

SIGN, PICTORIAL AND DISPLAY UNION LOCAL NO. 591 AFL-CIO PENSION AND SUPPLEMENTAL PENSION FUNDS

30700 Telegraph Road, Suite 2400
Bingham Farms, Michigan 48025 (248) 645-6550

Administered for the Trustees by:
TIC International Corporation

To: All Active Participants in the Sign, Pictorial and Display Union Local No. 591 AFL-CIO Pension Plan (Plan)

Re: Change in Past and Future Plan Benefit Accrual Formula

The Board of Trustees of the Sign, Pictorial and Display Union Local No. 591 Pension Fund (Fund) amended the Plan's benefit formula effective May 1, 2015. Under the new formula Plan benefits will accrue at a reduced uniform rate and all contributions earned will be counted when computing post-April 30, 2015 benefits. The amendment also retroactively credits prior non-credited contributions at the multiplier in effect when they were made.

Prior Formula

Since September 2009, Plan participants accrued benefits based on a multiplier of one and one-tenths percent (1.1%) of contributions accrued on account of work in covered employment. But, but three dollars fifteen cents (\$3.15) of the hourly contributions made on behalf of Display Group participants was not "credited" (which means not counted as being contributed) when computing the benefits of Display Group participants. This un-credited three dollars fifteen cents (\$3.15) provided needed funding for past benefits accrued by all Plan participants.

At the time it was adopted, this non-credited contribution was meant to provide a **short-term fix** to permit the Plan to meet new funding requirements imposed by the Pension Protection Act of 2006 (PPA). But, the Fund's actuary has advised the Trustees that the Plan will continue to need this additional three dollars fifteen cent contribution for the foreseeable future for the Plan to comply with PPA funding rules.

New Formula

The Trustees amended the Plan to do two (2) things:

1. Give "credit" at the one and one-tenths percent (1.1%) multiplier for past uncredited three dollars fifteen cent (\$3.15) hourly contributions that were made on behalf of Display Group participants who either retired as Active Participants and are receiving Normal Retirement Benefits or Early Retirement Benefits as of April 30, 2015 or Participants who are Active Participants as of May 1, 2015 who work at least one (1) hour after April 30, 2015. (This is the same credit that already was provided for other contributions that were made during the same period.); and
2. Reduce the multiplier rate at which Plan benefits accrue for all Plan participants beginning on May 1, 2015 to five-tenths of one percent (0.5%) of contributions.

(see reverse side)

The following examples show how the changes will work:

Joe and Tom are both new employees who became Plan participants on May 1, 2014. They both receive the same hourly wage \$20.00 per hour. Tom is employed by a Display Group employer and works about 435 hours a year. Joe is employed by an Outdoor Group employer and works about 1,305 hours a year. Tom's employer contributes 24% of his wage to the Fund while Joe's employer only contributes 8% of his wages to the Fund.

Display Group 2014-2015 Example

Tom worked 435 hours in the Plan year ending April 30, 2015. Of the two thousand eighty-eight dollars (\$2,088) contributed to the Fund on Tom's behalf, only seven hundred eighteen dollars (\$718) was counted in computing Tom's benefit. Based on the Plan's one and one-tenths percent (1.1%) benefit multiplier, Tom accrued an additional monthly Plan benefit of seven dollars eighty-nine cents (\$7.89).

Outdoor Group 2014-2015 Example

Joe worked 1,305 hours in the Plan year ending April 30, 2015. The entire two thousand eighty-eight dollars (\$2,088) contributed to the Fund on Joe's behalf was counted in computing Joe's benefit. Based on the Plan's one and one-tenths percent (1.1%) benefit multiplier, Joe accrued an additional monthly Plan benefit of twenty-two dollars ninety-six cents (\$22.96).

Display and Outdoor Groups 2015-2016 Example

Tom again worked 435 hours during the 2015-2016 Plan Year and, again, his employer contributed one thousand nine hundred twenty dollars (\$2,088) to the Fund on his behalf. Joe, too, worked the same 1,305 hours that he worked in the prior year. And his employer also contributed two thousand eighty-eight dollars (\$2,088) to the Fund on his behalf. Both Joe and Tom are Active Participants.

Under the new formula, both Joe and Tom accrue the exact same additional ten dollars forty-four cents (\$10.44) monthly plan benefit based on the exact same employer contributions made on their behalves, two thousand eighty-eight dollars (\$2,088). Each of their benefit is computed the same way (\$2,088 multiplied by the Plan's five-tenths of one percent (0.5%) benefit multiplier). Tom also gets an additional fifteen dollars seven cents (\$15.07) of monthly pension credit for the 2014-2015 Plan Year. (Joe had already received this pension credit during the 2014-2015 Plan Year).

Because of the Plan amendment, Tom, a Display Group employee, and Joe, an Outdoor Group employee, earn the exact same benefit based on the exact same employer contributions.

Board of Trustees

**Sign, Pictorial and Display Union Local 591
AFL-CIO Pension Fund**