



CEMENT MASONS AND PLASTERERS LOCAL 797 BENEFIT FUNDS

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Re: State of Your Union Benefit Plans, 2012 and 2013 Year to Date

Dear Pension and Health and Welfare Participants:

This is a summary of your union benefit plans, Pension and Health and Welfare, for 2012 and 2013 to June 30. Both the national and the Las Vegas economies are recovering, but the recovery in the Las Vegas area is still slower than other parts of the country. Your Trustees have continued their efforts to closely monitor and carefully evaluate both the Pension and Health and Welfare Plans and make adjustments to them where necessary and prudent, including cutting costs.

PENSION PLAN: Your Union Pension Plan is a Defined Contribution plan also called DC Plan. In this Plan, each participant has an individual account. Each month, the Employer you work for makes payments for you to the Plan. Regularly, each account is adjusted for investment earnings and expenses. At retirement, you may receive your account balance, roll it over to another retirement account like an IRA, or purchase an annuity. You should know the Plan's rules to take maximum advantage of the Plan.

We again remind you that your Pension Plan is intended to supplement Social Security and private savings. It should not be a substitute for private savings. All of us wish to have a comfortable retirement and private savings is an important part of it, in addition to Social Security and your Union pension.

The assets of the Pension Plan are managed and invested by professional investment managers selected by the Board of Trustees, and overseen by an independent Investment Consulting firm. As of December 31, 2005, your Pension Fund had \$49,905,376 in assets. As of December 31, 2012, your Pension Plan had \$63,899,826 in assets and as of June 30, 2013 had \$61,110,506. The Plan's investments continue to be well diversified among different types of assets and are carefully monitored by the Trustees, the Investment Consultant, and other plan professionals.

The Pension Plan's investment return net of expenses for 2012 was 10.78%. For 2013, through June 30, 2013, so far, the net return is 3.5%.

HEALTH and WELFARE PLAN: Your Health and Welfare Plan continued to suffer declines in covered work and contribution income to pay for health and welfare benefits. The cost of the Plan for the last twelve month period was \$955 per member per month, slightly lower than last year's cost. However, the Plan projects it will lose money on an operating basis in 2013 due to no increase in contribution income from similar work hours and projected increases in benefit costs.

In 2012, work hours have declined 5% from 2011, which means our income to pay benefits also declined. As a result, the Trust was deficit spending and using some of its savings to pay bills. So far, in 2013, work hours are up nearly 8%. We hope that continues.

Nevertheless, we are still deficit spending and the Trustees continue to monitor the financial stability of the Plan and, if necessary, make further HMO and Indemnity Plan changes to reduce spending. Changes may be necessary to preserve core medical benefits for the members. The Federal Health Care Reform law has increased our costs and injected uncertainty about the future of health and welfare plans like ours.

As we've said, the last few years have been our worst work years in memory, and the next few years will continue to be challenging. With our consultants, the Trustees are evaluating your Health and Welfare and Pension Plans for necessary and prudent changes and adjustments. We welcome your input and suggestions in this process.

As always, please feel free to give us your input and comments.

Very truly yours,
Board of Trustees

This document has been uploaded and is available on the participant website at: www.opcmia797benefits.org