MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund
Michigan BAC Pension Fund
Michigan BAC Apprenticeship Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

IMPORTANT NOTICE

Re: MICHIGAN BAC PENSION FUND - SUMMARY OF MATERIAL MODIFICATIONS TO CURRENT AND FUTURE BENEFITS

Dear Participants:

This letter explains **IMPORTANT** changes in your **EARLY RETIREMENT BENEFITS,** and the way your ***FUTURE*** **PENSION BENEFITS** will be calculated.

The **EARLY RETIREMENT BENEFITS** changes ***are effective November 1, 2012***.

The **FUTURE PENSION BENEFITS** calculation changes take effect in **August 2013**. Both changes are discussed below.

1. *CHANGES TO THE PLAN'S EARLY RETIREMENT BENEFITS*

Effective ***November 1, 2012***, the Pension Plan's Early Retirement Benefits (both the *unreduced* and *reduced* Early Retirement Benefits) are amended.

This amendment affects the Early Retirement Benefits for all Active Participants except those who have, by October 31, 2012, reached the age of fifty-six (56) and earned at least twenty-five (25) Years of Service. So, for example, if you're already 56 years old and have at least 25 years of service ***before*** October 31, 2012, your Early Retirement Benefits are ***not*** affected by this amendment.

A. Early Retirement Benefits *Before* This Change

Before this November 1, 2012 amendment:

1) Active Participants could collect an ***unreduced*** pension benefit at age fifty-eight (58) provided they had at least twenty-five (25) Years of Service;
2) Active Participants with twenty-five (25) Years of Service, who retired before age fifty-eight (58), could collect a ***reduced*** pension benefit (reduced ½% per month for every month prior to age fifty-eight (58)); and
3) Active Participants, who retired early without twenty-five (25) Years of Service, could collect a ***reduced*** pension benefit (reduced ½% per month for every month prior to age sixty-three (63)).

B. Early Retirement Benefits *After* This Change

Effective November 1, 2012:

1) Active Participants must be at least sixty (60) years old and have at least thirty (30) Years of Service to collect an ***unreduced*** pension;

(see reverse side)

2) Active Participants who retire with thirty (30) or more Years of Service will have their pension reduced ½% per month for every month prior to age sixty (60); and
3) Active Participants who retire with less than thirty (30) Years of Service will have their pension reduced by ½% per month for every month prior to age sixty-three (63).

2. *THE CHANGE IN CREDITING FUTURE CONTRIBUTIONS*

Beginning ***August 1, 2013***, and for each of the next five (5) years thereafter, the hourly pension contribution will increase by an *additional* one dollar and fourteen cents ($1.14). In the sixth (6th) year, the pension contribution will increase by one dollar and seventeen cents ($1.17). But, these increased hourly pension contributions will be ***un-credited***. That is, this $1.14 and $1.17 hourly pension contribution increase will be credited generally to the Pension Fund, not to any Participant's accrued benefit.

These amounts -- $1.14 per year for each of the next five (5) years and $1.17 in the sixth year -- are ***not*** subtracted from the current hourly pension contribution rate. Instead, each year for five (5) years, the hourly pension contribution will increase by $1.14. In the sixth year, it will increase by $1.17 per hour.

So, by 2018, the hourly pension contribution will have increased by an additional six dollars and eighty-seven cents ($6.87) ($1.14 x 5 years = $5.70 + $1.17 for 1 year = $6.87). This total amount (along with earlier non-credited contributions) will not be considered in calculating any Participant's Accrued Benefit. It will be used, instead, to broadly finance the Pension Plan's promised benefits. The remainder of the hourly pension contribution that now is considered in calculating your accrued benefit will, of course, continue to be credited to you.

WHY THESE CHANGES WERE 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 and investment markets, as well as the particularly slow "bounce back" of the Michigan masonry industry have strained the finances of our Pension Plan and drive these changes.

This Pension Fund, like other federally-regulated pension funds, is subject to special rules that demand that we 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.

These changes summarized in this SMM, which have been adopted by the Unions and Employers, are required to satisfy these recent strict government rules. (You'll soon receive a separate government-mandated notice from us that explains these rules more fully and describes in more detail the Pension Fund's current financial health.)

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

Sincerely,
Board of Trustees of the Michigan BAC Pension Fund
xc: BAC Local Unions and Chapters