



**PIPEFITTERS LOCAL 636  
FRINGE BENEFIT FUNDS**  
P.O. BOX 278  
TROY, MICHIGAN 48099-0278  
(248) 641-4936 (888) 646-8920

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Dear Participant and Contributing Employer,

To keep you informed as to the status of the Pipefitters Local 636 Defined Benefit Pension Fund (Fund), and as required by law, we are enclosing two documents regarding the financial status of the Fund.

The first notice is an Annual Funding Notice, which provides information regarding the plan year beginning January 1, 2015.

The second notice pertains to the current plan year, which began January 1, 2016. This notice is required by the Pension Protection Act of 2006.

If you have any questions, as always, feel free to contact the Fund Office.

Sincerely,

The Board of Trustees

W1798234.DOC/PF6/115191



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**April 29, 2016**

**Notice of Status under the Pension Protection Act  
For Pipefitters Local 636 Defined Benefit Pension Fund**

**TO: Plan Participants and Beneficiaries and Bargaining Parties**  
**FROM: Board of Trustees Pipefitters Local 636 Defined Benefit Pension Fund**

A federal law known as the Pension Protection Act of 2006 (PPA) provides that where a multiemployer plan actuary certifies that the plan falls into one of several categories set forth in the PPA, the plan must provide notice of such categorization. These categories are yellow (endangered), orange (seriously endangered), and red (critical). In general, determination of which category a plan falls into depends upon sufficiency of projected contributions, sufficiency of projected cash flow, and funded status (in particular, whether the funded percentage is less than 80%). As of January 1, 2016, the Plan's actuary certified that the Plan is in seriously endangered status (orange). For your information, as of January 1, 2016, the PPA funded percentage of the Fund is 75.5%.

Plans in endangered status zones are required to adopt a Funding Improvement Plan (FIP). The FIP is an action plan designed to help the Fund meet certain funding benchmarks required by the PPA. The Fund has been operating under a timely adopted FIP, which has not required any changes to the benefit structure to date. If any such changes are required in the future, you will receive a separate notice.

The PPA requires that the Plan's funding status be reviewed and certified by the Fund actuary annually. You will continue to receive information regarding the Fund's status.

For more information about this notice, you may contact the Fund Office at 700 Tower Drive, Suite 300, Troy, Michigan 48098, telephone number (248) 641-4936.

**cc: PBGC  
US Department of Labor**

W1798269.DOC/PF6/115191



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**ANNUAL FUNDING NOTICE  
Pipefitters Local 636 Defined Benefit Pension Fund**

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. 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 January 1, 2015, and ending December 31, 2015 ("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 each of the two preceding plan years shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

<b>Funded Percentage</b>			
	<b>2015 Plan Year</b>	<b>2014 Plan Year</b>	<b>2013 Plan Year</b>
Valuation Date	01/01/2015	01/01/2014	01/01/2013
Funded Percentage	76.7%	79.3%	79.8%
Value of Assets	\$ 292,953,151	\$ 286,647,027	\$ 279,835,766
Value of Liabilities	\$ 381,959,097	\$ 361,388,632	\$ 350,788,901

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.

	<b>As of December 31, 2015</b>	<b>As of December 31, 2014</b>	<b>As of December 31, 2013</b>
Fair Market Value of Assets	\$ 266,213,806 (unaudited)	\$ 270,789,101	\$ 265,608,577

## 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 endangered status for the Plan Year because the funding percentage of the Plan dropped slightly below 80%. Where a plan is in endangered status, the Trustees are required to adopt a Funding Improvement Plan (FIP). A FIP is a combination of contribution rate increases and benefit reductions which if adopted are designed to allow a plan to emerge from endangered status within ten years. Due to actions already taken by the Trustees, the FIP for the 636 Plan does not require any contribution rate increases or benefit reductions to timely emerge. You may obtain a copy of the Plan’s FIP and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

## Participant Information

The total number of participants in the plan as of the Plan’s valuation date was 2,954. Of this number, 1,325 were active participants, 1,424 were retired or separated from service and receiving benefits, and 205 were retired or separated from service and entitled 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 primary source of Plan funding for the benefits provided under the Plan and for the expenses of the Plan operations are employer contributions. The rate of contribution is set forth in the Collective Bargaining Agreement, or other written agreement requiring contributions to the Fund. Additionally, plan assets are invested which results in investment income to the Plan.

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 achieve the following long-term investment objectives, consistent with the requirements of prudent asset class diversification: (A) earn a sufficient rate of return over the long-term to continue meeting the minimum funding requirements of ERISA; (B) maintain sufficient liquidity to facilitate full and timely payment of benefits and expenses; (C) earn a long-term rate of return that meets or exceeds the Plan’s assumed actuarial rate while attempting to control the volatility of returns; and (D) earn a long-term rate of return that equals or exceeds the Plan’s Policy Index. The investment of the Plan assets shall be in accord with all provisions of the Employee Retirement Income Security Act of 1974. 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.

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:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Cash (Interest bearing and non-interest bearing)	0.96%
2. U.S. Government Securities	7.29%
3. Corporate debt instruments (other than employer securities):	
Preferred	5.11%
All other	6.94%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	7.09%
5. Partnership / joint venture interests	17.52%
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common / collective trusts	29.21%
10. Value of interest in pooled separate accounts	11.20%
11. Value of interest in 103-12 investment entities	9.99%
12. Value of interest in registered investment companies (e.g., mutual funds)	
13. Value of funds held in insurance co. general account (unallocated contracts)	
14. Employer-related investments:	
Employer Securities	
Employer real property	
15. Buildings and other property used in plan operation	
16. Other	4.69%

For information about the Plan's investment in any of the following types of investments— common/collective trusts, pooled separate accounts, or 103-12 investment entities – contact the Plan administrative office at 700 Tower Dr., Suite 300, Troy, MI 48098, (248) 641-4936.

#### Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. No actions have been taken to date for the 2016 Plan Year that are expected to have such an effect.

#### 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](http://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 financial 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 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.

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](http://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 at the following address: Pipefitters Local 636 Defined Benefit Fund, 700 Tower Drive, Suite 300, Troy, Michigan 48098, telephone number (248) 641-4936. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 38-3009873. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).