Annual Funding Notice
For
International Painters & Allied Trades Industry Pension Plan
April 2018

Introduction

This notice includes important information about the funding status of your multiemployer pension plan, the International Painters & Allied Trades Industry Pension Plan (the "Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning 1/1/2017 and ending 12/31/2017 ("Plan Year")

How Well Funded Is Your Plan

The law requires the administrator of the Plan how well the Plan is funded by using a measure called the "funded percentage." The Plan divides the plan's assets by its liabilities on the Valuation Date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
Plan Year (Jan 1 – Dec 31)	2017 Plan Year	2016 Plan Year	2015 Plan Year
Valuation Date	January 1, 2017	January 1, 2016	January 1, 2015
Funded Percentage	62.2%	63.7%	65.6%
Value of Assets	$3,269,554,532	$3,261,440,053	$3,298,447,857
Value of Liabilities	$5,254,701,262	$5,120,010,317	$5,026,697,409

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time.

The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the three preceding plan years.

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Fair Market Value of Assets	$3,341,000,000*	$3,063,064,630	$2,965,025,426	$ 3,060,651,849

* Estimated. Final audited information was not available.

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in "endangered" status if its funded percentage is less than 80 percent. A plan is in "critical" status if the funded percentage is less than 65 percent (other factors may also apply). A plan is in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). 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 or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was in seriously endangered status in the Plan Year ending December 31, 2017 because the Plan's funded percentage for 2017 was less than 80% and was projected to have a funding deficiency within 7 years.

In an effort to improve the Plan’s funding situation, the trustees adopted a funding improvement plan (FIP) on April 2, 2009 which is effective from January 1, 2012 through December 31, 2026 or until the Plan is no longer in seriously endangered or endangered status.

The 2012 FIP provided two options. Under Option 1, the bargaining parties could increase their contribution rate by 35% of the rate in effect at March 1, 2009 and participants will continue to accrue benefits. Option 2 is the default option if the bargaining parties do not agree within 180 days of the expiration of a collective bargaining agreement in effect on January 1, 2009. Under the default schedule, an employer still had to increase the contribution rate by 15% of the rate in effect at March 1, 2009, but retirement benefits were frozen at their level on December 31, 2011 and were not increased for work with an employer contributing under Option 2 after 2011.

The Trustees also adjusted benefit accrual rates in conjunction with the FIP. After 2011, new pension benefits only accrue if an employer is "FIP Compliant" by contributing 135% or more of its March 2009 rate under Option 1. For employees of "FIP Compliant" employers, benefits accrue at one-half percent (0.5%) up to the contribution rate at January 1, 2006 and one percent (1%) on amounts over the 2006 rate up to the March 2009 rate (and any contribution over 135% of the March 2009 rate). After 2011, the supplemental 35% contribution does not provide any additional benefit for any participant, as it is earmarked to improve the Plan's funding. Beginning January 1, 2013, contributions over the 135% benchmark will accrue benefits at 2% of the amount contributed over the 135% FIP Compliant Rate.

The FIP was updated in 2017 to require employers to increase their FIP Compliant Rate by 50% on or before December 31, 2021. In other words, the rate as of December 31, 2021 must be equal to or greater than 150% x 135% x March 1, 2009 rate. For example, if the March 1, 2009 rate was $1.00 per hour, the rate in 2012 became $1.35 per hour and must reach $2.03 per hour by 2022. The 50% increase is capped at $4.00 per hour.

You may get a copy of the Plan's funding improvement plan, any update to such plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Fund Administrator at the address at the end of this notice. If the Plan is in endangered, critical or critical and declining status for the plan year ending December 31, 2018, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 84,877. Of this number, 37,840 were current employees, 29,329 were retired and receiving benefits, and 17,708 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to set benefits based on expected contributions made pursuant to collective bargaining agreements in effect and to modify required contributions when necessary to maintain or improve the plan's funding level.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is that the investments are to be managed with the primary focus being preservation of capital. Emphasis will be placed on participation with the fixed income, equity and alternatives in line with broad market averages during times of rising markets and preservation of capital during periods of market contraction. Additionally, it is the Plan's desire to earn total returns (income plus capital gains) in excess of major indices of each asset class over a typical market cycle by utilizing the services of investment managers.

Under the plan's investment policy, 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
Stocks	29%
Investment grade debt instruments	13%
High-yield debt instruments	1%
Real estate	16%
Other	42%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N1513, Washington, DC 20210, or by calling 202.693.8673. You may obtain a copy of the Plan's annual report by making a written request to the Fund Administrator or obtain the basic Form 5500 and certain schedules from the Plan's website at https://iupat.org/member-information/pension/.

Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC 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 notice of its status 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, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. 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 $600, 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 ($600/10), which equals $60. The guaranteed amount for a $60 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 addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). 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 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.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Where to Get More Information

For more information about this notice, you may contact Tim Maitland, Fund Administrator, at 7234 Parkway Drive, Hanover, MD 21076, 410-564-5500, pension@iupat.org. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is 52-6073909.

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