

Northwest Glass, Molders, Pottery, Plastics, and Allied Workers Pension Trust

Physical Address 7525 SE 24th Street, Suite 200, Mercer Island, WA 98040 • Mailing Address PO Box 34203, Seattle, WA 98124
Phone (206) 664-7300 or (800) 426-7132 • Fax (206) 695-0984

Administered by
Welfare & Pension Administration Service, Inc.

July 27, 2018

ANNUAL FUNDING NOTICE

For The

Northwest Glass, Molders, Pottery, Plastics and Allied Workers Pension Trust

Introduction

This notice includes important information about the funding status of your multiemployer pension plan – the Northwest GMP 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 April 1, 2017 and ending March 31, 2018 (“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.

	2017 Plan Year	2016 Plan Year	2015 Plan Year
Valuation Date	April 1, 2017	April 1, 2016	April 1, 2015
Funded Percentage	at least 100%	at least 100%	at least 100%
Value of Assets	\$86,729,855	\$88,665,091	\$89,852,563
Value of Liabilities	\$85,028,619	\$85,064,465	\$86,839,780

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.

	March 31, 2018	March 31, 2017	March 31, 2016
Fair Market Value of Assets	\$86,951,662	\$84,472,899	\$80,952,242

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 not in endangered, critical or critical and declining status in the Plan Year.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 1,879. Of this number, 506 were current employees, 621 were retired and receiving benefits, and 752 were retired or no longer working for the employer and have a right to future benefits.

Funding & 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 resources include accumulated plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expenses paid from plan assets. In implementing this funding policy, the Plan Trustees will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of plan obligations. Over time, the Trustees may adjust plan benefits in response to investment returns and other plan experience.

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 direct the investment of Plan assets for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the Plan. In carrying out this policy, the Plan will engage investment managers who will have discretion to invest assets in various asset classes. The Plan will communicate to the investment managers the general investment objective of the Plan, which is to achieve an overall return sufficient to support the benefits provided under the Plan while minimizing volatility of market prices and returns. Specific objectives in order of priority are:

- a. Preservation of Capital;
- b. Capital Appreciation;
- c. Current Income;
- d. Consistency of Investment Returns, and;
- e. Liquidity.

Investment managers will provide a written report to the Plan at least quarterly. Each investment manager shall be assigned a benchmark based on the investment strategy for which they are utilized. The performance of investment managers is reviewed frequently, and they are expected to meet performance standards over the course of a market cycle.

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	52%
Investment grade debt instruments	34%
High-yield debt instruments	2%
Real estate	0%
Other	12%

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 the Plan's Administrative Office at P.O. Box 34203, Seattle, WA 98124, (206) 664-7300 or (800) 426-7132. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 91-6033485.

S:\Mailings\Annual Funding Notice\F08-04\F08-04 - Mailings - 2018 - AFN PYE 2017.docx