



FOX VALLEY & VICINITY LABORERS

HEALTH AND WELFARE AND PENSION FUNDS

Date: September 26, 2015
 To: Pension Fund Participants
 From: Board of Trustees
 Subject: Annual Funding Notice

BOARD OF TRUSTEES

WELFARE FUND

Management:

Michael Shales, Chairman

John P. Bryan

Al Orosz

Union:

Corey R. Johnson, Secretary

Vernon Bauman

David B. Sheahan

PENSION FUND

Management:

Michael Shales, Chairman

John P. Bryan

Al Orosz

Union:

Vernon Bauman, Secretary

Martin D. Dwyer

Corey R. Johnson

Enclosed with this memorandum you will find the Annual Funding Notice for the Pension Fund which is required by Federal law.

This notice was provided to you at this time in prior years and is required by an act of Congress called the Pension Protection Act (PPA). The PPA requires pension plans to annually assess their health. Plans that are generally healthy are often referred to as being in the "green zone." Plans that are not completely healthy are labeled as "endangered" (e.g., "yellow zone") or "critical" (e.g., "red zone"). Plans in these categories must take steps to improve their funding over time.

For 2015, the Pension Fund is in the "green zone."

This is a result of steps taken by the Board of Trustees in prior years to help improve funding. The Plan's "funded percentage" during the last 7 years is presented below:

	Actuarial Value Of Assets	Market Value of Assets
June 1, 2009	71%	55%
June 1, 2010	78%	65%
June 1, 2011	78%	73%
June 1, 2012	77%	68%
June 1, 2013	78%	74%
June 1, 2014	79%	76%
June 1, 2015 (preliminary)	80%	77%

The "Actuarial Value of Assets" is used to determine the Plan's zone status under PPA. It recognizes investment gains and losses over a 5 year period (10 years for the 2008 investment loss). The "Market Value of Assets" is the amount available to the Plan after all investment gains and losses have been fully recognized. As you can see, except for 2012, the funded percentage using the Market Value of Assets has improved each year.

Prior to June 1, 2014, the Pension Fund was in the "yellow zone" (endangered status) and also was required to provide a Notice of Endangered Status in addition to the Annual Funding Notice. Because the Fund is in the "green zone" for 2015 this additional notice is not necessary.

The Board of Trustees, the Fund Administrator, and the Fund's professional service providers will continue to work together to ensure that the Fund remains well funded for the future and that the Fund's benefits will continue to be supported by the negotiated contributions.

Annual Funding Notice:

All multiemployer pension funds are required to issue an Annual Funding Notice each year to all participants, beneficiaries, labor organizations, contributing employers, and the Pension Benefit Guaranty Corporation (PBGC). Certain information is required to be presented in the notice. Below is some additional information concerning certain sections of the notice.

How Well Funded Is Your Plan

In accordance with the regulations for preparing the Annual Funding Notice, the Funded Percentage on page 1 is a snapshot of the Fund as of June 1, 2014 and prior years. The notice does not require the Fund to show the Funded Percentage as of June 1, 2015, but as stated above, the preliminary Funded Percentage as of June 1, 2015 is 80%.

Rules Governing Insolvent Plans

This section of the Annual Funding Notice applies only to severely financially troubled pension plans.

As a result of the prudent financial management of our Pension Fund, we do not anticipate that these special rules regarding plan insolvency will apply to our Fund.

Benefit Payments Guaranteed by the PBGC

We expect the Fund's assets to grow in future years. As a result of this continued expected growth in the Fund's assets, we do not anticipate that the Fund would become insolvent and unable to pay benefits. Thus, the PBGC benefit guarantees are of no foreseeable concern.

In summary, the Fund has sufficient assets to pay all promised benefits for many years to come.

Si desea una copia de esta notificación en español, por favor póngase en contacto con la Oficina del Fondo.

ANNUAL FUNDING NOTICE
For
FOX VALLEY AND VICINITY LABORERS 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. 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 June 1, 2014 and ending May 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 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			
	2014	2013	2012
Valuation Date	June 1, 2014	June 1, 2013	June 1, 2012
Funded Percentage*	79%	78%	77%
Value of Assets*	\$355,148,879	\$326,455,784	\$303,636,475
Value of Liabilities	\$448,520,779	\$416,464,608	\$391,746,633

* Values reflect election of funding relief under the Preservation of Access to Care of Medicare Beneficiaries and Pension Relief Act of 2010.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year. 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.

	5/31/2015	5/31/2014	5/31/2013
Fair Market Value of Assets	\$362,863,638 (preliminary)	\$342,756,032*	\$310,378,013

*Revised from an estimated value of \$337,514,168 reported in last year’s notice

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is 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. 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 or critical status in the Plan Year ending May 31, 2015. In addition, the Plan is not in endangered, critical, or critical and declining status in the Plan Year beginning June 1, 2015.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 4,439. Of this number, 1,439 were active participants, 1,118 were retired or separated from service and receiving benefits, and 1,882 were retired or separated from service and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

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 invest in a diversified portfolio of assets that is designed to meet or exceed an annual rate of return of 7.75% per year over the long term while maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

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:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest-bearing)	1%
2. U.S. Government securities	_____
3. Corporate debt instruments (other than employer securities):	_____
Preferred	_____
All other	_____
4. Corporate stocks (other than employer securities):	_____
Preferred	_____
Common	_____
5. Partnership/joint venture interests	_____
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	18%
10. Value of interest in pooled separate accounts	_____
11. Value of interest in master trust investment accounts	_____
12. Value of interest in 103-12 investment entities	_____
13. Value of interest in registered investment companies (e.g., mutual funds)	79%
14. Value of funds held in insurance co. general account (unallocated contracts)	1%
15. Employer-related investments:	_____
Employer Securities	_____
Employer real property	_____
16. Buildings and other property used in plan operation	_____
17. Other	1%

Events with 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 June 1, 2015, there are no events that are expected to have a material effect on assets or liabilities.

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 about the plan. 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 can not 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 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. 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:

Board of Trustees
c/o Ms. Pat Shales, Administrator
Fox Valley and Vicinity Laborers Pension Fund
2371 Bowes Road
Suite 500
Elgin, Illinois 60123
(847)-742-0900
Toll Free (866)-828-0900

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 36-6147409.

For more information about the PBGC, go to PBGC's website, www.pbgc.gov.