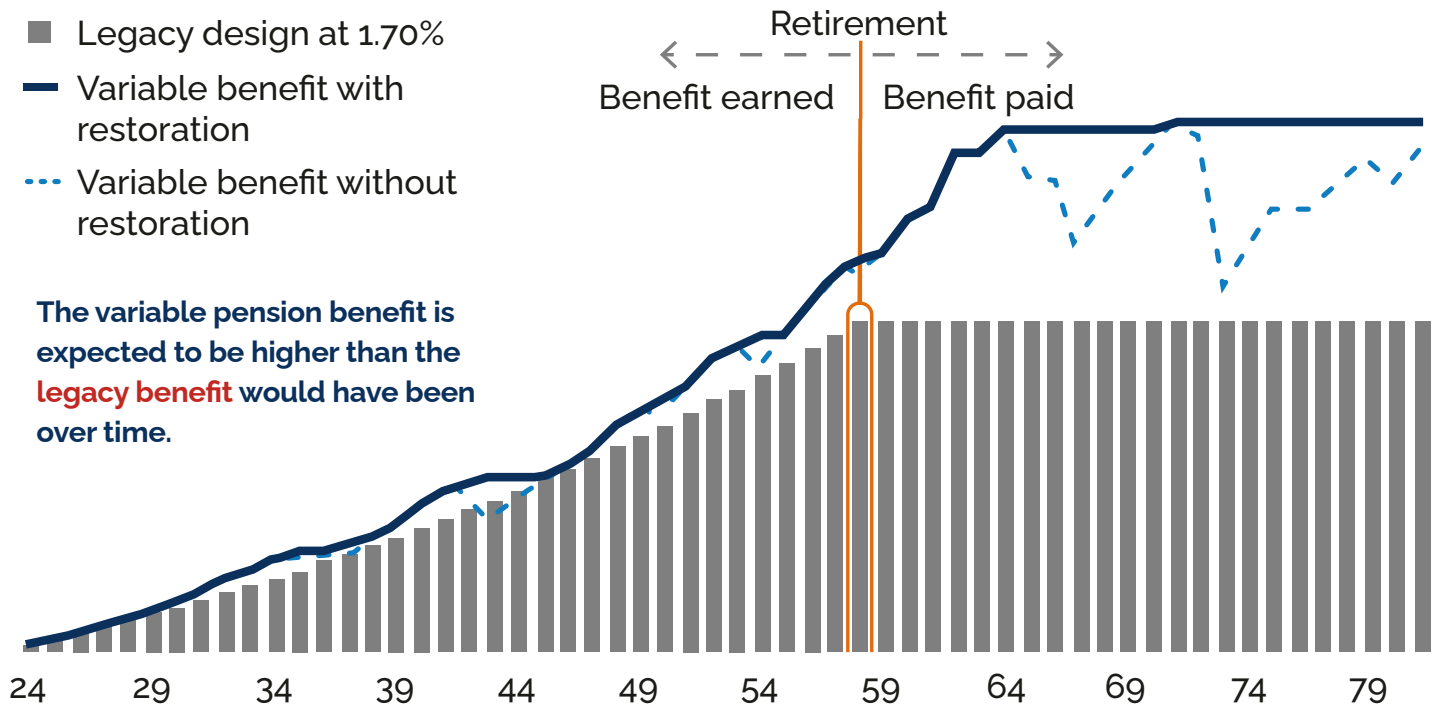


A CLOSER LOOK AT THE PENSION BENEFIT CHANGES

Variable Pension Benefit Formula Effective January 1, 2023

For hours worked on and after January 1, 2023, you will earn benefits under the variable pension benefit formula.

- The benefit formula has been updated, but the dollar amount you accrue in a year is the same as the pre-2023 **legacy benefit** (assuming you work the same number of hours during the year at the same contribution rate). Plus, we've added a special 5-year **transition benefit** for those closer to retirement.
- The key difference is in what happens after you accrue your benefit. After it's earned, the new benefit will be adjusted each year based on the Plan's investment returns.
- When the Plan's investments do well, you will too. When the Plan earns more than 5.0%, your benefit will automatically increase – during your working years and throughout your retirement. Generally, it's assumed that on average a well-balanced portfolio will earn more than 5.0% over time. That means your benefit is expected to increase through the years.
- When the Plan earns less than 5.0%, the "underlying" benefits (the dotted blue line in the chart on the next page) go down. But, the Plan includes a reserve that can be used to maintain retiree benefits at their highest variable pension benefit amount or high-water mark (the solid blue line in the chart on the next page). If the **reserve** were to run out of funds, benefits would still be paid – but at the lower "underlying" benefit level.
- The variable pension benefit is still a defined benefit pension that provides lifetime income. Plus, variable pension benefits do a better job of keeping up with inflation than traditional pension benefits.



You keep the **legacy benefits** that you earn through December 31, 2022 – when you retire, you get both the legacy and the variable pension benefits you've earned.

See page 19 for a glossary defining the terms in **bold**.



HOW VARIABLE PENSION BENEFITS ARE CALCULATED

You add to your benefit each year you work (this is known as your **benefit accrual**).

The variable pension benefit formula produces the same benefit accrual as the current legacy benefit, all else being equal. The difference is that variable pension benefits are adjusted each year depending on the Plan's investment return and are expected to grow over time.

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 **transition benefits**, which are enhanced benefit accruals for the years 2023 through 2027 for certain participants (see details below). Service in Alaska counts when determining your eligibility for the transition benefit.

Under 15 years of Credited Future Service as of Jan. 1, 2023	At least 15 (but less than 20) years of Credited Future Service as of Jan. 1, 2023	At least 20 years of Credited Future Service as of Jan. 1, 2023
1.70% × Accruing Contribution Rate × Hours	2.00% × Accruing Contribution Rate × Hours through Dec. 31, 2027 <i>Then...</i> 1.70% × Accruing Contribution Rate × Hours worked after Dec. 31, 2027	2.25% × Accruing Contribution Rate × Hours through Dec. 31, 2027 <i>Then...</i> 1.70% × Accruing Contribution Rate × Hours worked after Dec. 31, 2027

For example:

If Matthew has 10 years of Credited Future Service at the end of 2022 and works 1,500 hours in 2023 as a cement mason, his **benefit accrual** would be:

$$1.70\% \times \$4.47 \times 1,500 = \$113.99$$

That's the same accrual he would have earned for working 1,500 hours in the 2021/2022 Plan year under the legacy pension.

In contrast, if Sharon has 17 years of Credited Future Service at the end of 2022 and works 1,500 hours in 2023 as a cement mason, her **benefit accrual** would be:

$$2.00\% \times \$4.47 \times 1,500 = \$134.10$$

Note: Sharon's benefit accrual rate of 2.00% that would apply for the years 2023 through 2027 would revert back to 1.70% starting in 2028.

These calculations are for a regular retirement benefit paid as a Single Life Benefit Guaranteed for 36 Months. The regular retirement benefit amount would be reduced if the person retires before 63 and/or chooses another form of payment, such as one that provides a benefit to a spouse or beneficiary after the participant's death. (See page 15 for more about retirement before age 63).

The variable pension benefit formula produces the same benefit accrual as the current legacy benefit, all else being equal. If you are eligible for Transition Benefits, benefit accruals will be higher for the years 2023 through 2027.

Unlike the **legacy benefit**, the variable pension benefits that you accrue are adjusted each year with the Plan's investment returns.

How the Variable Pension Plan Benefit Adjusts

The way the variable pension benefits stay funded in the face of volatile investment markets is that the benefits adjust each year with the Plan's investment returns – both up and down. The variable pension benefit has a target investment return of 5.0% called the **hurdle rate**. Each year, **underlying benefits** go up, down, or stay the same, based on whether the Plan's investment returns are more than, less than, or the same as the 5.0% **hurdle rate**.

If the Plan earns more than 5.0%, **underlying benefits** go up. If investments earn less than 5.0%, **underlying benefits** go down, but your variable pension benefit payments can be protected by a **reserve** (see page 10).

$$\text{Underlying Benefit} \times \frac{(1 + \text{investment return})}{(1 + \text{hurdle rate})} = \text{New Underlying Benefit}$$

It's the total amount of your **underlying variable pension benefit** that is adjusted. Say your **benefit accrual** each year is about \$110, but after a number of years the variable pension piece of your benefit has climbed to \$1,500 – it's the \$1,500 that is adjusted the next year.

Sustainable for the long haul

The fact that benefits adjust with the Plan's investment returns is what makes this formula sustainable. Instead of promising benefits that depend on an educated guess about what kind of return the Plan's investments will get in the future, the benefits are based on the return that the Plan actually gets. No surprises and no burden on active members to fund benefits earned in the past. And, benefits automatically increase when the Plan's investments do well.

For example

Let's take another look at Matthew and assume he has built up a variable pension benefit of \$1,500 per month.

First, at the beginning of the year he'll get his **benefit accrual** for the hours worked the year before. Let's say he worked 1,500 hours and his accrual is \$113.99.

$$\text{\$1,500.00} + \text{\$113.99} = \text{\$1,613.99}$$

Then, his \$1,613.99 benefit is adjusted based on the Plan's investment return from the year before last – let's say it was 6.5%. That's higher than the Plan's 5.0% **hurdle rate**, so his benefit is going up.

Here's how Matthew's benefit is adjusted:

\$1,613.99

X

$$\frac{(1+0.065)}{(1+0.050)}$$

=

\$1,637.05

Each year, the variable pension benefit Matthew earned changes with investment returns. That means his variable pension benefits have the potential to grow throughout his lifetime, even in retirement, and provide some protection from the potential loss of buying power that comes if prices go up.

High investment returns help build the reserve

When returns are high, a portion of the investment earnings goes to help build a reserve established to protect benefit payments from being reduced under the variable formula. Returns from 5.0% through 11.3% all go to increasing benefits. The portion of a return that is above 11.3% is shared 50/50 – half to increasing benefits, half to building reserves for the future (see "How your highest variable pension benefit amount or high-water mark may be protected" on page 11).

What Happens if the Return Is Less Than 5%?

If the Plan earns less than 5%, variable pension benefits go down. We call the adjusted benefit the **"underlying" benefit** because the highest variable pension benefit amount or high-water mark for the benefit is tracked and can be protected, as described below.

For example

Let's take another look at Matthew and see what happens when the return is less than 5%. At the end of the earlier example, his benefit was \$1,637.05.

First, at the beginning of the year he'll get his **benefit accrual** for the hours worked the year before. Let's say he worked 1,700 hours and his accrual is \$129.18.

$$\text{\$1,637.05} + \text{\$129.18} = \text{\$1,766.23}$$

Then, his \$1,766.23 benefit is adjusted based on the Plan's investment return from the year before last – let's say it was 2.0%. That's lower than the Plan's 5.0% **hurdle rate**, so his **underlying benefit** is going down.

Here's how Matthew's benefit is adjusted:

\$1,766.23

X

$$\frac{(1+0.020)}{(1+0.050)}$$

=

\$1,715.77

However, \$1,766.23 is his highest variable pension benefit amount. If he retired that January, and had no adjustments to his benefit, Matthew would receive his \$1,715.77 **underlying benefit** plus – assuming reserve funds are sufficient and utilized – a \$50.46 benefit restoration amount until his benefit is adjusted again the following January.

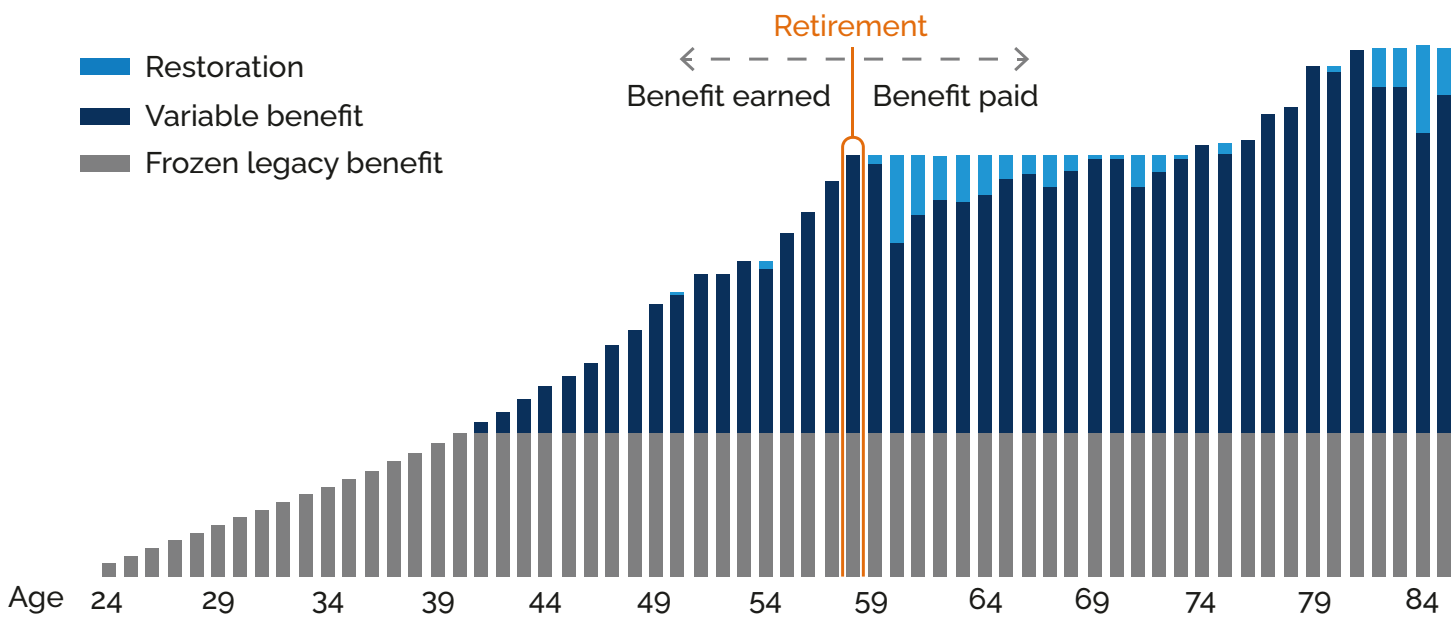


How your variable pension benefit amount or high-water mark may be protected

To reduce the impact of investment downturns, the Plan has a "rainy-day fund" called a **reserve** that can be used to prevent variable pension benefit payments from dropping when the **underlying benefit** is below the high-water mark. In other words, the reserve can be used to make sure your pension check won't decrease, even when poor returns reduce **underlying benefits**.

In such years, you will continue to receive your **underlying benefit**. In addition, the **reserve** can be used to make up the difference between what you were receiving before and the adjusted amount.

The graph below shows how the **reserve** might work for a participant, assuming they earned the current **legacy benefit** until age 40 and the new **variable** pension benefit after that.



The gray bars show the **legacy benefit**. Layered on top of that is the **underlying variable pension benefit** shown in dark blue bars. The top of each light blue bar represents the highest variable pension benefit amount for that year.

In retirement, the difference between your **underlying benefit** and your highest variable pension benefit amount can be restored from the **reserve**, subject to Trustee action. These "restoration" payments (the light blue bars) keep benefit payments from falling when the

underlying benefit dips below the previous highest variable pension benefit amount. If the **reserve** runs out of funds, benefits will still be paid – just at the **underlying benefit** level (the total of the gray and dark blue bars).

Benefit adjustment date

The variable pension portion of your benefit will be adjusted on May 1 of every year, based on the Plan's investment return for the calendar year before. (Benefits earned before 2023 are not adjusted.)

How the Variable Pension Benefit and Legacy Benefit Formulas Compare

Here are a few key points about how the variable pension benefit formula beginning in 2023 compares to the **legacy benefit** formula that applied before 2023:

- **The benefit accrual is the same (all else being equal):**

Given the same contribution rate, years of service and hours worked, the initial benefit you accrue per year is the same under the variable pension benefit formula as under the **legacy benefit** formula.

- **5-year transition formulas provide higher accruals for those closer to retirement:**

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 special 5-year **transition benefit** formulas. If you have at least 15 (but less than 20) years of Credited Future Service as of January 1, 2023, you will accrue pension benefits at 2.0% for work through December 31, 2027; if you have at least 20 years of Credited

Future Service as of January 1, 2023, you will accrue pension benefits at 2.25% for work through December 31, 2027. If you work after December 31, 2027, your accrual rate will return to 1.7%.

- **More money expected for you in retirement:**

Variable pension benefits are expected to grow over time, even in retirement. That means the same **benefit accrual** is worth more under the variable pension structure than under the traditional structure.

- **Changing the benefit formula reinforces the security of the Plan:**

Because the variable pension benefit adjusts with the Plan's actual investment returns, the funding for the Plan is more stable and secure. This protects active members and sets the Plan up for long-term sustainability.



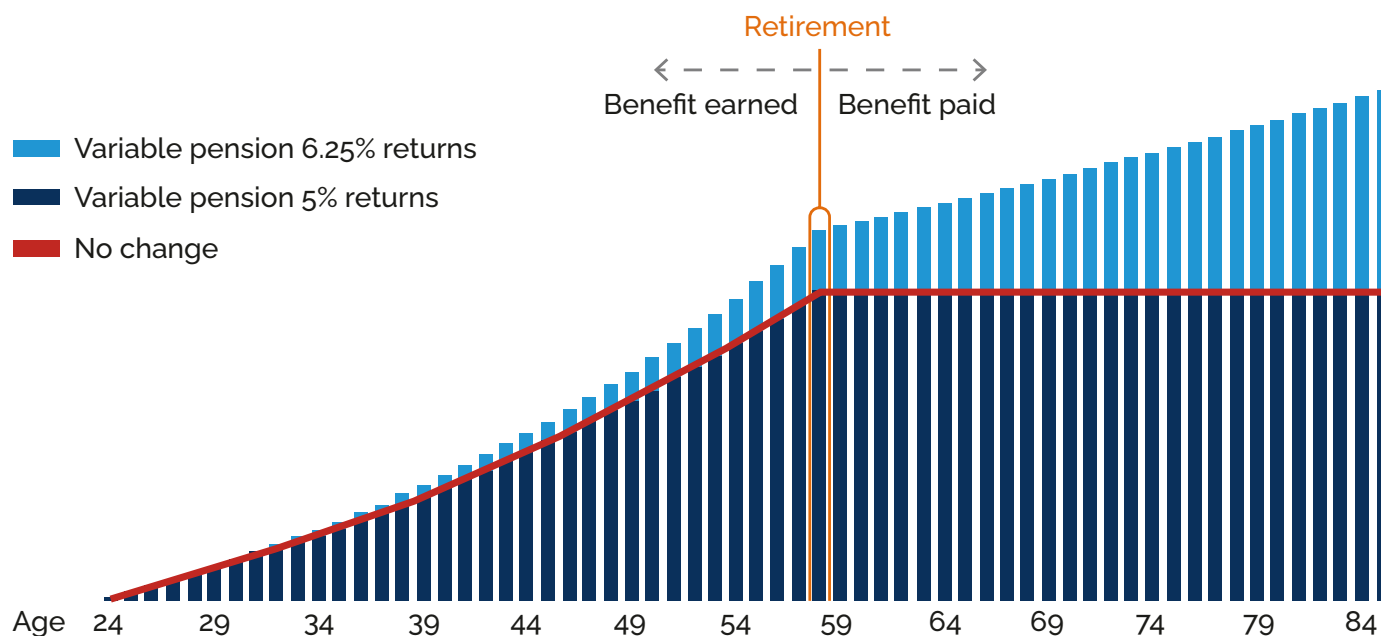
Example 1: Entire Career After January 1, 2023

Noah works his entire career under the variable pension benefit formula. He works 1,500 hours per year for 35 years in the Plan and retires at age 58.

The chart below shows a range of projected monthly benefit amounts for Noah through age 85. The “No change” line shows what his benefit would have been if the **legacy benefit** formula had stayed in place at the 2022 level. If the Plan earned 5.0% every year, it would look just like the legacy benefit.

At age 58, Noah's monthly benefit could be \$7,719 if the Plan earned 6.25% every year. If Noah's benefit had been earned entirely under the **legacy benefit** formula, or the Plan earned exactly 5.0% every year, his benefit would have been \$6,468 per month.

By age 80, Noah's benefit could increase to \$10,014 if the Plan continued to earn 6.25% every year. If the Plan earned exactly 5.0% every year, it would have remained \$6,468 per month – the same as the **legacy benefit**.



This example shows the benefit as an unreduced Single Life Benefit Guaranteed for 36 Months payable at age 58 (the amount would be adjusted if he retired earlier, did not meet the requirements for special early retirement from the trade and/ or chose another form of payment such as a joint

and survivor annuity). It shows a range of returns for the Plan's investments. In reality, the benefit will depend on actual investment returns, and will not be as "smooth" because the Plan's actual returns will differ from year to year.

Example 2: Mid-Career When Variable Pension Benefit Introduced

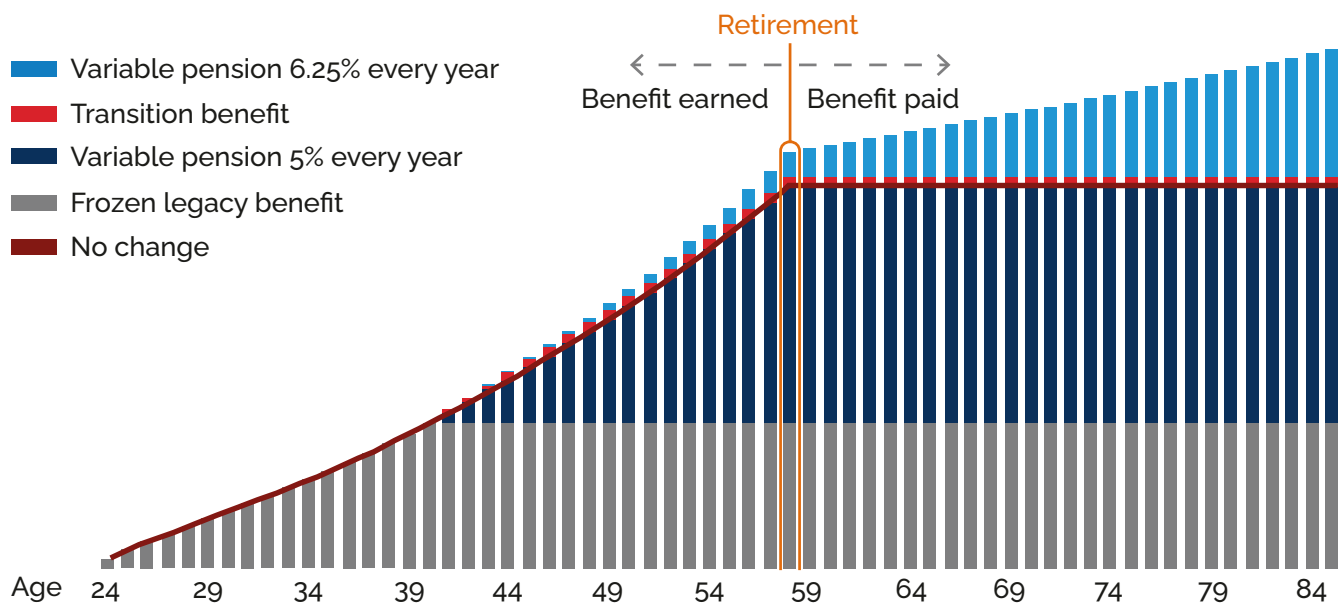
Dan has participated in the Plan for 17 years when the formula changes, and he has accrued a **legacy benefit** of \$1,600. He works 1,500 hours per year for a total of 35 years in the Plan and retires at age 58.

The chart below shows a range of projected monthly benefit amounts for Dan through age 85. The "No change" line shows what his benefit would have been if the **legacy benefit** formula had stayed in place at the 2022 level.

If Dan's benefit had been earned entirely under the **legacy benefit** formula, his benefit would

have been \$4,191 per month at age 58. However, because of the **transition benefits**, Dan earned an additional \$106 in benefit accruals. Dan's monthly benefit at 58 could be \$4,297 if the Plan earned 5.0% every year. If the Plan earned 6.25% every year it could be \$4,573 at age 58.

By age 80, Dan's benefit would remain at \$4,297 if the Plan earned 5.0% every year, or increase to \$5,458 if the Plan earned 6.25% every year. Under the **legacy benefit**, it would have remained \$4,191 per month.



This example shows the benefit as an unreduced Single Life Benefit Guaranteed for 36 Months payable at age 58 (the amount would be adjusted if he retired, did not meet the requirements for special early retirement, and/or chose another form of payment such as a joint and survivor annuity). It shows two possible return scenarios for the Plan's investments. In reality, the benefit will depend on actual investment returns, and will not be as "smooth" because the Plan's actual returns will differ from year to year.

Comparing the two examples, you will see that the benefit levels are much higher in Example 1 than Example 2. This is because Noah (in Example 1) earned all of his benefits under the variable formula, while Dan (Example 2) only earned about 2/3rds of his benefits under the variable formula. Noah's benefit increased more because he had more time under the variable formula. Because wages are expected to be higher as well 18 years later, the two examples produce similar benefit replacement percentages of wage levels at retirement.

OTHER PENSION PLAN FEATURES

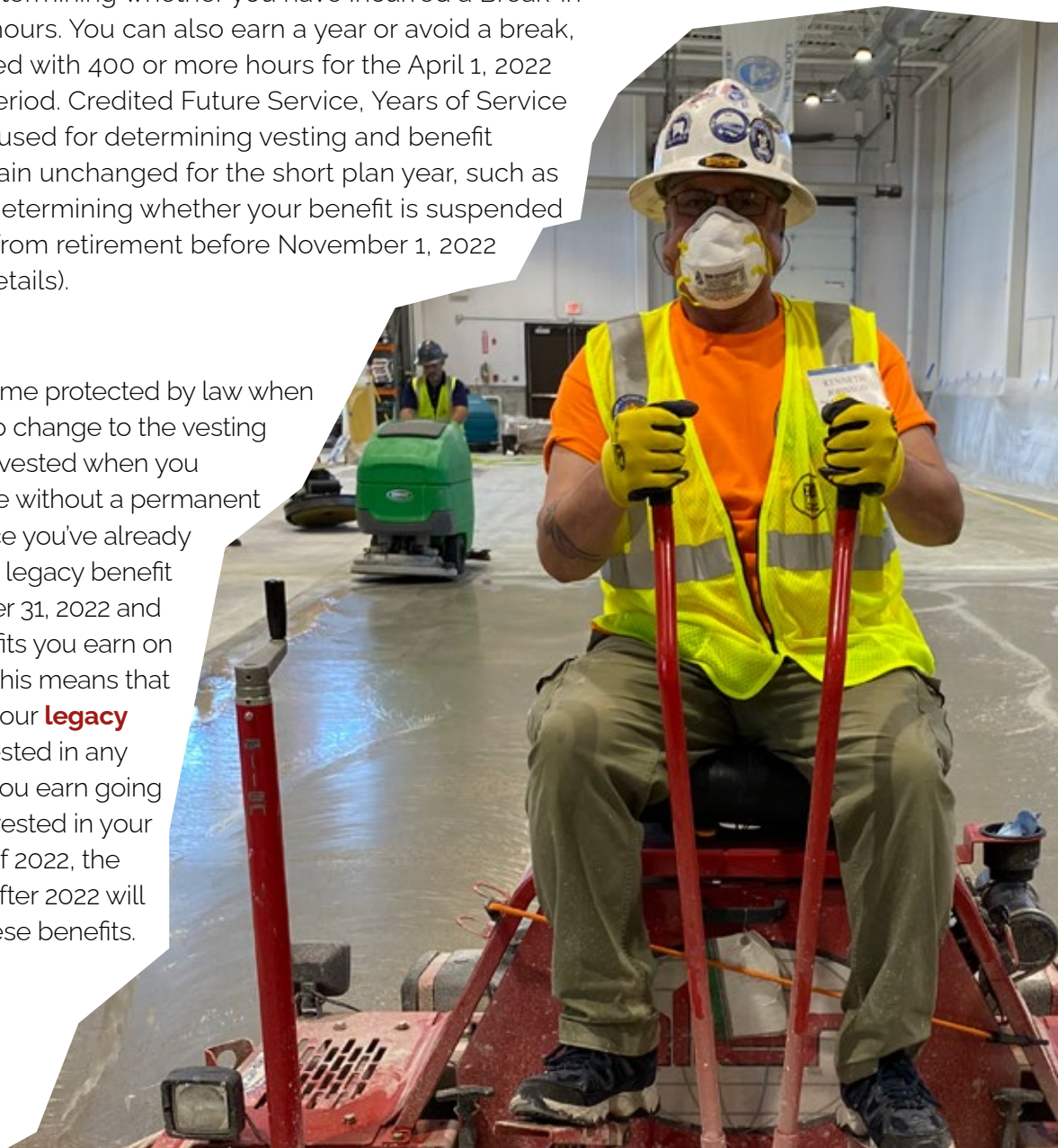
In general, the current Plan rules will continue to apply. When you retire, the two portions of your benefit (your frozen **legacy benefit** earned through December 31, 2022 and your variable pension benefit earned beginning January 1, 2023) will be calculated separately and then added together to determine your monthly benefit.

Plan Year

Beginning January 1, 2023, the Plan year will be January – December. To make the transition from April – March to the calendar year, there is a short Plan year from April 1 – December 31, 2022. For the short plan year, the Trustees have reduced the hours thresholds for earning Credited Future Service, a Year of Service and for determining whether you have incurred a Break-in-Service from 400 to 300 hours. You can also earn a year or avoid a break, however, if you are credited with 400 or more hours for the April 1, 2022 through March 31, 2023 period. Credited Future Service, Years of Service and Break-in-Service are used for determining vesting and benefit eligibility. Other rules remain unchanged for the short plan year, such as the hours thresholds for determining whether your benefit is suspended when you return to work from retirement before November 1, 2022 (see page 18 for further details).

Vesting

Your benefit accruals become protected by law when they are vested. There is no change to the vesting requirement. You become vested when you complete 5 years of service without a permanent break in service. The service you've already earned counts for both the legacy benefit you earn through December 31, 2022 and any variable pension benefits you earn on and after January 1, 2023. This means that if you're already vested in your **legacy benefit**, you are already vested in any variable pension benefits you earn going forward. If you are not yet vested in your legacy benefit at the end of 2022, the years of service you earn after 2022 will count toward vesting in these benefits.



Early Retirement

Special early retirement

The special early retirement benefit for post-merger benefits will be easier to attain for some that retire after 2022. Beginning with retirements on or after January 1, 2023, you no longer have to earn 3 years of service in the 5 years before your retirement for the portion of your benefit earned April 1, 2019 and later. For example, if you are no longer able to work at age 52 but you had already earned 30 years of service (including any Alaska service), you can start your benefit at age 55 and the post-merger benefit will not be reduced.

As a reminder, for the portion of your benefit earned April 1, 2019 and later, in order to receive an unreduced benefit before age 63, you must be at least age 55 and have 30 years of service (including any Alaska years of service). There is no special early retirement benefit for the portion of your benefit earned through March 31, 2019 — early retirement or normal retirement rules will apply to that piece.

Regular early retirement

If you retire before or after normal retirement (generally age 62 for your pre-merger accrual or 63 for your post-merger accrual), your benefit may be adjusted to account for the fact that your pension will be paid for a longer period (early retirement) or shorter period (late retirement). These *retirement age adjustment factors* are unchanged and are the same for the legacy and variable formula benefits.

There's no change to the regular early retirement rules. Under regular early retirement, your benefit is reduced to account for the fact that you'll be receiving your benefit for a longer time than if you had waiting until normal retirement.

For information about how benefits earned before April 1, 2019 work, see the Summary Plan Description.

Benefit Form Factors

Benefits payable in a form other than the normal form for single participants are adjusted to account for the possible payment continuance to your beneficiary (Joint and Survivor and Contingent Beneficiary Options). The *benefit form factors* that apply for legacy benefits are unchanged, but the factors that apply for variable pension benefits have changed.

Benefit form factors will be determined and applied separately to benefits earned before or after 2023. You will, however, get only one benefit form factor choice for benefits that are paid monthly.

For Legacy Benefits

Benefit form factors that apply when benefits are payable in a form other than the Single Life Benefit will remain unchanged with respect to legacy benefits (those benefits earned on or before December 31, 2022).

For Variable Benefits

To help ensure that variable pension benefits remain at least 100% funded, benefit form factors that are applied to variable pension benefits (those earned on or after January 1, 2023) will be derived each year from assumptions similar to those used in funding these benefits. These factors may be higher or lower than the benefit form factors used for legacy benefits. The table below compares factors under various forms that would apply to retirements in 2023.

Example: Benefit Form Factors

Assume Bill elects to retire at age 63 on January 1, 2038 with a \$4,000 accrued benefit that is comprised of \$1,500 that he earned prior to 2023 under the legacy formula and \$2,500 that he earned after 2022 under the Variable Benefit formula. After considering his benefit form choices, he elects the 100% Joint & Survivor form with his same-aged spouse Rachel as his beneficiary. At age 63, Bill would receive:

	Benefit before Form Factor Adjustment		100% J&S Form Factor		Benefit as 100% J&S
Pre-2023 Benefit (Legacy)	\$1,500	✗	0.8341	=	\$1,251
Post-2022 Benefit (Variable)	\$2,500	✗	0.8799	=	\$2,200
Total Benefit	\$4,000				\$3,451

Of the \$3,451 per month, the Post-2022 Variable portion (the \$2,200) continues to be adjusted annually for future investment returns. Following Bill's death after retirement, Rachel, if living, would continue to receive benefits as Bill would have until her death.

Retroactive Annuity Start Date Interest Rate Changing

If you elect to retire and your payments are delayed after your selected retirement date, you are entitled to interest on the delayed payments. The amount of interest you receive for late payments is changing; for benefits earned prior to 2023, the interest rate remains at 7% per annum. Interest on the portion of your benefit earned after 2022 will be 6.5% per annum going forward.

Example: Lucas submitted paperwork to retire on July 1, 2025. Unfortunately, he missed one of the forms and there's a delay in his payment, so he receives a make-up payment on November 30, 2025. He missed 5 payments (July, August, September, October, and November). The retroactive make-up payment amount for those 5 missed payments is in the table below.

	Benefit Amount (after form of payment adjustments)	Interest rate for late payments	Amount paid, with interest, for the 5 missed payments
Benefits earned before 2023	\$500	7%	\$2,542.73
Benefits earned after 2022	\$500	6.5%	\$2,539.74
Total Benefit	\$1,000		\$5,082.47

Temporary Change – Hours Credited from November 1, 2022 through December 31, 2023 Do Not Count Toward Suspension of Monthly Benefits For Those Previously Retired

This temporary change applies to Participants who have a retirement date effective on or before September 1, 2022. If your retirement effective date is on or after September 1, 2022 this temporary change does not apply to you.

Under this temporary change, you can work for any employer contributing to the Fund from November 1, 2022 through December 31, 2023 without the hours counted as hours worked in post-retirement service. This applies to hours worked in both Washington State and Alaska.

This temporary change does not affect any retirement benefits that were suspended or subject to suspension for hours worked before November 1, 2022 under the regular suspension rules. The temporary change is scheduled to end December 31, 2023, and the regular rules will apply for hours worked in post-retirement service on or after January 1, 2024.



GLOSSARY

Benefit accrual

The benefit amount you earn each year.

Hurdle rate

The target investment return (5.0%) that is used to adjust variable pension benefits each year and for benefit form factors that are used to adjust Variable benefits that are earned.

Legacy benefit

The portion of your accrued pension benefit earned through and frozen on December 31, 2022 under the legacy benefit formula.

Reserve

The money the Plan holds in reserve that can be used to restore variable pension benefit payments and protect them from going down.

Transition benefit

A temporary increase in the accrual rate for 2023 through 2027 for members with 15 or more years of Credited Future Service as of January 1, 2023.

Underlying variable pension benefit

The accrued benefit earned on and after January 1, 2023 before reflecting any restoration provided by the reserve. This is the benefit that gets adjusted each year based on the Plan's investment returns.



This guide contains an overview of the changes to the Cement Masons and Plasterers Retirement Plan. It is intended to include required disclosures under ERISA Section 204(h) with respect to changes that could result in future benefit reductions. Although we have made every effort to ensure this guide is accurate, provisions of the official Plan documents will govern in the case of any discrepancy. More detailed information about the Plan is provided in the formal Plan document, a copy of which can be obtained by providing a written request to the Fund Office.

The benefit restoration feature of the new variable pension Plan design described herein is funded from a small portion of legacy assets and existing ongoing contributions as well as 50% of any annual return that exceeds 11.3%. These amounts are allocated into the reserve established by the Board of Trustees and accounted for by the Retirement Plan's actuary. The strategic use of the Plan's funding reserves is a material part of the new Plan design, but reserve funding is not formally part of the accrued benefit under IRS Code Section 411(d)(6). The use of reserves to fund supplemental payments on a temporary basis must be authorized by the Board of Trustees, and is predicated on having sufficient reserves.

For more information on your Plan benefits, please refer to the Summary Plan Description which is available at cementmasonstrust.com.