ILWU-PMA BENEFIT PLANS / International Longshore & Warehouse Union — Pacific Maritime Association www.benefitplans.org
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ILWU-PMA Pension Plan
ILWU-PMA Welfare Plan
ILWU-PMA Watchmen Pension Plan

October 24, 2014

To: ILWU Longshore, Ship Clerk and Walking Boss/Foreman Locals

From: John Barton, Executive Director

Subject: ILWU-PMA Pension Plan – 2013 Annual Funding Notice

Attached is a copy of the 2013 Annual Funding Notice for the ILWU-PMA Pension Plan.

In accordance with federal law, this Notice is being mailed to all participants in the ILWU-PMA Pension Plan.

Attachment

cc: Area Welfare Directors

A copy of this memo can be downloaded at www.benefitplans.org

JWB/JG:cy/opeiu29aflcio/ MTP –Pension Plan 2013 Annual Funding Notice - 102413

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October 2014

2013 ANNUAL FUNDING NOTICE
for
ILWU-PMA PENSION PLAN

The following is an Annual Funding Notice which is required, by federal law, to be given to you as a Participant, Surviving Spouse, or Alternate Payee in the ILWU-PMA Pension Plan (the "Plan").

Introduction

This notice includes important funding information about the Plan. This notice also provides a summary of federal rules governing multiemployer plans in reorganization, insolvent plans, and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency that insures non-government pension plans. A federal law called the Pension Protection Act (PPA) requires that this notice be provided to participants of every multiemployer pension plan regardless of the plan's financial health. The ILWU-PMA Pension Plan is not facing a funding deficiency that would require PBGC intervention, and it is not currently anticipated that the special rules regarding "plan reorganization" and Plan insolvency will apply to this Plan. This notice is for the Plan Year beginning July 1, 2013 and ending June 30, 2014 (the "2013 Plan Year").

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage as of the beginning of the 2013 Plan Year and the 2 preceding Plan Years is set forth in the third, fourth and fifth columns of the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period. Values for the 2014 Plan Year will not be available until completion of the 2014 audit and actuarial valuation. For comparison purposes, however, estimates for the 2014 Plan Year as reported by the Plan's actuary in the "Actuarial Certification of Plan Status as of July 1, 2014" are shown in the second column below.

	Estimate as of July 1, 2014*	2013 Plan Year	2012 Plan Year	2011 Plan Year
Valuation Date		July 1, 2013	July 1, 2012	July 1, 2011
Funded Percentage	79.8*%	69.3%	61.1%	57.6%
Value of Assets	$3,966,436,426*	$3,359,655,122	$2,869,381,355	$2,633,066,799
Value of Liabilities	$4,972,775,956*	$4,848,174,589	$4,697,027,412	$4,573,817,024

*Preliminary values - subject to change upon completion of plan audit and actuarial valuation

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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 June 30, 2014, the fair market value of the Plan's assets was $4,232,373,054*. As of June 30, 2013, the fair market value of the Plan's assets was $3,459,674,691. As of June 30, 2012, the fair market value of the Plan's assets was $2,909,953,889.

*****Preliminary value - subject to change upon completion of plan audit

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 18,965. Of this number, 13,912 were active participants, 5,048 were retired or separated from service and receiving benefits, and 5 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 Employers contribute to the Plan based on contribution rates in amounts sufficient to meet the minimum funding requirements of ERISA. Depending on the funded status of the Plan, the Employers may also have to contribute a "Special Contribution Amount" agreed upon with the Pension Benefit Guaranty Corporation as a condition of maintaining a special exemption from ERISA's withdrawal liability rules. However, contributions are always limited to the maximum tax-deductible amount for the year.

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries. 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 preserve the real value of its principal; to maximize a real long-term return consistent with minimizing risk; to achieve and maintain adequate asset coverage of accrued benefits under the Plan; to maintain sufficient liquidity for payment of Plan benefits and expenses.

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 2013 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	3%
2. U.S. government securities	7%
3. Corporate Debt instruments (other than employer securities):	
Preferred	8%
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
Common	37%
5. Partnership/joint venture interests	
6. Real Estate (other than employer real property)	13%
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	5%
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)	27%
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Building and other property used in plan operation	
17. Other	

For information about the Plan's investment in any of the types of investments as described in the chart above contact John Barton, Executive Director, ILWU-PMA Benefit Plans, 1188 Franklin Street, Suite 101, San Francisco, CA 94109, at (415) 673-8500.

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80% or in "critical" status if the percentage is less than 65% (other factors may also apply). 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, 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 was in "endangered" status in the 2013 Plan Year because the Plan's actuary determined that the Plan was less than 80% funded based on the Pension Protection Act's funding measures. In an effort to improve the Plan's funding situation, the Trustees adopted a Funding Improvement Plan as required on June 23, 2009. In the "Actuarial Certification of Plan Status as of July 1, 2014", issued on September 26, 2014, the Plan's actuary has determined that the Plan is no longer in endangered status.

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You may obtain a copy of the Plan's funding improvement plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting John Barton, Executive Director, ILWU-PMA Benefit Plans, as indicated above.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. 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 U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, D.C. 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. The annual report for the 2013 plan year will not be available until mid-April of 2015.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules", a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. 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, by law, 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 notification of the insolvency 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 as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. 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 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 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.

Where to Get More Information

For more information about this notice, you may contact John Barton, Executive Director, ILWU-PMA Benefit Plans, 1188 Franklin Street, Suite 101, San Francisco, CA 94109**,** (415) 673-8500. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is 94-6068576. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).