Michigan Laborers' Health Care Fund
Michigan Laborers' Pension Fund
Michigan Laborers' Annuity Fund
Michigan Laborers' Vacation Fund
Michigan Laborers' Training and Apprenticeship Fund
Michigan Laborers' and Employers' Cooperation & Education Trust Funds
Managed for the Trustees by:
TIC International Corporation

Michigan Laborers' Fringe Benefit Funds

6525 Centurion Drive ■ Lansing, MI 48917-9275 ■ (517) 321-7502 ■ Fax (517) 321-7508
Toll Free 877-MI-LABOR (877-645-2267) ■ www.michiganlaborers.org

February 25, 2010

TO: ALL PARTICIPANTS AND BENEFICIARIES OF THE MICHIGAN LABORERS' PENSION FUND

RE: **SUMMARY OF MATERIAL MODIFICATIONS**
NOTICE OF APPLICATION FOR AN EXTENSION OF AN AMORTIZATION PERIOD

Dear Participants and Beneficiaries:

Attached please find a copy of the Summary of Material Modification (SMM) regarding the changes in benefits effective April 1, 2010, and a copy of the Notice of Application for an Extension of an Amortization Period to Employee Organizations (Unions), Employer Associations and Employers, Participants, Beneficiaries and Alternate Payees.

If you have any questions regarding this information, please feel free to contact the Pension Department at (877) 645-2267.

Sincerely,

Board of Trustees
Michigan Laborers' Pension Fund

attachments

IMPORTANT NOTICE

Re: **Michigan Laborers' Pension Fund**
Summary of Material Modifications – Current and Future Benefit Reductions – for Early Retirement Benefits, Temporary Supplemental Benefits, Total and Permanent Disability Benefits, Certain Lump-Sum Payments

Dear Participants:

This letter explains **IMPORTANT**, required changes in the way your **CURRENT AND *FUTURE*** pension benefits will be calculated. All of these changes ***are effective April 1, 2010***. The changes are discussed in detail below. At the end of this letter, we explain the reasons for these difficult but required changes.

I. CHANGES IN BENEFITS

A. Early Retirement Benefit – Inactive Vested Participants

We have amended your Pension Plan for Inactive Vested Participants whose retirement benefits begin on or after April 1, 2010. You are an "Inactive Vested Participant" if you are vested but have not worked 435 hours in each of the two preceding Plan Years. (A "Plan Year" is the period from September 1 through August 31.) The changes are as follows:

- Early retirement benefits for Inactive Vested Participants, who have been credited with ten (10) or more years of Future Service, will be actuarially reduced from age sixty-five (65). Before this change, the Pension Plan only reduced benefits that began before age sixty (60) -- even though "Normal" (unreduced) Retirement does not start until age sixty-five (65). In other words, before this change Inactive Vested Participants, who collected early retirement benefits, were not "charged" for any of the Pension Plan's "cost" of paying benefits up to five (5) years earlier than "Normal Retirement Age".

  Now, effective April 1, 2010, an Inactive Vested Participant's early retirement benefit will be reduced to account for the additional cost of paying these benefits before age sixty-five (65) – the Pension Plan's "Normal Retirement Age".

B. Temporary Supplemental Benefits

We have amended your Pension Plan with regard to Temporary Supplemental Benefit (TSB). TSB are additional benefits provided to those who received normal or early retirement benefits and began receiving these benefits before age 64. The changes are as follows:

- **Payment of TSB is completely eliminated for Active Participants who become eligible to receive a Total and Permanent Disability Benefit on or after April 1, 2010.**

  Before this change, qualifying Plan participants who received Disability Retirement benefits between ages sixty (60) and sixty-two (62) also received a monthly TSB. The TSB was determined by multiplying an escalating benefit rate ($25, $30, $35) by Years of Service. This escalating benefit rate was tied to your Years of Service.

- **No further TSB will accrue for Years of Service earned after March 31, 2010.**

- **Payment of the TSB before age fifty-five (55) is eliminated effective April 1, 2010, but is subject to the "phase-in" rules described below.**

  Before this change, qualifying Plan participants who collected Normal or Early retirement benefits, also received a monthly TSB equal to Years of Service multiplied by an escalating benefit rate ($25, $30, $35) tied to the participant's Years of Service.

  The elimination of the TSB payment before age fifty-five (55) is "phased in" based on the following table which sets forth rules for when a Participant's TSB starts. "Points" are determined using the same criteria that are used to determine if a Participant is eligible to retire with an unreduced benefit under the Plan's special "Rule of 80" unreduced early retirement benefit. Years of vesting service and "Rule of 80" points are determined as of April 1, 2010.

Vesting Service or "Rule of 80" Points	Temporary Supplemental Benefit Start Date
30 Years of Vesting Service, or at Least 80 Points	No restrictions
29 Years of Vesting Service, or 78 -79 Points	First Day of the Month after the Participant Reaches Age 50
28 Years of Vesting Service, or 76 -77 Points	First Day of the Month after the Participant Reaches Age 51
27 Years of Vesting Service, or 74 -75 Points	First Day of the Month after the Participant Reaches Age 52
26 Years of Vesting Service, or 72 -73 Points	First Day of the Month after the Participant Reaches Age 53
25 Years of Vesting Service, or 70 -71 Points	First Day of the Month after the Participant Reaches Age 54
Less than 25 Years of Vesting Service, and Less than 70 Points	First Day of the Month after the Participant Reaches Age 55

C. Total and Permanent Disability Benefits

We have amended your Pension Plan with regard to Total and Permanent Disability Benefits.

- **Payment of "Total and Permanent Disability Benefits" are limited to One Thousand Dollars ($1,000) per month for Active Participants who have fewer than twenty (20) years of service.**

  Prior to this change, Participants who had at least five (5) years of qualifying service and were deemed "totally and permanently disabled," were eligible to receive a disability benefit based on their Years of Service.

  Participants who had less than five (5) years of qualifying service were eligible to receive a single sum distribution of the Employer contributions actually made as a result of their covered employment. (See discussion below regarding changes to the Fund's lump sum disability benefits.)

  This change limits the Total and Permanent Disability Benefits to One Thousand Dollars ($1,000) per month for any Active Participant who becomes disabled on or after April 1, 2010, and who has fewer than twenty (20) years of service. This change applies effective April 1, 2010 to all Active Participants.

The benefits of Participants with fewer than twenty (20) years of service who currently are receiving Total and Permanent Disability Benefits greater than One Thousand Dollars ($1,000) will NOT be affected. The Temporary Disability Benefit of any Participant currently receiving a Total and Permanent Disability Benefit based on fewer than 20 years of service will also be unaffected.

D. **Lump Sum Payments**

As required by current law, effective April 1, 2010, no lump sum payments that exceed $5,000 are permissible.

Under the terms of your Plan, there are several ways that you can collect a lump sum payment. Specifically, lump sum payments are currently available for death benefits and certain disability benefits. But, under the Pension Protection Act, the Fund cannot distribute any lump sum payment that exceeds $5,000.

So, for example, if you are a non-vested active participant and you die, your spouse or beneficiary can now collect a lump sum payment of seventy-five percent (75%) of the contributions made on your behalf up to a maximum amount of $5,000. Prior to this April 1, 2010 change, a $5,000 limit did not apply.

Here's another example: if you are an active or a retired participant and you die, your Plan pays you a lump sum death benefit based on your years of service. In some cases in the past, this lump sum payment exceeded $5,000. But, effective with this April 1, 2010 change, your lump sum death benefit now cannot exceed $5,000 regardless of your years of service.

Finally, prior to this April 1, 2010 change, certain disability benefits could be paid in a lump sum and these lump sum payments could exceed $5,000. Now, however, the Fund will make no lump sum disability payments greater than $5,000.

BACKGROUND – WHY THESE CHANGES ARE NECESSARY

The recent poor economy - - particularly in Michigan - - and the unprecedented declines in the investment market have financially stressed pension funds generally. These factors obligate us to make changes in your Pension Plan benefits.

For some time now, the investment markets have performed poorly. Your Pension Fund employs expert money managers to invest and monitor the Pension Fund's assets. They have generally performed relatively well even in these difficult market conditions. But, as you must know from your own investments, broad market returns have been modest to negative in the last several years. This impacts the Pension Fund's ability to pay promised benefits.

The significant drop in the number of active employees (more than a 20% drop) and the equally significant reduction in current and projected work hours have also adversely affected your Pension Fund's ability to pay promised benefits.

Your Pension Fund, like other pension funds, is subject to special rules that require action to assure, as much as possible, that they can pay pension benefits when due. Government rules, created as part of the Pension Protection Act of 2006 (PPA), require us, as well as the Michigan Laborers' District Council and Local Unions, the Employer Associations and contributing Employers to take drastic steps to satisfy these PPA strict government pension funding requirements.

The changes discussed above, which we approved and which were adopted by the Union and the Employers, are necessary to satisfy the PPA requirements. Earlier, we sent you a separate government-mandated Notice (Notice of Critical Status) that explained these PPA-related rules more fully and described in detail your Pension Fund's current financial health.

The Pension Plan changes that we have made and which are discussed in detail in this letter are absolutely necessary and required by the Pension Protection Act of 2006. We made these changes reluctantly and only after careful review and consultation with the Pension Fund's experts.

Sincerely,

Board of Trustees of the
Michigan Laborers' Pension Fund

xc: Michigan Laborers' District Council
Local Unions
Employer Associations

NOTICE OF APPLICATION FOR AN EXTENSION OF AN AMORTIZATION PERIOD TO EMPLOYEE ORGANIZATIONS (UNIONS), EMPLOYER ASSOCIATIONS AND EMPLOYERS, PARTICIPANTS, BENEFICIARIES, AND ALTERNATE PAYEES

This notice is to inform you that an application for an extension of an amortization period for unfunded liability under §431(d) of the Internal Revenue Code (Code) and §304(d) of the Employee Retirement Income Security Act of 1974 (ERISA) will be submitted by the Fund's actuary to the Internal Revenue Service (Service) for the Michigan Laborers' Pension Fund for the plan year beginning September 1, 2009.

Under §431(d)(3)(B) of the Code and §304(d)(3)(B) of ERISA, the Service will consider any relevant information submitted concerning this application for an extension of the amortization period for unfunded liability. You may send this information to the following address: Director, Employee Plans, Internal Revenue Service, Attn: SE:T:EP:RA:T:A2, 1111 Constitution Avenue, N.W., Washington, D.C. 20224.

Any such information should be submitted as soon as possible after you have received this notice. Due to the disclosure restrictions of §6103 of the Code, the Service can not provide any information with respect to the extension request itself.

In accordance with §104 of ERISA, annual financial reports for this plan, which include employer contributions made to the plan for any plan year, are available for inspection at the Department of Labor in Washington, D.C. Copies of such reports may be obtained upon request and upon payment of copying costs from the following address: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210.

In addition, pension plan actuarial information filed for 2008 and later plan years filed with the Department of Labor may be obtained at http://dol.gov/ebsa/actuarialsearch.html.

As required by §104(b)(2) of ERISA, copies of the latest annual plan report are available for inspection at the principal office of the plan administrator, which is located at 6525 Centurion Drive, Lansing, MI 48917. As required under §101(k)(1) of ERISA, copies of periodic actuarial reports, quarterly, semi-annual, or annual financial reports, and copies of any application for extension under §304 of ERISA or §431(d) of the Code may be obtained upon request and upon payment of a copying charge of twenty cents per page by writing to the plan administrator at the above address.

The following information is provided pursuant to §304(d)(3) of ERISA and §431(d)(3) of the Code:

Present Value of Vested Benefits:	$714,932,586
Present Value of Benefits, calculated as though the plan terminated	$817,825,099
Fair Market Value of Plan Assets:	$520,214,919

The above present values were calculated using an interest rate of 8.00%.

Board of Trustees
Michigan Laborers' Pension Fund

February 25, 2010