



## CEMENT MASONS & PLASTERERS JOINT TRUST FUNDS

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To: Cement Masons and Plasterers Pension and Health and Welfare Plan Participants

Re: State of Your Union Benefit Plans, 2010

Dear Pension and Health and Welfare Participants:

As we begin 2010, your Pension and Health and Welfare Trustees give you this summary of the state of your Union Pension and Health and Welfare Benefit Plans. Like you, Las Vegas, and the national economy, your Plans have suffered from the worst recession in over 75 years. Your Trustees have intensified their efforts to monitor and evaluate the Plans in order to project their costs and expenses over the next two to three years and make adjustments in the Plans where necessary and prudent. First, we address the Pension Plan.

Your Union Pension Plan is a defined contribution plan or DC Plan. In this Plan, each participant has an individual account. Monthly, Employer contributions for each active working employee are credited to his/her account. Regularly, each account is adjusted for investment earnings and expenses. Upon retirement, a retiree may receive a distribution of his/her account balance, roll over the balance to another type of retirement account like an IRA, or purchase an annuity.

We remind you that your Pension Plan is intended to supplement Social Security and private savings. It is not intended to be a substitute for private savings which are important to a good retirement plan. 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 Cement Masons and Plasterers pension.

The assets of the Pension Plan are professionally managed and invested by investment managers selected by the Board of Trustees, and overseen by an independent Investment Consultant, NEPC. As of December 31, 2004, your Pension Fund had \$45,051,817 in assets. As of December 31, 2009, your Pension Plan had \$70,423,374 in assets, an increase of 56% in 5 years. The Plan's investments continue to be well diversified among different types of assets and are carefully monitored by the Trustees, their Investment Consultant, and the other plan professionals.

The Pension Plan's investment return for 2009 was 10.5%, compared to a negative 19.5% for 2008. In contrast, the stock market was down over 40% in 2008. The average return over the past 5 years has been 2.7% per year, which is far greater than the stock market and slightly more than the benchmark we use for comparison. Although this annual return over the past 5 years is less than we hoped, your Trustees are gratified that it is a positive return during the worst economic decline in our lifetimes. With their professional Investment Consultant, your Trustees continue to carefully evaluate and adjust the investments on your behalf.

Your Health and Welfare Plan also suffered a significant decline in covered work and contribution income to pay for your health and welfare benefits. The cost of the Plan for the last twelve month period was \$740 per member per month. Although this was lower than last year's cost (\$864), the decline in contribution income was even greater. Thus, the Plan projects that it will lose money on an operating basis in 2010.

The Trustees have developed a monthly "stress test" for the Health and Welfare Plan to project the future income and expenses. The Trustees project a 50% decline in reported hours for 2010, with the 2010 level of contributions remaining flat for 2011. On that basis, the Trust will be deficit spending and using up its reserves.

With hours and income significantly declining and reserves depleting, it's apparent that some changes need to be made. The Trustees' main goal is to preserve core medical benefits for the members. 2008 and 2009 were two of the worst years for investments and employment in our lifetimes, and the next few years will be very challenging as well.

With their 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