Annual

Funding Notice

The ABC-NABET Retirement Trust Fund

April 2018

Introduction

This notice includes important information about the funding status of your defined benefit pension plan ("the Plan"). It also provides general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency that "insures" pension amounts up to certain limits if a plan terminates. All defined benefit pension plans must provide this notice each year. This notice does **not** mean that your Plan is terminating. This notice is provided for informational purposes only and you are not required to respond. This notice is for the plan year beginning January 1, 2017 and ending December 31, 2017 ("Plan Year").

How well funded is the Plan?

Under the Pension Protection Act, plans must report their funding status using the "funding target attainment percentage" ("FTAP") which measures how well the plan is funded on a particular date. The FTAP for a plan year is calculated by dividing the Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. Your Plan's FTAP for the Plan Year and each of the two preceding Plan Years are shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

Funding Target Attainment Percentage

	2017	2016	2015
1. Valuation Date	January 1	January 1	January 1
2. Plan assets			
a. Total plan assets	$858,937,489	$836,071,566	$911,649,294
b. Funding standard carryover balance	$74,409,731	$72,300,074	$76,276,425
c. Prefunding balance	$25,282,050	$23,325,076	$22,247,786
d. Net plan assets (a) – (b) – (c) = (d)	$759,245,708	$740,446,416	$813,125,083
3. Plan liabilities	$780,772,471	$777,809,923	$809,481,537
4. Funding target attainment percentage (2d)/(3)	97.24%	95.19%	100.45%

Plan assets and credit balances

Total plan assets means the value of the Plan's assets on the Valuation Date (see line 2 in the chart above). Credit balances were subtracted from total plan assets to determine Net Plan Assets (line 2d) used to calculate the FTAP shown in the chart above. While pension plans are permitted to maintain credit balances for funding purposes (also called "funding standard carryover balances" or "prefunding balances", see 2b & 2c in the chart above), they may not be taken into account when calculating a plan's FTAP. A plan might have a credit balance, for example, if in a prior year an employer made contributions which exceeded the minimum level required by law. Generally, the excess contributions are counted as "credits" which a plan sponsor may apply in future years to meet the minimum contribution level required under the law.

Plan liabilities

Plan liabilities, shown in line 3 of the chart on page 1, are used to calculate the Plan's funding target attainment percentage. Plan liabilities are also an estimate of the amount of benefits the Plan has promised to pay in the future.

Year-end assets and liabilities

The assets shown in the chart on page 1 are measured as of the first day of the plan year. As of the end of the plan year, December 31, 2017, the fair market value of the Plan's assets was $909,521,271 and the Plan's liabilities were $821,300,554.

Participant information

On January 1, 2017, the total number of participants in the Plan was 2,659. This number included 384 active Participants, 1,709 Participants who were retired or separated from service and receiving benefits, and 566 Participants who 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 to meet the plan objectives. Funding policies determine the level of contributions needed to pay for promised benefits. Your Plan's funding policy requires employer contributions negotiated in the collective bargaining agreement.

Plan officials, called "Fiduciaries", invest these contributions 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 investment management decisions. The investment policy of your Plan is as follows:

A portion of the Plan assets are invested in fixed income instruments that attempt to match the cash flows of the retirement benefits that have already been earned. The present value of these benefits moves dramatically with changes in market interest rates so the assets will better track the changing value of the plan benefits. The remainder of the portfolio is broadly diversified with the goal of achieving a rate of return that exceeds the growth rate of the Plan liabilities.

Under the Plan's investment policy, the 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)	1.5%
2. US Government securities	12.7%
3. Corporate debt instruments (other than employer securities): • Preferred • All other	 0.0% 23.7%
4. Corporate stocks (other than employer securities): • Preferred • Common	 0.0% 8.7%
5. Partnership/joint venture interests	0.7%
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	22.2%
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)	30.4%
14. Value of funds held in insurance company general account (unallocated contracts)	0.0%
15. Employer-related investments: • Employer securities • Employer real property	 0.0% 0.0%
16. Buildings and other property used in Plan operations	0.0%
17. Other	0.1%

Right to request a copy of the annual report

The Plan is required to file an annual report – called the "Form 5500" – with the US Department of Labor which contains financial, and other, Plan information. Copies of the annual report are available by: making a written request to the Plan administrator, Fabian & Byrn; sending a written request to the US Department of Labor ("DOL"), Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210; or calling the DOL at 202-693-8673. You may also obtain an electronic copy of the Plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. Individual information, such as the amount of your pension benefit, is not contained in the annual report. If you are seeking information regarding your pension benefit, please contact Fabian & Byrn (see "Where To Get More Information" on page 4).

Summary of rules governing termination of single-employer plans

If a plan is terminated, there are specific rules that must be followed under federal law. A summary of these rules follows. **Please note, because your Plan is a collectively bargained plan, a decision to terminate the Plan would generally be subject to negotiation between the bargaining parties.**

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either buy an annuity from an insurance company (which will provide periodic retirement benefits, for life or for a set period of time when you retire) or, if the plan allows, issue a lump-sum payment that covers the participant's entire benefit. If your Plan is terminated, the administrator must notify you in advance and identify the insurance company (or companies) that your employer may choose to provide the annuity. The PBGC's guarantee ends when your employer buys an annuity for you or gives you the lump-sum payment.

Second, if the plan is not fully-funded, the employer may apply for a "distress" termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court, or to the PBGC, that the employer cannot remain in business unless the plan is terminated. If the employer's application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most plan terminations initiated by the PBGC occur when the PBGC determines that terminating the plan is needed to protect the interests of plan participants, or the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit payments guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that are "vested" (those you have earned a right to receive and that cannot be forfeited) are guaranteed. Most Participants and Beneficiaries receive all of the pension benefits they would have received under their plan, but some may lose certain benefits that are not guaranteed.

The amount of benefits the PBGC guarantees is generally determined as of the plan termination date. The maximum benefit amount is also determined by the age of the participant and whether the participant has a survivor annuity. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date in 2018, the maximum guaranteed is approximately $5,420 per month, or $65,045 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65. To determine the maximum guarantee by age please see the PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees the following "basic benefits" earned before a plan is terminated:

- Pension benefits at normal retirement age;
- Most early retirement benefits;
- Annuity benefits for survivors of plan participants; and
- Disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, if applicable.

The PBGC does not guarantee certain types of benefits, including:

- Benefits for which you do not have a vested right, usually because you have not worked enough years for the employer.
- Benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.
- The PBGC generally does not pay lump sums of more than $5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers if the plan is underfunded.

Where to Get More Information

For more information about this notice, you may contact Fabian & Byrn at 215-483-6000 or at 400 Franklin Avenue, Suite 135, Phoenixville, PA 19460. For identification purposes, the official Plan number is 012, the Plan sponsor's name is ABC, Inc. and the employer identification number or "EIN" is 14-1284013. For more information about the PBGC, go to PBGC's website, www.pbgc.**gov.**