

Northwest Ironworkers Retirement Trust

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Administered by
Welfare & Pension Administration Service, Inc.

October 25, 2019

ANNUAL FUNDING NOTICE

For the

NORTHWEST IRONWORKERS RETIREMENT TRUST

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 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 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 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	74%	70%	67%
Value of Assets	\$498,547,006	\$472,950,286	\$454,128,556
Value of Liabilities	\$671,127,243	\$673,911,061	\$677,999,322

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	\$525,654,053	\$503,721,787	\$464,180,391

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 in the Plan Year ending June 30, 2019 because its funded percentage is less than 80%. In an effort to improve the Plan's funding situation, the trustees adopted a Funding Improvement Plan which includes actions already taken by the Trustees and bargaining parties over the last several years such as decreasing the benefit accrual rate and increasing the level of contributions used solely for funding. The funding improvement plan was updated effective July 1, 2019 to increase the level of contributions. You may get a copy of the Plan's funding improvement 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.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending June 30, 2020, separate notification of that status has or will be provided.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 6,660. Of this number, 2,842 were active participants, 2,853 were retired and receiving benefits, and 965 were separated from service with 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 maintain a balance such that plan resources will fund plan obligations. Plan benefits and expenses are funded by employer contributions and the investment returns on those contributions. Employer contributions are based on hours worked multiplied by an hourly contribution rate established through collective bargaining. Based on the level of those employer contributions, the investment return on Plan assets, and other Plan experience, the Trustees will establish and adjust the levels of Plan benefits as necessary to satisfy the minimum funding requirements of ERISA and the Internal Revenue Code. The Trustees may also seek additional contributions from the bargaining parties to satisfy the Plan's funding obligations.

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 states that investments shall be made solely in the interest of the participants and beneficiaries and for the exclusive purposes of providing their benefits and defraying the reasonable expenses of administering the Plan. Plan assets shall be invested with the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would use in the investment of a Plan of like character and with like aims. Investments shall be diversified so as to minimize the risk of large losses, unless under particular circumstances it is clearly prudent not to do so. Investment decisions shall be made taking into consideration both risk and return, where risk is measured on an overall basis and not how it relates to each particular investment. The Plan shall maintain adequate liquidity to service its obligations.

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:

<u>Asset Allocations</u>	<u>Percentage</u>
Stock	51.5%
Debt instruments	10.3%
Real estate	18.2%
Other	20.0%

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 $\$24.75$ ($.75 \times \$33$), 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 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:

Northwest Ironworkers Retirement Trust
Welfare & Pension Administration Service, Inc.
P.O. Box 34203
Seattle, WA 98124-1203
1 (866) 986-1515 or (206) 441-7226

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Northwest Ironworkers Retirement Trust, 91-6123688. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.