



October 22, 2003

BENEFIT MODIFICATIONS TO GO INTO EFFECT JANUARY 1, 2004

As you have no doubt read in recent articles in the press, the unprecedented negative performance of the equity markets over the past several years has significantly eroded the assets of pension funds across the country, including this Fund. To ensure that the Fund continues to comply with applicable legal requirements known as the "funding rules," the Trustees have had to make a number of very difficult decisions concerning the Fund's future benefit program. The Trustees recognize that the changes are severe in many cases. However, the Fund's consulting actuaries have advised that significant cost-cutting measures are absolutely necessary to avoid future anticipated funding deficiencies and ensure that the Fund remains financially sound well into the future.

You should be aware that the changes will have no effect on retirement benefits earned before January 1, 2004. The Fund's current rules for determining retirement benefits will continue to apply to contributions made on your behalf prior to 2004.

Here is a brief description of the changes:

1. Benefit Multiplier. All benefits earned on and after January 1, 2004 will be calculated at \$3.50 for every \$100 of contributions for pensions beginning at age 65. Benefits earned before 2004 will continue to be calculated at the \$4.65 rate for pensions beginning at age 65 on or after January 1, 2004.
2. Early Retirement Benefits. All benefits earned on and after January 1, 2004 that commence before age 65 (i.e., early retirement benefits) will be fully actuarially reduced to reflect the fact that they are anticipated to be paid over a longer period of time than if they began at age 65. Benefits earned before 2004 that commence before age 65 will be calculated using the current benefit multipliers, which reflect some actuarial reduction for early commencement but which are not fully actuarially reduced.
3. Vesting and Participation Service. Effective January 1, 2004, participants will need to earn \$750 during a calendar year to obtain a quarter year of vesting service (as well as to commence participation in the Fund and avoid a one-year break-in-service). However, participants with 3 or more years of vesting service as of January 1, 2004 will continue to vest under the current vesting schedule until they either become fully vested or have a permanent break-in-service – that is, these participants will continue to earn a quarter year of vesting service for every \$375 of covered earnings during a calendar year. Accordingly, this change will only affect *future* service earned by participants with *fewer* than 3 years of vesting service as of January 1, 2004; vesting service already earned as of January 1, 2004 will remain unchanged.
4. Benefits Earned by Working Pensioners Age 65 and Older. For participants who are receiving benefits and continuing to work in covered employment after age 65, additional benefits earned will be reduced, or offset, by the value of benefits received during the previous year. Only benefits that are *earned and paid* after January 1, 2004 will be taken into account in determining the amount of the offset. Therefore, this change will be implemented beginning with respect to post-age 65 benefits that commence on and after July 1, 2006; those benefits will be reduced by benefits *earned* after January 1, 2004 and *paid* during 2005.



5. Pre-Retirement Death Benefit. The pre-retirement death benefit paid to survivors of participants who die on or after January 1, 2004 will be a monthly annuity for the life of the survivor that is equal to what the survivor would have received if the participant had begun to receive a benefit in the form of a 50% joint-and-survivor annuity at age 55 (or the date of death if later) and died the next day. If the benefit commences before the participant reached or would have reached age 55, it will be actuarially reduced. The pre-retirement death benefit will no longer be calculated as 100 times the monthly benefit that would have been paid at age 55 (or the date of death if later) and will no longer be available as a lump sum or in installments.

6. Disability benefit. Disability benefits that commence on or after January 1, 2004 will be fully actuarially reduced to reflect commencement before age 65, and the \$2,000 lump-sum disability benefit for non-vested participants will be eliminated. This change will not affect current disability pensioners.

7. Life annuity and 50% joint-and-survivor annuity. For benefits earned on and after January 1, 2004, the life annuity form of benefit will no longer include a 100-month guarantee, and the joint-and-survivor annuity form will no longer include either: (i) a 60-month guarantee; or (ii) a “pop-up” feature (under which the benefit automatically converts to a life annuity if the joint annuitant dies before the participant and within 5 years of the effective date of the pension). The life annuity and 50% joint-and-survivor annuity will retain these features with respect to benefits earned before January 1, 2004.

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We recognize the complexity and, as already stated, the severity of some of these changes. In advance of January 1, 2004, we will provide more detailed information to each participant about these changes, including examples, that we hope will answer your questions about the changes. Until then, we appreciate your patience and understanding in refraining from contacting the Fund Office about these changes so that we may concentrate on communicating them to you and implementing them in the most understandable way possible.