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1/31/2012

January 24, 2012

U.S. Department of Labor, Employee
Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Ave., NW
Washington, DC 20210

Re: Cement Masons Local 783 Pension Trust
Plan Sponsor's EIN: 74-1976110
Plan Number: 001

Enclosed is the Notice of Critical Status and Annual Funding Notice.for the above-referenced plan.

Sincerely,

Malcolm Thompson

E. Malcolm Thompson, FSA
President

mal@malthompson.com

Enclosures

January 24, 2012

To: Cement Masons Local 783 Pension Plan Participants

From: Board of Trustees

Re: Pension Plan Notices

Enclosed are two important notices regarding your Pension Plan: (1) a **Notice of Critical Status** regarding the Plan's status under the Pension Protection Act of 2006 (the PPA), and (2) the **Annual Funding Notice**, a notice providing information about the Plan's finances. This memorandum provides a brief explanation of each of these notices and also discusses the steps we are taking to improve the Plan's financial health and ensure the security of your pension benefits during the current economic crisis.

NOTICE OF CRITICAL STATUS

Beginning in 2008, the PPA created new classifications, also known as "zones" or "statuses" for assessing the financial health of pension plans: Green Zone (neither "endangered" nor "critical" status), Yellow or Orange Zone ("endangered" status), or Red Zone ("critical" status). When a plan is classified in the Yellow, Orange, or Red Zone, it must take steps to improve the financial health of the plan by meeting certain financial goals within a specified time period (generally, ten years).

The Cement Masons Local 783 Pension Plan was again certified as a Red Zone Plan (critical) for the plan year beginning October 1, 2011. The enclosed Notice of Critical Status is required by law if the Plan is certified as being in critical status and outlines the implications of being certified in the Red Zone for both participants and employers. Be assured that the Trustees are currently working with the Pension Plan's advisors to develop a plan to improve the financial health of the Pension Plan.

ANNUAL FUNDING NOTICE

Also enclosed is the Annual Funding Notice for the **2010** Plan Year, which you will receive each January. Since the format of the Annual Funding Notice is prescribed by regulations, we want to provide this brief guide to the contents of the Notice.

The Annual Funding Notice provides important information about your Pension Plan, including descriptions of the Trustees' funding and investment policies and the allocation of the Plan's investments as of September 30, 2011.

Please also note that some of the required information in the Annual Funding Notice appears to be somewhat out of date, specifically: (1) the Plan's funded percentage as of October 1, 2010 and (2) the Plan's PPA status for 2010. While this information is important, it does not reflect changes that have occurred during 2011.

If you have any questions about these notices or any other questions about your Pension Plan, please contact the Plan Office:

Board of Trustees of Cement Masons Local 783 Pension Plan
c/o Malcolm Thompson & Associates
3707 FM 1960 W, Suite 200
Houston, TX 77068
(281) 453-8309

Notice of Critical Status For Cement Masons Local 783 Pension Plan

This is to inform you that on December 29, 2011 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan remains in critical status for the plan year beginning October 1, 2011. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the plan is expected to have a funding deficiency for the 2011 plan year.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the third year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On April 14, 2010, you were notified that the plan reduced or eliminated adjustable benefits. On January 19, 2009, you were notified that as of January 19, 2009 the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that future benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after January 19, 2009.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- ☐ Post-retirement death benefits;
- ☐ Sixty-month payment guarantees;
- ☒ Disability benefits (if not yet in pay status);
- ☒ Early retirement benefit or retirement-type subsidy;
- ☒ Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- ☐ Recent benefit increases (i.e. occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the plan

Employer Surcharge

The law requires that contributing employers who have not yet adopted the rehabilitation plan pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact

Board of Trustees of the Cement Masons Local 783 Pension Plan
c/o Malcolm Thompson & Associates
3707 FM 1960 West, Suite 200
Houston, TX 77068

(281) 453-8309

mal@malthompson.com

You have a right to receive a copy of the rehabilitation plan from the plan.

ANNUAL FUNDING NOTICE
for
Cement Masons Local 783 Pension Plan

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning October 1, 2010 and ending September 30, 2011 (referred to hereafter as "Plan Year").

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2010	2009	2008
Valuation Date	October 1, 2010	October 1, 2009	October 1, 2008
Funded Percentage	34.3%*	36.2%*	31.6%
Value of Assets	$915,773*	$961,929*	$834,934
Value of Liabilities	$2,667,964	$2,656,971	$2,639,115

* Values reflect election by the Board of Trustees on April 11, 2011 of funding relief under the Preservation of Access to Care of Medicare Beneficiaries and Pension Relief Act of 2010

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of September 30, 2011, the fair market value of the Plan's assets was $816,860. As of September 30, 2010, the fair market value of the Plan's assets was $915,773. As of September 30, 2009, the fair market value of the Plan's assets was $961,929.

Participant Information

The total number of participants in the plan as of the Plan's valuation date, October 1, 2010, was 93. Of this number, 46 were active participants, 32 were retired or separated from service and receiving benefits, and 15 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to fund the plan through a combination of contributions received from employers and investment income generated by the Plan's investments. The funding level is designed to comply with the requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding levels and also maximum limits on the contributions that may be deducted by employers for federal income tax purposes. The Board of Trustees creates and implements the funding policy and monitors the funding level with the assistance of the Plan's enrolled actuary and the Plan's administrator.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to provide a source of retirement income for its participants and beneficiaries. The financial objectives of the Plan have been established in conjunction with a comprehensive review of the current and projected financial requirements.

The primary financial objective of the Plan is to increase the value of the plan assets. A secondary financial objective is, where possible, to avoid significant downside risk in the short term. The objective is based on a long-term investment horizon, so that interim fluctuations should be viewed with appropriate perspective.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	**Percentage**
1. Interest-bearing cash	100%
2. U.S. Government securities	0%
3. Corporate debt instruments (other than employer securities):	
Preferred	0%
All other	0%
4. Corporate stocks (other than employer securities):	
Preferred	0%
Common	0%
5. Partnership/joint venture interests	0%
6. Real estate (other than employer real property)	0%
7. Loans (other than to participants)	0%
8. Participant loans	0%
9. Value of interest in common/collective trusts	0%
10. Value of interest in pooled separate accounts	0%

11. Value of interest in master trust investment accounts	0%
12. Value of interest in 103-12 investment entities	0%
13. Value of interest in registered investment companies (e.g., mutual funds)	0%
14. Value of funds held in insurance co. general account (unallocated contracts)	0%
15. Employer-related investments:	
Employer Securities	0%
Employer real property	0%
16. Buildings and other property used in plan operation	0%
17. Other	0%

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in critical status in the Plan Year because the Plan had an accumulated funding deficiency for the Plan Year. In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan on August 25, 2009 which includes benefit reductions and increases contributions from participating employers. The rehabilitation plan was updated during the Plan Year to alter the scheduled contribution increases in the original rehabilitation plan.

You may obtain a copy of the Plan's funding improvement or rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of $500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($500/10), which equals $50. The guaranteed amount for a $50 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact:

The Board of Trustees of the Cement Masons Local 783 Pension Plan
3707 FM 1960 W, Suite 200
Houston, TX 77068
281-453-8309

For identification purposes, the official plan number is 001, and the plan sponsor's employer identification number or "EIN" is 74-1976110. For more information about the PBGC and benefit guarantees, go to PBGC's Web site, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

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