TO: PLAN PARTICIPANTS OF THE
MICHIGAN LABORERS' ANNUITY FUND

RE: **SUMMARY OF MATERIAL MODIFICATIONS**

Dear Participant:

This is to notify you that we have amended the Michigan Laborers' Annuity Fund (the "Plan") as follows:

Effective December 1, 2008, the Annuity Fund adopted a new Loan Program. The following questions and answers address the Loan Program:

1. **What is The Michigan Laborers' Annuity Fund Loan Program?**

   The Loan Program is a new program under which qualified Annuity Fund Participants can borrow money from their Annuity Fund account.

2. **Can I Get A Loan For Any Reason Or Must I Prove "Hardship"?**

   If you're eligible for a loan, you may take a loan for any reason whatsoever. There is no "hardship" requirement.

3. **Are Loans Available To All Annuity Fund Participants?**

   Generally, yes. But, as discussed below, there are some eligibility requirements that may prohibit some Participants from getting a loan.

   Otherwise, loans are available to Participants on a reasonably equivalent basis, at an amount not to exceed fifty percent (50%) of your vested account balance of $50,000. Under no circumstances, however, will any loan amount exceed the amount permitted by Federal Law.

   All loans are subject to the Trustees' approval and are also subject to uniform and non-discriminatory rules as the Trustees may periodically adopt.

4. **What Are The Eligibility Requirements For A Loan?**

   You must be a vested participant with at least $3,000 in your Annuity Fund account to be eligible for a loan. But, retired participants and Alternate Payees under Qualified Domestic Relations Orders are ineligible to receive loans regardless of the amount in their account.

5. **How Many Loans Can I Apply For And How Frequently Can I Apply For A Loan?**

   You may have only one (1) loan at a time. And, you may apply for a new loan only once every twelve (12) months.

6. **How Do I Apply For A Loan?**

You apply for a loan in writing to the Trustees on a form provided by the Trustees. The Trustees decision with respect to your application shall be final and binding.

7. **What Is Required Of Me When I Apply For A Loan?**

You must provide the Fund with the following:

a) A signed Promissory Note – The Fund will provide you with the Promissory Note for your review and signature;
b) A signed Spousal Consent form – In effect, your spouse must consent to the loan terms. The Fund will provide you with a Spousal Consent form. It must be signed by your Spouse and notarized;
c) A copy of your Driver's License;
d) A copy of your spouse's Driver's License;
e) A Marriage Certificate or equivalent proof of marriage; and
f) Any and all completed Divorce Decrees and copies of any outstanding Federal Tax liens.

8. **What Happens To My Account When I Take A Loan?**

Your loan is treated as belonging only to your Fund account.

Each time you take a loan, your Annuity Fund account balance will be reduced by the amount of each loan. Your segregated loan accounts will not be considered when the Fund allocates the Annuity Fund's annual gains, losses and expenses among Participants. Your monthly loan repayment shall be credited to your account, no less than annually.

Fund earnings allocated to your account will be calculated based upon your full account balance, minus any outstanding loan balance, as of August 31 of each Plan Year, plus half (1/2) of all principal and interest payments made by you to your account during the Plan Year and half (1/2) of all employer contributions received during the current Plan Year.

9. **What Are The Terms Of The Loan?**

You must make monthly loan repayments and you must complete repay your loan in five (5) years. Your monthly loan repayment will be the same amount each month during the entire five (5) year repayment period.

Your monthly payment begins on the 25th day of the month immediately following the month in which your loan was issued.

10. **What Is The Interest Rate For My Loan?**

The Trustees, who review interest rates annually, determine the interest rate. The interest rate will depend on when you take the loan. The interest rate is fixed for the five (5) year term of your loan by the Trustees according to a standard formula. Currently, the interest rate is six percent (6%) per year.

The Trustees cannot discriminate among Participants in the matter of interest rates. But, loans granted at different times may bear different interest rates if, in the opinion of the Trustees, the difference in rates is justified by a change in general economic conditions. In any event, each loan must bear a reasonable rate of return.

Interest will be calculated on the first day of each month.

11. What Collateral Must I Pledge To Get A Loan?

Each loan shall be secured by your right, title and interest in your Fund account. But remember, no portion of your account may be used as collateral for a loan unless your spouse, if you have a Spouse on the date the loan is made, consents in writing to the use of the account as security for the loan.

12. Can I Make A Pre-Payment Without Any Penalty?

Yes, but there are some restrictions. Pre-payments may be made at any time and, unless you indicate otherwise, will be applied to the outstanding *principal* balance. But, additional payments do not relieve you of your ongoing monthly obligation to remit regular monthly payments. Interest will be adjusted at the time that the loan is fully paid.

You may only make pre-payments by remitting a sum equal to one (1) or more additional monthly payments. You must clearly designate that the payment is a pre-payment.

13. What Happens If I Make A Late Loan Repayment?

A ten dollar ($10) late charge will be charged for any loan repayment that is not received within fifteen (15) days after the due date. These late charges will continue to be assessed each month until unpaid amounts are received by the Fund or until you default on your loan.

14. How Does A Loan Default Occur?

If you fail to make four (4) loan repayments, your loan will be in default. In other words, if you're four (4) months behind in your loan repayments, you have defaulted on your loan.

15. What Happens If I Default On My Loan?

If you default on your loan, the Fund must inform the Internal Revenue Service that you received a Fund distribution in the amount of the still unpaid principal and interest accrued on the defaulted loan. The Fund will also send you an IRS Form 1099 and you must report the unpaid amount as regular income. You may also be charged a ten percent (10%) additional tax.

Later, when you are eligible to collect your Annuity Fund account because, for example, you retire, the Trustees will subtract from your account the amount still owed on your loan. The Fund will distribute to you the full amount of your Annuity Fund account balance *minus* the amount you still owe on your loan.

Finally, if you default on your loan, you are automatically ***ineligible*** for any additional loans.

16. What Happens If I Retire During The Five (5) Years I Am Repaying My Loan?

If you retire during your five-year loan payback period, the Fund will distribute to you your Annuity Fund account balance minus the amount you still owe on your loan.

17. Will The Fund Mail Me Information Regarding My Loan?

Yes. The Fund will send you monthly statements.

18. Do I Have Any Appeal Rights Related To The Loan Program?

Yes. Any appeals with respect to the Loan Program must be made to the Fund Office in writing. All appeals will be presented to the Trustees for consideration at their next meeting.

19. Is There Any Other Cost Associated With The Loan Program?

Yes. All loans are subject to a one-time administration fee. The amount of the fee is determined annually by the Trustees. (Currently, the loan administration fee is $25.00.) This loan processing fee will be deducted from the loan proceeds at the time the loan amount is paid to you.

Further, if you are divorced, you will be charged an additional $350.00, which is a cost related to the review of any divorce decree. This fee, which the Trustees will also review annually, is consistent with the fee currently charged by the Michigan Laborers' Pension Fund for the review of divorce decrees. In no case, however, will you be charged twice for the review of your divorce decree(s).

This next change, which is described below, involves the costs related to the Plan's review of any Qualified Domestic Relations Order (QDRO). Keep this SMM with your Annuity Plan Summary Plan Description (SPD).

Qualified Domestic Relations Order

A "Qualified Domestic Relations Order" or "QDRO" is a state court order that assigns a portion of your Annuity benefits to an Alternate Payee, such as a former spouse, your child(ren), or other dependents. When you apply for Annuity Plan benefits, the Annuity Plan must review each **proposed** QDRO to determine whether the Plan must honor the proposed QDRO. (Your Michigan Laborers' Pension Plan must also review a proposed QDRO. So, the Pension Plan will also be sending you a SMM regarding QDROs.)

There are costs involved in these QDRO reviews. Because of these increasing costs to review and implement QDROs, you (or any former spouse to whom your Annuity benefits are assigned) will be charged a one-time fee. This fee will be deducted from your Annuity benefit (at the time the proposed QDRO is reviewed) and any Annuity benefit assigned to your Alternate Payee(s), as determined by the reviewed QDRO. If the QDRO does not allocate the fee, the Annuity Plan will divide the fee proportionately between the parties.

The fee for reviewing proposed QDROs is ***effective September 1, 2006***. So, any QDRO orders submitted after ***September 1, 2006*** will incur this fee.

The Fee To Review QDRO

The fee to review each proposed QDRO is **$350**. (Your Michigan Laborers' Pension Fund will charge a similar fee.) But, your Annuity Plan will waive this fee if your Annuity Balance is less than $2,000 ***prior to any reduction contained in the proposed QDRO.***

Participants with divorce decrees that do not contain a QDRO will not be charged this fee.

Finally, please remember that when you apply for your Annuity benefit you must provide the Plan office with *any* divorce decree(s) related to your marriage(s).

The next amendment was effective September 1, 2003 and applies only to those who first perform laborers' work on or after September 1, 2003. Specifically, we have amended the plan as follows:

- Effective September 1, 2003, only for employees who first are credited with an Hour of Work after August 31, 2003, the eligibility requirement to become a Plan Participant of the Annuity Fund will be 700 Hours of Work in 12 consecutive months. A Plan Year runs from September 1st to the following August 31st. The eligibility requirement to become a Plan Participant prior to September 1, 2003 was 200 Hours of Work in 12 consecutive months.

- Effective September 1, 2003, only for employees who first are credited with an Hour of Work after August 31, 2003, a Participant shall become vested in his or her Accrued Benefit Account balance when the Participant is credited with three (3) Years of Service before he/she suffers a Permanent Break in Service. A Year of Service is earned by working 700 or more Hours of Work in a Plan Year. A Plan Year runs from September

1, through the following August 31. Participants automatically become fully vested when they reach age 65, the Plan's Normal Retirement Age.

- A Participant who first is credited with an Hour of Work after August 31, 2003 and who is credited with a Year of Service will lose that credit if the Participant has five consecutive One-Year Breaks in Service before becoming fully vested. (The Plan calls this a "Permanent Break in Service.") A Participant experiences a One Year Break in Service when he or she does not work at least 501 Hours of Work in a Plan Year. A Participant who experiences a Permanent Break in Service forfeits his or her Plan Account Balance on the first day of the next Plan Year.

- If an employee becomes a Participant but either receives a distribution of his or her entire Plan benefit or experiences a Permanent Break in Service on or after September 1, 2003, that employee will need to re-qualify as a Plan Participant under the 700 Hours of Work provision and re-vest, with 3 Years of Service or 3 Plan Years with at least 700 Hours of Work in each Year, in his or her Plan account balance before being entitled to any Plan benefits.

The Board of Trustees as of today's date is: