

**BRICKLAYERS AND ALLIED CRAFTSMEN LOCAL NO. 7 PENSION FUND**  
**2018 ANNUAL FUNDING NOTICE**  
**August 2019**

**Introduction**

This notice includes important information about the funding status of the Bricklayers and Allied Craftsmen Local No. 7 Pension Plan (“the Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“the PBGC”), a federal insurance agency. This Notice is required by federal law, and all traditional pension plans, called defined benefit pension plans, must issue it every year regardless of their funding status. It does not mean that the Plan is terminating. It is provided for informational purposes only and you are not required to respond in any way. This notice is for the plan year beginning May 1, 2018 and ending April 30, 2019 (referred to hereafter as “Plan Year”).

**How Well Funded is Your Plan**

The law requires the Plan administrator to tell you how well the Plan is funded, using a measure called the “funded percentage”. In order to get this percentage, the Plan divides its assets by its liabilities on the Valuation Date. In general, the higher the percentage, the better funded the Plan. The Plan’s funded percentage for the 2018 Plan Year and the two preceding Plan Years is shown in the chart below. The chart also lists the value of the Plan’s assets and liabilities for the same period.

	<b>2018 Plan Year</b>	<b>2017 Plan Year</b>	<b>2016 Plan Year</b>
Valuation Date	May 1, 2018	May 1, 2017	May 1, 2016
Funded Percentage	29.3%	34.8%	43.9%
Actuarial Value of Assets	\$11,927,811	\$13,703,552	\$15,755,085
Value of Liabilities	\$40,642,848	\$39,331,397	\$35,891,575

**Year-End Fair Market Value of Assets**

The asset values in the chart above are measured as of the Plan’s Valuation Date. They are also “actuarial values”. Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock market 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 2018 Plan Year. The chart also includes the year-end market value of the Plan’s assets for the two preceding Plan Years.

	<b>April 30, 2019</b>	<b>April 30, 2018</b>	<b>April 30, 2017</b>
<b>Fair Market Value of Assets</b>	\$9,588,723 *	\$11,528,839	\$12,893,823

\* Unaudited.

## **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 critical and declining status in the Plan Year because of an estimated funded ratio of 30.3%, an existing funding deficiency in the funding standard account, and a projected insolvency in the 2022-2023 plan year. Such insolvency may result in benefit reductions. In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan on August 11, 2008 based on the Plan's 2008 critical status (most recently updated on December 8, 2017). The rehabilitation period is May 1, 2009 through April 30, 2019 or the date the Fund's Actuary certifies it has emerged from critical status.

The Plan is not projected to emerge from critical and declining status. However, under federal pension law, if a plan has exhausted all reasonable measures in an effort to improve funding, its rehabilitation plan is considered acceptable even if the plan is not projected to emerge from critical status until after the end of its rehabilitation period. The Board of Trustees has determined that this updated rehabilitation plan represents an exhaustion of all reasonable measures that can be taken by the Plan. Therefore, the rehabilitation plan is considered acceptable.

Federal law requires the Board of Trustees to monitor the progress toward achieving the objectives and annual standards of the rehabilitation plan. The Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal. The rehabilitation plan and its objectives and annual standards are based on a number of assumptions about future experience and may have to be adjusted if those assumptions are not met. Additional contribution rate increases and/or benefit reductions might be required. You will receive a separate notice identifying and explaining any additional changes in benefits, if necessary, and you will receive an annual notice, like this one, identifying any event that has a material effect on Plan assets or liabilities.

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. You may get this information by contacting the Plan Administrator, Benesys, Inc., 33 Fitch Blvd., Austintown, Ohio 44515.

## **Participant Information**

The total number of participants and beneficiaries covered by the plan on the valuation date, May 1, 2018 was 429. Of this number, 99 were active participants, 225 were retired or separated from service and receiving benefits, and 105 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 meet minimum funding requirements of the Employee Retirement Income Security Act of 1974.

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 invest in a diversified portfolio of assets that will maximize investment return over the long term while minimizing investment return volatility and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

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:

<b><u>Asset Allocations</u></b>	
Stocks	<u>66.2 %</u>
Investment Grade Debt Instruments	<u>27.9 %</u>
High-Yield Debt Instruments	<u>0.0 %</u>
Real Estate	<u>0.0 %</u>
Other	<u>5.9 %</u>

### **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 regarding the Plan. You can obtain an electronic copy of the Plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the search tool. Annual reports are also 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. You can also obtain a copy of the Plan's annual report by making a written request to the Plan administrator.

The Plan's annual reports do not contain personal information regarding Plan participants, such as the amount of your accrued benefit. You should contact the Plan administrator if you want information about your accrued benefit.

### **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 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.

In addition the trustees of a critical and declining plan may recommend benefit reductions, in order to avoid future insolvency. The reduction must eliminate the insolvency (no more, no less), must be within allowable limits and must be equitably allocated. All other reasonable measures must also have already been taken. Any such recommended benefit reductions are also subject to a participant vote. The Plan's Trustees have determined that the above benefit reductions are necessary. A separate notice identifying and explaining the effect of those proposed reductions was previously mailed to you.

### **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 \$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 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*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 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

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.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on the PBGC's website at [www.pbgc.gov/multiemployer](http://www.pbgc.gov/multiemployer). Please contact your Plan administrator for specific information about your Plan or pension benefit. The PBGC does not have that information.

### **Where to Get More Information**

For more information about this notice, you may contact the Fund Office at 33 Fitch Blvd., Austintown, Ohio 44515, (330) 779-8857. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 34-6666798. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).