

NORTHERN CALIFORNIA PIPE TRADES TRUST FUNDS FOR UA LOCAL 342

935 Detroit Avenue, Suite 242A, Concord, CA 94518-2501 • Phone 925/356-8921 • Fax 925/356-8938
tfo@ncpttf.com • www.ncpttf.com



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Annual Funding Notice for the Multiemployer Defined Benefit Pension Plan for the Northern California Pipe Trades Pension Plan

THIS IS A REQUIRED NOTIFICATION AND REQUIRES NO ACTION ON YOUR PART. IT IS INFORMATIONAL ONLY. PLEASE REFER TO PAGE 3 FOR THE PLAN'S STATUS.

The Plan is in Green Zone Status because it is over 100% funded, which is positive.

Introduction

This Notice includes important information about the funding status of your Multiemployer Pension Plan (“Plan”). This Notice also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal 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 January 1, 2017, and ending December 31, 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”. This 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 (2) preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

Funded Percentage			
	PLAN YEAR — 2017	PLAN YEAR — 2016	PLAN YEAR — 2015
Valuation Date	January 1, 2017	January 1, 2016	January 1, 2015
Funded Percentage	112.7%	114.9%	117.7%
Value of Assets	\$612,916,830	\$537,803,088	\$526,466,711
Value of Liabilities	\$543,643,545	\$468,186,537	\$447,186,510

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They are also called “actuarial values”. Actuarial values differ from market values in that they do not fluctuate based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for some 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 (2) preceding Plan Years.

	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Fair Market Value of Assets	\$704,039,736	\$612,916,830	\$572,254,085

Participant Information

The total number of Participants in the Plan as of the Plan's Valuation Date was 3,386. Of this number, 1,425 were current employees (or active Participants), 1,462 were retired or separated from service and receiving benefits, and 499 were retired or no longer working for the employer and have a right to future benefits.

Funding and 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 receive the contributions made pursuant to Collective Bargaining Agreements, invest those contributions in a diversified portfolio of investments and provide, based on the funding advice of an actuary, benefits that the Board of Trustees determines can be afforded based on the contribution rates and anticipated investment returns.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. Once money is contributed to the Plan, the Plan's investment professionals who are Plan fiduciaries invest the money. Specific investments are made in accordance with the Plan's investment policy. The Plan's investment policy is to diversify the investments by hiring qualified investment managers with the long term objective to provide a rate of return which meets or exceeds the assumed actuarial rate of return; maintain sufficient income and liquidity to pay Plan benefits and expenses when due; and reserve and increase the principal value of the Plan's assets.

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 (Interest-bearing and non-interest bearing)	1.3%
2. U.S. Government securities	3.4%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All others	3.3%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	11.5%
5. Partnership/joint venture interests	4.4%
6. Real estate (other than employer real property)	0.0%

7.	Loans (other than to Participants)	0.0%
8.	Participant loans	0.0%
9.	Value of interest in common/collective trusts	27.9%
10.	Value of interest in pooled separate accounts	0.0%
11.	Value of interest in master trust investment accounts	0.0%
12.	Value of interest in 103-12 investment entities	0.0%
13.	Value of interest in registered investment companies (e.g., mutual funds)	47.3%
14.	Value of funds held in insurance co. general account (unallocated contracts)	0.9%
15.	Employer-related investments:	
	Employer securities	0.0%
	Employer real property	0.0%
16.	Buildings and other property used in Plan operation	0.0%
17.	Other	0.0%

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 Administrator.

Endangered, Critical, or Critical and Declining Status

Under Federal Pension Law a plan generally will be considered to be in “endangered” status if the 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. Rehabilitation and funding improvement 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 for 2017
(i.e., the Plan was in the “Green Zone”).**

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. For the Plan Year beginning January 1, 2017, and ending December 31, 2017, the following events had such an effect:

The investment markets continued to recover, with an increase in the value of assets as of December 31, 2017. The actuarial valuation interest rate was lowered from 7.00% to 6.00%, effective January 1, 2017, and the increase in asset values will offset much of the increase in liabilities associated with the lower assumed rate.

Right to Request a Copy of the Annual Report

Pension plans must file with the US Department of Labor an annual report. 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 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 20210-0001, or by calling 202/693-8673. Alternatively, 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 the PBGC. In addition, Participants and Beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including the 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 $\$24.75$ ($.75 \times \$33$), 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 addition, the PBGC guarantees qualified pre-retirement survivor benefits (which are pre-retirement 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 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 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", below.

Where to Get More Information

For more information about this Notice, you may contact:
Northern California Pipe Trades Pension Trust Fund Office
925/356-8921
935 Detroit Ave., Suite 242A
Concord, CA 94518-2501

For identification purposes, the official Plan number is 001, and the Plan Sponsor's Employer Identification Number or "EIN" is 94-3190386.