ANNUAL FUNDING NOTICE
FOR
INLANDBOATMEN'S UNION OF THE PACIFIC NATIONAL PENSION PLAN

October, 2019

Introduction

This notice includes important information about the funding status of your multiemployer 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 July 1, 2018 and ending June 30, 2019 (“Plan Year”).

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the “funded percentage.” The Plan divides its assets by its liabilities on the Valuation Date 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			
	2018	**2017**	**2016**
Valuation Date	July 1, 2018	July 1, 2017	July 1, 2016
Funded Percentage	76%	77%*	84%
Value of Assets	$251,752,932	$247,509,227	$241,968,439
Value of Liabilities	$328,748,299	$320,995,209	$287,095,279

* *The decrease in the 2017 funded percentage is primarily due to updated actuarial assumptions that resulted in higher Plan liabilities. The mortality tables were updated and assume people will live longer and the investment return assumption was lowered from 7.25% to 6.50% per year, based on expert advice on future expected investment results.*

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 two preceding plan years.

	June 30, 2019	**June 30, 2018**	**June 30, 2017**
Fair Market Value of Assets	$ 253,000,000	$ 253,550,406	$ 243,172,898

The June 30, 2019 fair market value of the Plan's assets is an estimate until the audit of the Plan has been completed by a certified public accounting firm.

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 trustees 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 status in the Plan Year ending June 30, 2019 because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan has not passed the "Emergence Test". In order to emerge from critical status, the Plan must pass the four critical status tests for the current plan year, not be projected to have an accumulated funding deficiency in the current plan year or the succeeding nine plan years, and not be projected to become insolvent for any of the next 30 plan years. The Plan is projected to remain solvent and passes the four critical status tests, but is projected to have an accumulated funding deficiency during the next 9 plan years.

This is the second consecutive year the Plan has been in critical status. In an effort to improve the Plan's funding situation, the Trustees adopted the 2018 Rehabilitation Plan on May 16, 2018 which generally reduced benefits for Active Participants and Terminated Participants. The 2018 Rehabilitation Plan includes two Schedules for the bargaining parties to adopt on behalf of Active Participants as described below.

- The 2018 Preferred Schedule does not change the accrued benefit formula (benefit multiplier) but only 70% of the pension contributions will be applied to the accrued benefit formula (except see the 2018-2019 Benefit Accrual section below), reduces the early retirement benefits for Active Participants who retire prior to age 62 and who have not met the Rule of 85 Requirements, reduces disability benefits and pre-retirement death benefits.

  The 2018 Preferred Schedule currently requires a two-year increase to employer contributions compounded annually based on the month and year the bargaining parties adopt the 2018 Preferred Schedule. The annual percentage increase ranges from 6.14% for bargaining parties that adopt the 2018 Preferred Schedule effective July 1, 2018 to 23.01% for bargaining parties that adopt the 2018 Preferred Schedule effective July 1, 2023.

- The 2018 Default Schedule reduces the accrued benefit formula (benefit multiplier) to 1% of contributions earned after June 30, 2018 (except see the 2018-2019 Benefit Accrual section below), requires 1,000 Contributory Hours to earn a year of Future Credited Service, Future Benefit Service and benefit accruals, and reduces early retirement benefits for accrued benefits earned after June 30, 2018, eliminates disability benefits and reduces the pre-retirement death benefits.

The 2018 Default Schedule currently requires an increase to employer contributions based on the month and year the bargaining parties adopt the 2018 Default Schedule or have the 2018 Default Schedule imposed on them. The percentage increase ranges from 10.00% for bargaining parties that adopt the 2018 Default Schedule (or have the Default Schedule imposed) effective July 1, 2018 to 17.86% for bargaining parties that adopt the 2018 Default Schedule (or have the Default Schedule imposed) effective July 1, 2023.

- 2018-2019 Benefit Accrual. No benefit accruals will be earned during the July 1, 2018 through June 30, 2019 plan year, except that if the bargaining parties adopt the 2018 Default Schedule (or the Default Schedule is imposed) during the plan year, the accrued benefit formula (benefit multiplier) will be 1% of contributions from the date the Default Schedule is adopted or imposed.

- Plan participation for new employees is changed to start after 12 months following the first contributory hour. No benefit accruals will be earned during the first 12 months, but service will be earned if the employee meets the contributory hours threshold of the 2018 Rehabilitation Plan Schedule his or her employer adopted.

- The Board of Trustees adopted the 2018 Rehabilitation Plan on behalf of Terminated Participants. The Normal Form of payment is changed to a single life annuity and certain optional payment forms are eliminated for Terminated Participants.

The Plan was previously certified in critical status for the 2010-2011 Plan Year. The 2011 Rehabilitation Plan the Trustees adopted on January 31, 2011 remains in effect and is changed by the 2018 Rehabilitation Plan as described above.

The Rehabilitation Period associated with the Rehabilitation Plan is the 10-year period beginning July 1, 2020 and ending on June 30, 2030.

You may obtain a copy of the Plan's 2018 Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the Board of Trustees toward fiscal improvement by contacting the Plan administrator.

The Plan was certified in endangered status for the plan year beginning July 1, 2019. Attached is the notification of this status.

Participant Information

The total number of participants and beneficiaries covered by the Plan on July 1, 2018 was 4,664. Of this number, 1,419 were current employees, 1,886 were retired and receiving benefits, and 1,359 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 for the Board of Trustees to work with their professional service advisors to ensure that contributions received by the Plan will satisfy the minimum funding requirements under the Employee Retirement Income Security Act, be deductible under the Internal Revenue Code and comply with Internal Revenue Service and Department of Labor rules. Over time, the Board of Trustees may adjust Plan benefits in response to investment returns and other Plan experience, or seek additional contributions from the bargaining parties.

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 to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among professional investment managers with complimentary or diverse investment styles in domestic equity securities, international equity securities, domestic fixed income instruments, real estate, absolute return strategies and other asset classes as may be deemed appropriate.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of June 30, 2019. These allocations are percentages of total assets:

Asset Allocations	Percentage
Stocks	56%
Investment grade debt instruments	19%
High-yield debt instruments	1%
Real estate	13%
Other (Mortgage Real Estate and Cash)	11%

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 N1515, 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. 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 About Your Plan."

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.

The Plan is solvent.

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 $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 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 a 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 About Your Plan

For more information about this notice, you may contact the Plan administrator:

BeneSys, Inc.
PMB #116
5331 SW Macadam Avenue, Suite 258
Portland, Oregon 97239
(503) 224-0048

For identification purposes, the official Plan number is 001 and the Plan sponsor's name and employer identification number or "EIN" is the Board of Trustees, Inlandboatmen's Union of the Pacific National Pension Plan and 93-0792184.