



October 30, 2014

TO: All Annuity Plan Participants

**FROM: BOARD OF TRUSTEES
Carpenters Annuity Trust Fund for Northern California**

RE: Annuity Valuation Unitized Accounting

At the May 2014 Carpenters Annuity Trust Fund for Northern California Board meeting, the Trustees authorized a significant change to the valuation process for Individual Accounts. The new process creates shares that will be valued daily. New shares will be allocated to individual accounts monthly as additions/contributions are allocated. The number of shares will be reduced as deductions/expenses are applied. The previous method of assessing quarterly non-investment expenses and dividing those costs equally by the number of open accounts at the quarterly valuation date will continue.

Effective with the quarter beginning December 1 2014, Individual Accounts will be valued using a "unitized accounting" method similar to methods used by other retirement accounts. Under the new unitized accounting method, Participants will be issued shares in return for their Employer Contributions or other additions. Shares will be converted back into a dollar value when benefits are distributed. Investment gains, losses, and expenses are reflected in the share price, which is adjusted daily. An individual's account balance will be equal to the number of shares owned, times the Trustee Directed Net Asset Value (NAV) per share.

The NAV per share will be updated daily based on the most current available information for the various asset classes. Daily returns for some assets, such as real estate, private equity, and others are not available. For those assets, the most recent periodic market valuation will remain unchanged each day until the next periodic market value update for the asset occurs. Quarterly expenses that have not already been accounted for in the Daily Valuation process will continue to be assessed as a flat fee with all accounts paying the same amount, as part of the quarter end statement process.

Under this method of valuing Individual Accounts, rather than waiting for the end of a quarter for new employer contributions to participate in market fluctuations, additional shares will be allocated to an individual's account monthly if contributions are allocated. Money transferred to or from a Self Directed Account will still get earnings based on the Daily Valuation Factor, but the accounting will now be based on the day's NAV per share.

On or about November 30, 2014, each Participant's Trustee Directed Account will be "unitized", using an initial share price of \$100. Setting the initial share price is just a starting place and will have no impact on the assets of the Fund or the amount in any Individual Account. After the initial conversion, the \$100 share price will ebb and flow with periodic market returns. On the date of the conversion, the number of shares owned by a Participant will be the value of the Participant's Trustee Directed Subaccount, divided by the share price of \$100. For remainder amounts, partial shares will be credited.

The clarification contained herein is provided as a general guideline of the Annuity Fund's "unitized accounting" method of valuing Individual Annuity accounts. This memorandum is only a brief summary intended to be used as a guideline, and does not supersede or replace any Plan documents. Please keep this notice with your benefit booklet. If you have any questions, please contact Benefit Services at the Fund Office at (510) 633-0333 or toll free at (888) 547-2054. You may also send an e-mail to benefitservices@carpenterfunds.com. Forms and information can be found on our website at www.carpenterfunds.com.

The Board of Trustees maintains the right to change or discontinue the types and amounts of benefits under this Plan. This notice is intended as a summary only, and actual Plan documents will be used to interpret the Plan. Only the full Board of Trustees is authorized to interpret the Plan. The Board has discretion to decide all questions about the Plan, including questions about your eligibility for benefits and the amount of any benefits payable to you. No individual Trustee, Employer or Union Representative has authority to interpret this Plan on behalf of the Board or to act as an agent of the Board.

In accordance with ERISA reporting requirements this document serves as your Summary of Material Modifications to the Plan.