DATE: September 26, 2016

TO: All Participating Employers and Participants of the Idaho Plumbers & Pipefitters Pension Trust

FROM: The Board of Trustees

SUBJECT: 2016 Annual Funding Notice

Each year the Pension Protection Act requires determination of the funding status of all pension plans under its jurisdiction.

Accordingly, the actuarial firm retained by the Trust has made that determination, and their certification is attached as an enclosure to this letter.

This is for informational purposes and no action on your part is required. For more information, please go to the Idaho Plumbers & Pipefitters Pension Trust website: www.iptt.org

If you have any questions regarding this notice contact the Trust Office at (208) 288-1610 or toll free (800) 808-1687.
ANNUAL FUNDING NOTICE
FOR
IDAHO PLUMBERS AND PIPEFITTERS PENSION PLAN

Introduction

This notice includes important information about the funding status of your multiemployer pension plan – the Idaho Plumbers and Pipefitters 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 for the Plan Year beginning June 1, 2015 and ending May 31, 2016 (“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 for the Plan Year to get to this percentage. In general, the higher the percentage, the better funded the Plan. Your Plan’s funded percentage for the Plan Year, each of the two preceding plan years and an estimate for the next Plan Year is shown in the chart below. The chart also states the value of the Plan’s assets and liabilities for the same period.

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<tbody>
<tr>
<td>Valuation Date</td>
<td>June 1, 2016</td>
<td>June 1, 2015</td>
<td>June 1, 2014</td>
<td>June 1, 2013</td>
</tr>
<tr>
<td>Funded Percentage</td>
<td>86%</td>
<td>91%</td>
<td>93%</td>
<td>92%</td>
</tr>
<tr>
<td>Value of Assets</td>
<td>104,200,000*</td>
<td>$103,876,653</td>
<td>$100,086,862</td>
<td>$95,723,384</td>
</tr>
<tr>
<td>Value of Liabilities</td>
<td>120,500,000*</td>
<td>$113,516,140</td>
<td>$107,670,685</td>
<td>$104,195,985</td>
</tr>
</tbody>
</table>

* Liability and asset values for the 2016/2017 Plan Year are estimated. The fair market value of assets is unaudited and the liability is projected based on June 1, 2015 liability. These results are subject to change.

The Plan’s liability has increased more than usual over the last few years. The Plan’s liabilities generally increase each year because the accruals being earned by active participants are greater than the benefits that are paid to retirees. This causes the Plan’s liabilities to go up about 3% each year. Other changes have been made in the last two years. First, beginning June 1, 2015, the actuary changed the long term asset return assumption from 7.00% to 6.75%. This change was made in response to lower market expectations and resulted in a 2.7% increase in liabilities in addition to the usual increase. Also, we know that people are living longer than they used to. For a pension plan, that means providing more years of retirement benefits, which increases the liability of the Plan. The longevity assumption was updated on June 1, 2016 to reflect this, increasing the liability of the Plan by 2.9% in addition to the usual increase.

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.

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<tbody>
<tr>
<td>Fair Market Value of Assets</td>
<td>$91,400,000*</td>
<td>$95,852,103</td>
<td>$93,608,823</td>
<td>$85,865,120</td>
</tr>
<tr>
<td>Market Value Funded Percentage</td>
<td>76%</td>
<td>84%</td>
<td>87%</td>
<td>82%</td>
</tr>
</tbody>
</table>

* Liability and asset values for the 2016/2017 Plan Year are estimated. The fair market value of assets is unaudited and the liability is projected based on June 1, 2015 liability. These results are subject to change.

**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 not in endangered, critical or critical and declining status in the Plan Year.

**Participant Information**

The total number of participants in the Plan as of the Plan’s valuation date was 1,744. Of this number, 731 were current employees, 663 were retired and receiving benefits, and 350 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 for establishing 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 contribute at a level consistent with applicable bargained and special agreement contracts. The Plan's resources are intended to fund Plan obligations. Plan resources include accumulated Plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expenses paid from Plan assets.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The Plan’s investment policy is
adopted by the Board of Trustees and includes investment objectives intended to reflect the Plan’s long-term investment horizon. The Plan’s current investment objective is long-term in nature. The objective is to maximize long-term growth of assets within prudent levels of risk while targeting a total rate of return (as measured over a full market cycle) to exceed the actuarial assumed rate of return (currently 6.75%).

Under 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:

<table>
<thead>
<tr>
<th>Asset Allocations</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Stocks</td>
<td>50%</td>
</tr>
<tr>
<td>Investment grade debt instruments</td>
<td>23%</td>
</tr>
<tr>
<td>High-yield debt instruments</td>
<td>0%</td>
</tr>
<tr>
<td>Real estate</td>
<td>11%</td>
</tr>
<tr>
<td>Other</td>
<td>16%</td>
</tr>
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</table>

**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 N-1513, 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."

**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 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 the 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 the Plan’s Administrative Office at Idaho Plumbers and Pipefitters Pension Plan c/o BeneSys Inc. 1220 SW Morrison St., Suite 300, Portland, OR 97205, (208) 288-1610 or 1-(800) 808-1687. For identification purposes, the official plan number is 001 and the Plan Sponsor’s employer identification number or “EIN” is 82-6010346.