Annual Funding Notice FAQ

Why am I getting this information?
The Fund is required by law to send these notices to all Plan participants, beneficiaries and participating employers regardless of the Fund status. You will receive this notice every year with updated information regarding the funding status of the Plan.

How will this affect my benefit (as a participant)?
This has no effect on your benefits. The Pension Plan is a defined benefit plan that pays benefits based on a benefit formula, rather than an individual account. Pension Plans are funded over periods up to 30 years on a rolling basis. The funding percentage looks at the expected benefit costs over decades into the future against current assets. It is a guidepost for the Trustees in setting contributions so that the plan will continue to have assets to pay benefits in the future.

How will this affect my benefit (as a pensioner)?
Same as above.

Why is our funding percentage decreasing?
The funded percentage reported on the notice is the ration of the Plan's actuarial value of assets to liabilities. It is decreasing, in large part, because the full impact of the 2008 investment loss will take 10 years to be reflected in the actuarial assets. We expect the funded percentage to start increasing after 2018, when all of the 2008 loss is reflected in the asset value.

What does it mean by having a decreasing funding percentage?
A decreasing funded percentage, if not addressed, would be cause for concern. That is why the Trustees have modified the Funding Improvement Plan and made adjustments to the plan of benefits. With these changes, our actuaries project that the Plan's funded percentage will rise steadily after 2018 to 100% by 2033.

Where are our assets held?
By law, pension plan assets must be held in a separate trust account. The majority of plan assets are held at Northern Trust Company. They are invested with the advice of a well-known professional investment consultant, NEPC, LLC. All assets are managed by professional asset managers.

Notice of Seriously Endangered Status FAQ

Why am I getting this?
The government requires an annual notice to all participants until the plan's funding percentage goes back above 80%.

What does this mean?
The "Seriously Endangered" category means that the Plan is less than 80% funded and has an expected shortfall in the government's annual funding guidelines in the next 5 years. The funding guidelines are long-term (up to 30 years) but aim to keep reasonably level contributions over many years. If the Plan

hits a bump in the road, the guidelines tell the plan to look at adjusting contributions or other factors in order to stay on course over the long-term. These course corrections do not mean the plan has any current problem paying benefits or insolvable funding problems.

Why did this change?
The Plan's funding level suffered from a flat investment market resulting in investment returns below the actuarial assumption.

What happens if we go into "red" status?
If the Plan goes into the "red" zone, a rehabilitation plan will be developed. The current expectation is that such a plan would have substantially the same contributions and benefits as the revised FIP.

<u>Funding Improvement Plan (Revised) FAQ</u>

Why do we have a new FIP?
This is not a new FIP. The Trustees are required to review the FIP annually to see if scheduled progress is being made. Due to low investment return in the markets in recent years the Trustees had to make a course correction to keep the FIP on track.

What does my employer have to do to be compliant?
Generally, employers have to increase contributions to 150% of the rate in 2012 by 2021.

What if my employer does not comply with the requirements?
Employers who do not comply with the 50% increase within 180 days after a current collective bargaining agreement expires will become subject to a "default" rate. The "default" rate requires an increase of 9.5% over the 2016 contribution rate beginning the year (January 1) after the deadline and applies with or without the agreement of the employer. Employees of an employer paying the default rate will have their benefits frozen and lose ancillary benefits like disability and death benefits.

Is there anything I can do if my employer does not comply to protect myself?
Your Union will negotiate with your employer. The Fund is seeing compliant changes in contracts currently in negotiations and hopes that will continue.

Will there be any changes to the retirement rules?
As in the original FIP, "new" money above the 2012 rate earns benefits at the rate of 2% of the contribution amount.

The Trustees have adopted a small increase in the hours required for unreduced early retirement, but it will only apply to benefits earned after 2017. You will get a separate notice with details on this change.

How will this affect my pension?
The FIP has no current impact on your benefits with a compliant employer. As with the original FIP, there are benefit changes if an employer only pays the default rate. These are described in the original FIP notice (and the Plan's SPD) which are on the Fund website.

What if this FIP does not work?

First, there is no such expectation. This modified FIP is expected to work. If the investment markets do not perform well again, the law has a number of options to address those issues. There are too many options to speculate on what might happen and how the Plan and Trustees would address any new problems.