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# INDIANA LABORERS PENSION FUND

P.O. BOX 1587 • TERRE HAUTE, INDIANA 47808-1587

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## Notice of Endangered Status For Indiana Laborers Pension Fund

This is to inform you that on August 28, 2015 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan emerged from critical status and is in endangered status for the plan year beginning June 1, 2015. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

### Endangered Status

The Plan is considered to be in endangered status because it is projected to satisfy the following:

Funded percentage less than 80% - The Plan's actuary determined that the Plan's funded percentage is 72.0% on June 1, 2015. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

### Funding Improvement Plan

Federal law requires pension plans in endangered status to adopt a funding improvement plan aimed at restoring the financial health of the Plan. The funding improvement plan requires that the Plan's funded percentage improve at least one-third of the way to 100% over a 10-year period. The target for this Plan under the law is a funded percentage of 81.22% by 2025. The Plan must also meet the Federal minimum funding requirements during the final year of this 10-year period. Based on our most current actuarial projections, we are well on track to meet or exceed these benchmarks.

### Future Experience and Possible Adjustments

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected return (7.00% in the 2015 through 2023 plan years, 7.50% thereafter), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

### Commitment to Continued Improvement

Once the funding improvement plan is implemented, the Trustees anticipate that the Fund will eventually emerge from endangered status and continue to see improved funded percentages. The Trustees maintain their commitment to providing a retirement benefit on which you can rely to pay a lifetime benefit that will play a significant role in your overall retirement planning.

### Where to Get More Information

You have a right to receive a copy of the funding improvement plan once it has been formally approved by the bargaining parties. It should be completed by April 25, 2016. To receive a copy, you may contact the Plan Administrator at PO Box 1587, Terre Haute, IN, 47808 or by telephone at (800) 962-3158.

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## Officers-Board of Trustees

Eric C. Cook  
Chairman

David A. Frye  
Secretary-Treasurer

Janetta E. England  
Administrative Manager



**ANNUAL FUNDING NOTICE**  
**For**  
**Indiana Laborers Pension Fund**

**Introduction**

This notice includes important information about the funding status of your pension plan (“the Plan”) and 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 information purposes and you are not required to respond in any way. This notice is for the Plan Year beginning June 1, 2014 and ending May 31, 2015 (“Plan Year”).

**How Well Funded is Your Plan**

Under federal law, the Plan must report how well it is funded by using a measure called the “funded percentage”. 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. Your Plan’s funded percentage for the Plan Year and each of the two 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.

<b>Funded Percentage</b>			
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Valuation Date</b>	June 1	June 1	June 1
<b>Funded Percentage</b>	67%	65%	67%
<b>Value of Assets</b>	\$ 848,592,189	\$ 795,894,224	\$ 796,920,207
<b>Value of Liabilities</b>	\$ 1,262,016,493	\$ 1,218,165,206	\$ 1,180,789,352

**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 and are actuarial values. 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 that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the Plan Year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a Plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding Plan Years is shown in the following table:

	<b>May 31, 2015</b>	<b>May 31, 2014</b>	<b>May 31, 2013</b>
<b>Fair Market Value of Assets</b>	\$ 945,876,825	\$ 898,594,731	\$ 822,727,105



### 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 percent or in “critical” status if the percentage is less than 65 percent (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 “critical” status in the plan year because of a funded ratio of 64.3%, the first projected funding deficiency not recognizing any amortization extensions at the end of the 2018-19 plan year, at least 8 years of benefit payments within plan assets, and other results. Note, “projected funding deficiency” means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money. In an effort to improve the Plan’s funding situation, the trustees adopted a rehabilitation plan on June 18, 2014. The rehabilitation period is June 1, 2014 through May 31, 2027 or the date the Fund’s Actuary certifies it has emerged from critical status.

The Trustees adopted a new rehabilitation plan during the plan year. The key features of the preferred schedule elected by the bargaining parties are:

### Preferred Schedule

#### **Benefit Changes effective October 1, 2014**

- Effective for annuity starting dates on or after October 1, 2014, early retirement reductions shall be calculated as follows:

<b>Benefit</b>	<b>Accrual Period</b>	<b>Normal Retirement Age</b>	<b>Early Retirement Reduction</b>
A	-6/1/2010	60	½% per month before age 60
B	6/1/2010-	62	½% per month before age 62

The earliest age a Participant can retire is age 59.

Active Participants with 25 years of Service earned on or before October 1, 2014 will be grandfathered and will be subject to early Retirement provisions applicable as of September 30, 2014.

- Beginning June 1, 2014, a Participant must be credited with at least 700 hours in a Plan Year in order to earn a year of Service and to earn a benefit accrual. Notwithstanding the foregoing, a Participant who has earned at least 300 hours of Service during the period June 1, 2014 - September 30, 2014 shall earn a year of Service and be eligible to earn benefit accrual for the 2015 Plan Year only.
- Beginning June 1, 2014, a Participant must be credited with at least 240 hours in a Plan Year in order to avoid a Break in Service. Notwithstanding the foregoing, a Participant

who has earned at least one hour of Service during the period June 1, 2014 - September 30, 2014 shall avoid a Break in Service for the 2015 Plan Year only.

- Effective for annuity starting dates on or after October 1, 2014, the automatic “pop-up” subsidy on Joint and 50% Survivor Benefit annuities shall be eliminated. The Participant may elect “pop-up” or “no pop-up” on any of the joint and survivor forms of payment, but, if the “pop-up” feature is elected, the benefit will be actuarially reduced to pay for the cost.

Benefits already in pay status on October 1, 2014 will not be affected by these changes.

### **Contribution Rate Increases**

- \$1.15/hr effective on contract anniversary dates in 2014.
- 45¢/hr effective on contract anniversary dates in 2015.
- 15¢/hr effective on contract anniversary dates in 2016.

Federal law requires the Board of Trustees to monitor the progress toward achieving the objectives and annual standards of the rehabilitation plan. The Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal. The rehabilitation plan and its objectives and annual standards are based on a number of assumptions about future experience and may have to be adjusted if those assumptions are not met. Additional contribution rates increases and/or benefit reductions might be required. You will receive a separate notice identifying and explaining any additional changes in benefits, if necessary, you will receive an annual noticed, like this one, identifying any event that has a material effect on the Plan assets or liabilities.

You may obtain a copy of the Plan’s rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the Plan Administrator.

If the Plan is in endangered or critical status for the plan year ended May 31, 2016, separate notification of the status has or will be provided.

### **Participant Information**

The total number of participants in the Plan as of the Plan’s valuation date was 24,034. Of this number, 7,556 were active participants, 6,611 were retired or separated from service and receiving benefits, and 9,008 were retired or separated from service and entitled to future benefits and 859 were beneficiaries of deceased participants receiving or entitled to receive benefits.

### **Funding & Investment Policies**

Every pension plan must have a procedure for establishing a funding policy to carryout plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is all contributing employers have agreed to make contributions that the Plan’s actuary has estimated, as of the latest actuarial valuation date, to be sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended.



Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries that are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is recommended by its Administrative Committee and approved by its Board of Trustees. The policy has been developed to reflect a long-term investment horizon. It contains approved asset class and allocation targets to create a broadly diversified pool of assets, consisting primarily of equities and fixed income securities, which is expected to produce a total return within a given level of expected risk. Investment managers are allocated funds within these targets to manage on behalf of the Plan and are selected on the basis of proved skill within a given asset class.

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:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Cash (Interest bearing and non-interest bearing)	2.10
2. U.S. Government securities	1.22
3. Corporate debt instruments (other than employer securities):	
Preferred	-
All Other	8.86
4. Corporate stocks (other than employer securities):	
Preferred	-
Common	11.46
5. Partnership/joint venture interests	22.44
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	52.39
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)	.35
14. Value of funds held in insurance co. general account (unallocated contracts)	-
15. Employer-related investments:	
Employer securities	-
Employer real property	-
16. Buildings and other property used in plan operation	-
17. Other	1.18

For information about the Plan's investment in any of the following types of investment as described in the chart above – common/collective trusts, pooled separate accounts, mater trust investment accounts, or 103-12 investment entities – contact:

Clyde Robinson  
 ASB Capital Management, Inc.  
 7501 Wisconsin Avenue  
 Suite 1300W  
 Bethesda, MD 20814  
 240-482-2991

Jay Butterfield  
 American Realty Advisors  
 801 North Brand Boulevard, Suite 800  
 Glendale, CA 91203  
 818-409-3269

Larry Carlson  
State Street Global Advisors  
One Lincoln Street; 33<sup>rd</sup> Floor  
Boston, MA 02111  
617-664-5611

James Dominguez  
Northern Trust Global Investments  
50 S. LaSalle Street M23  
Chicago, IL 60603  
312-557-3391

Terry Doyle  
RREEF Management LLC  
222 S. Riverside Plaza, Floor 26  
Chicago, IL 60606  
312-537-9250

Tracy Ivey  
Thompson, Siegel & Walmsley LLC  
6806 Paragon Place, Suite 300  
Richmond, VA 23230  
804-521-6419

Angelique Richardson  
Wellington Management Company, LLP  
280 Congress Street  
Boston, MA 02210  
617-263-4009

### **Right to Request a Copy of the Annual Report**

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the annual report 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. For 2009 and subsequent plan years, you may obtain an electronic copy of the Plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the Plan Administrator. Individual information, such as the amount of your accrued benefit under the Plan, is not contained in the annual report. If you are seeking information regarding your benefits under the Plan, contact the Plan Administrator identified below under "Where to Get More Information."

### **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. The plan administrator is required by law to include a summary of these rules in the annual funding notice. 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 plan is required to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization 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 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 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 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 benefits that you have earned a right to receive and that cannot be forfeited (called 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  $\$24.75$  ( $.75 \times \$33$ ), 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 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 Janetta England at Indiana Laborers Pension Fund, P.O. Box 1587, 413 Swan Street, Terre Haute, IN 47808, 812-238-2551. For identification purposes, the official Plan number is 001 and the Plan sponsor's name and employer identification number or "EIN" is Board of Trustees – Indiana Laborers Pension Fund, 35-6027150. For more information about the PBGC, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).