



Ohio Carpenters' Fringe Benefit Funds

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2016 ANNUAL FUNDING NOTICE For OHIO CARPENTERS' PENSION PLAN

Introduction

This notice includes important funding information about the Ohio Carpenters' Pension Plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning May 1, 2016 and ending April 30, 2017 (referred to hereafter as "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 this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the plan year and 2 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.

	2016	2015	2014
Valuation Date	May 1, 2016	May 1, 2015	May 1, 2014
Funded Percentage	66%	70%	73%
Value of Assets	\$2,214,663,883	\$2,345,775,863	\$2,429,099,620
Value of Liabilities	\$3,355,077,950	\$3,353,710,052	\$3,318,567,905

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of April 30, 2016, the fair market value of the Plan's assets was \$1,933,158,522. As of April 30, 2015, the fair market value of the Plan's assets was \$2,059,380,268. As of April 30, 2014, the fair market value of the Plan's assets was \$2,100,170,720.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 28,058. Of this number, 9,144 were active participants, 10868 were retired or separated from service and receiving benefits, and 5014 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 satisfy the minimum funding standards under ERISA, and to comply with the terms of the collective bargaining agreements.

Once money is contributed to the Plan, the money is invested at the direction of the Plan's Board of Trustees, the members of which are fiduciaries with respect to the Plan. 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 allocate roughly 30% of assets to fixed income investments and roughly 70% of assets to equity investments. Limits exist on the amount of money invested in any underlying security, and with any money manager in order to keep the investment portfolio well diversified.

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:

Asset Allocations	Percentage
1. Cash & Equivalents	4.4%
2. Stocks	41.0%
3. Investment Grade Debt Instruments	16.9%
4. High-Yield Debt Instruments	5.5%
5. Real Estate	6.8%
6. Other	25.4%

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 determined by its actuary to remain in "critical" status for the 2016 plan year because it is projected to have an accumulated funding deficiency within the next nine years (including the impact of amortization extensions). In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan. The rehabilitation period is May 1, 2013 through April 30, 2023 or the date the Fund's Actuary certifies it has emerged from critical status. The rehabilitation plan was most recently updated on April 13, 2017. The current rehabilitation plan includes the following provisions:

Establishment of Supplemental Contributions	Effective October 1, 2010, a "supplemental contribution" was established. A supplemental contribution is a portion of the total contribution rate that is not included in calculating benefits. The supplemental contribution rates outlined below are rates for journeymen. Because total contribution rates for apprentices are typically lower than total contribution rates for journeymen, the supplemental contribution rate for an apprentice is set proportionally lower by a ratio that is approximately equivalent to the ratio between the apprentice's total contribution rate and the total contribution rate of a corresponding journeyman. However, in some rare cases, extenuating circumstances could cause the supplemental contribution rate for certain apprentices to be temporarily higher or lower than a standard proportionality ratio would produce.
2010 Contribution Changes	<ul style="list-style-type: none"> • For work performed under bargaining agreements covering Carpenters, Floorlayers, Millwrights, or Pile Drivers: The initial journeyman supplemental contribution rate was 30¢ per hour. • For work performed under Residential bargaining agreements: The initial journeyman supplemental contribution rate was 5¢ per hour. However, if the total journeyman contribution rate is less than \$1.00 per hour, there was no supplemental contribution required. • For covered work performed for one of the few employers that have an individual participation agreement with the Plan: The initial journeyman supplemental contribution rate varied by agreement, ranging from a minimum of zero to a maximum of 30¢ per hour.
2011 Contribution Changes	<ul style="list-style-type: none"> • For work performed under bargaining agreements covering Carpenters, Floorlayers, Millwrights, or Pile Drivers: The journeyman supplemental contribution rate was increased to 60¢ per hour. • For covered work performed for one of the few employers that have an individual participation agreement with the Plan: The journeyman supplemental contribution rate varied by agreement, ranging from a minimum of zero to a maximum of 60¢ per hour.
2012 Contribution Changes	<ul style="list-style-type: none"> • For work performed under bargaining agreements covering Carpenters, Floorlayers, Millwrights, or Pile Drivers: The journeyman supplemental contribution rate was increased to 90¢ per hour. • For covered work performed for one of the few employers that have an individual participation agreement with the Plan: The journeyman supplemental contribution rate varied by agreement, ranging from a minimum of zero to a maximum of 90¢ per hour.

<p>2013-2016 Annual Contribution Changes</p>	<ul style="list-style-type: none"> For work performed under bargaining agreements covering Carpenters, Floorlayers, Millwrights, or Pile Drivers: The journeyman supplemental contribution rate will be increased by 87¢ per hour in each year. For work performed under all other bargaining agreements or individual employer participation agreements: The journeyman supplemental contribution rate will be increased by 20¢ per hour in each year. However, for journeyman benefit-credited contribution rates (i.e. the total contribution rate minus the supplemental contribution rate) that were less than \$1.00 per hour in 2012, the journeyman supplemental contribution rate will be increased by only 10¢ per hour in each year.
<p>2017-2028 Annual Contribution Changes</p>	<ul style="list-style-type: none"> For work performed under bargaining agreements covering Carpenters, Floorlayers, Millwrights, or Pile Drivers: The journeyman supplemental contribution rate will be increased by 60¢ per hour in each year. For work performed under all other bargaining agreements or individual employer participation agreements: The journeyman supplemental contribution rate will be increased by 20¢ per hour in each year. However, for journeyman benefit-credited contribution rates (i.e. the total contribution rate minus the supplemental contribution rate) that were less than \$1.00 per hour in 2012, the journeyman supplemental contribution rate will be increased by only 10¢ per hour in each year.
<p>January 1, 2011 Benefit Change</p>	<p>Reduced the benefit multiplier to 1% (was previously 3.8%) of benefit-credited contributions for work performed on or after January 1, 2011.</p>
<p>May 1, 2013 Benefit Changes</p>	<ul style="list-style-type: none"> For retirements commencing on or after May 1, 2013, replaced the “Rule of 80” unreduced early retirement eligibility provision with a “Rule of 85” unreduced early retirement eligibility provision. However, active participants retiring with at least 80 points receive a special early retirement reduction of only 3% for each point less than 85 earned at retirement (6% for each point if retiring from inactive status). These changes apply only to benefits earned on or after May 1, 2013. Benefits earned prior to May 1, 2013 are not affected by these changes. For deaths occurring on or after May 1, 2013, eliminated the following death benefits: <ul style="list-style-type: none"> Lump Sum Normal Death Benefit Lump Sum Supplemental Death Benefit Additional \$1,500 Lump Sum Death Benefit
<p>May 1, 2014 Benefit Changes</p>	<ul style="list-style-type: none"> For retirements commencing on or after May 1, 2014, eliminate “Rule of 80” and “Rule of 85” unreduced early retirement eligibility provisions. This change applies to all earned benefits. However, participants who have earned at least 80 points by May 1, 2014 are grandfathered under the prior unreduced early retirement provisions described in the “May 1, 2013 Benefit Changes” section above. For retirements commencing on or after May 1, 2014, establish a special early retirement eligibility rule for participants retiring on or after age 55 with at least 30 years of service. The early retirement reduction for these participants will be only 1% for each year that retirement age is less than age 62. For disabilities commencing on or after May 1, 2014, reduce the disability benefit to 75% (previously 100%) of accrued benefit. For work performed under bargaining agreements covering Carpenters, Floorlayers, Millwrights, or Pile Drivers: The benefit-credited portion of the journeyman contribution rate will be reduced by 50¢ per hour and the supplemental contribution portion of the journeyman contribution rate will be increased by 50¢ per hour. This change applies only to contributions for work performed on or after May 1, 2014. The amount of change for apprentices will be proportionally lower using the same ratio-based methodology described in the “Establishment of Supplemental Contributions” section above.

The Plan is not projected to emerge from critical status until after the end of the rehabilitation period. 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. On April 13, 2017, the Board of Trustees reaffirmed that this latest 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 economic environment to ensure that all reasonable courses of action continue to be taken to fund the Plan. The Board of Trustees remains committed to funding your pension benefits. If determined to be feasible, additional contribution rate increases and/or benefit reductions may be made. 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 get a copy of the Plan's rehabilitation plan, any update to such 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 at (248) 641-4967.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report 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.

Summary of Rules Governing Plans 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 the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a 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 the 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 \$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 $\$24.75$ ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

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 ($\17.75×10).

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.

Where to Get More Information

For more information about this notice, you may contact the Plan Administrator at 700 Tower Drive, Suite 300, Troy, Michigan 48098. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Ohio Carpenters' Pension Fund and 34-6574360.

Notice Critical Status For Ohio Carpenters' Pension Fund

This is to inform you that on July 28, 2017 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical status for the plan year beginning May 1, 2017. Federal law requires that you receive this notice. In the future, you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical Status

The Plan is still considered to be in critical status because it is projected to satisfy the following:

Projected accumulated funding deficiency within the current or next 9 plan years

The Plan's actuary projects that, if no further action is taken, the Plan will have an accumulated funding deficiency for the plan year ending April 30, 2020. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated (for participants not yet in pay status as of August 28, 2010) as part of any rehabilitation plan the Pension Plan may adopt:

- Disability benefits;
- Early retirement benefits or subsidies;
- Post-retirement death benefits;

Certain benefit changes were adopted pursuant to the rehabilitation plan effective January 1, 2011, May 1, 2013, May 1, 2014, and May 1, 2017. These changes were described in separate notices mailed to you on August 19, 2010, April 15, 2013, August 28, 2013, and April 4, 2017, respectively. If the Trustees of the Plan determine that any additional benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Additionally, effective August 27, 2010, the Plan is not permitted to pay any lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Future Experience and Possible Adjustments

The rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 7.50% (in the 2017-18 plan year or later), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Where to Get More Information

You have a right to receive a copy of the rehabilitation plan and any updates to that plan. To receive a copy of the latest version, you may contact the Plan Administrator, BeneSys, at 700 Tower Drive, Suite 300, Troy, MI 48098 or by telephone at 248-641-4967.

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Important Information

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