



GREATER KANSAS CITY LABORERS FRINGE BENEFIT FUNDS

Managed for the Trustees by:
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TO: ALL MEMBERS OF THE GREATER KANSAS CITY LABORERS PENSION FUND

RE: ANNUAL FUNDING NOTICE

Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the Greater Kansas City Laborers' Pension Plan (the "Plan"), E.I.N. 43-6141953 Plan Number 001. This notice also includes information about rules governing insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC"), a federal agency. This notice is for the period beginning November 1, 2007 and ending October 31, 2008 (the "Plan Year").

Plan's Funding Level

The Plan's "funded current liability percentage" for the Plan Year was 63.74%. In general, the higher the percentage, the better funded the Plan. The funded current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors, including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the fund increase or decline, and whether benefits payments from the fund increase or decline.

Plan's Financial Information

The market value of the Plan's assets as of November 1, 2007 was \$161,163,710. The total amount of benefit payments for the Plan Year was \$7,489,713. The ratio of assets to benefit payments is 21.5 to 1. This ratio suggests that the Plan's assets could provide for approximately 21.5 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. However, the ratio does not take into account future changes in total benefit payments or Plan assets.

Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the

highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100% of the first \$11 of the Plan's monthly benefit accrual rate, plus 75% of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the Plan within 60 months before the earlier of the plan's termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay or severance pay.

Where to Get More Information

For more information about this notice, you may contact the Fund Office:

Greater Kansas City Laborers Pension Fund
6405 Metcalf, Suite 200
Cloverleaf Building 3
Overland Park, KS 66202
(913) 236-5490

For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's web site, www.pbgc.gov or call the PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal Relay Service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

ADDITIONAL INFORMATION

Important Terms

You may find it helpful to reference these definitions when reviewing this notice.

- **Funded current liability percentage:** The *funded current liability percentage* is the present value of plan benefits earned to date (valued using government-prescribed interest and mortality rates) compared with the actuarial value of plan assets. *The Plan's funded current liability percentage is 63.74%.* However, the Fund has historically generated investment returns in excess of the rate prescribed by the government. For its long-term planning purposes, the Fund assumes annual investment returns of 7.5%. Using an investment return assumption of 7.5%, the funded percentage is 85.76% as of November 1, 2007.
- **Ratio of assets to benefits payments:** The *ratio of assets to benefit payments* is the market value of the Fund's assets divided by the total amount of payments made from the Fund. *The Plan's ratio of assets to benefits payments is 21.5 to 1. This means that at current payout levels there are enough assets in the Plan to pay benefits for the next 21.5 years assuming no further employer contributions or investment increases or decreases.*

How Our Plan Works

To understand the Fund's current financial status, (as described in the attached notice), it is helpful to understand how the Plan works. In general, this is how multiemployer pension plans, like ours, work:

- **Contributions to Fund.** When you work for a contributing employer, that employer contributes to the Fund on your behalf for your active employment. The amount of employer contributions is generally based on the hourly contribution rate specified in your collective bargaining agreement and the amount of work performed. A plan's funding policy will often directly impact the contribution rate needed to fund future retirement benefits.
- **Investment of Fund Assets.** Contributions made to the Fund are invested in a wide range of investment vehicles. The return on these investments impact the value of a plan's assets.
- **Payment of Benefits and Expenses.** Contributions and investment earnings are used to pay benefits to participants and other beneficiaries as well as to pay administrative costs.