

ANNUAL FUNDING NOTICE FOR PLUMBERS AND PIPEFITTERS LOCAL NO. 520 PENSION FUND

Introduction

This Annual Funding Notice includes important information about the funding status of the Plumbers and Pipefitters Local No. 520 Pension Fund (the "Fund"). 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 Annual Funding Notice every year regardless of their funding status. The actual wording of this Annual Funding Notice and its contents reflect the Model Annual Funding Notice issued by the United States Department of Labor. Please be advised, in particular, that the sections below titled "Summary of Rules Governing Insolvent Pension Plans" and "Benefit Payments Guaranteed by the PBGC" should not be interpreted to mean that the Fund is insolvent, or that the PBGC guarantees are pending for the Fund. This Annual Funding Notice does not mean that the Fund is terminating. It is provided for informational purposes and you are not required to respond in any way. This Annual Funding Notice is required by federal law. This Annual Funding Notice is for the Plan Year beginning May 1, 2017 and ending April 30, 2018 ("Plan Year").

How Well Funded Is the Fund?

The law requires the Board of Trustees of the Fund to tell you how well the Fund is funded, using a measure called the "funded percentage." The Fund 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 fund. The Fund'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 Fund's assets and liabilities for the same period.

	2017	2016	2015
Valuation Date	May 1, 2017	May 1, 2016	May 1, 2015
Funded Percentage	78.37%	78.02%	78.17%
Value of Assets	\$185,273,900	\$177,800,801	\$174,283,083
Value of Liabilities	\$236,394,530	\$227,901,093	\$222,945,609

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 Fund's assets for each of the two preceding Plan Years.

	April 30, 2018*	April 30, 2017	April 30, 2016
Fair Market Value of Assets	197,286,388	\$180,037,201	\$162,573,174

* Please note that this is a preliminary figure as the 2017 audit has not yet been completed.

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 a 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 trustees 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 Fund was in endangered status in the Plan Year ending April 30, 2017 because the Fund is projected to have a funding deficiency within the next four years. In an effort to improve the Fund's funding situation, the trustees adopted a Rehabilitation Plan. You may get a copy of the Fund's funding improvement plan, any update to such plan and the actuarial and financial data that demonstrate any action taken by the Fund toward fiscal improvement. You may get this information by contacting the Fund's Contract Administrator.

If the Fund is in endangered, critical, or critical and declining status for the Plan Year ending April 30, 2018, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Fund on the valuation date was 2,012. Of this number, 897 were Active Participants, 948 were Retired Participants receiving benefits, and 189 were Vested Former Participants.

Funding and Investment Policies

Every pension plan must have a procedure to establish 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 Fund provides that the Fund is funded by contributions made by participating employers pursuant to collective bargaining agreements with the Union that represents the Fund's

Participants. The employer contributions, after accumulation with interest and investment earnings, are intended to be sufficient to pay the pension benefits as they come due. The contributions necessary to support the pension benefits are determined using reasonable actuarial assumptions. Both the contribution and benefit levels may be adjusted in light of developing Fund 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 Fund is that once money is contributed to the Fund, the money is invested by the Board of Trustees. The Board of Trustees, with the support of the Fund's Investment Consultant, prepares an Investment Policy Statement. The Board of Trustees utilizes the Investment Consultant and Investment Managers to invest the Fund's assets in accordance with guidelines under the Investment Policy Statement. The investment policy of the Fund is to invest the assets of the Fund in a manner consistent with the fiduciary standards of ERISA, namely: (a) all transactions undertaken must be for the sole interest of the Fund's Participants and Beneficiaries to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments and to achieve a rate of return commensurate with contemporary economic conditions, recognizing that the actuarial interest rate for the Fund is 7.5%.

Under the Fund's Investment Policy Statement, the Fund'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:
Stocks	62.64%
Investment grade debt instruments	32.75%
Other	3.87%
Cash	.74%

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 the Fund'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 Fund's annual report by making a written request to the Contract Administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact the Contract Administrator if you want information about your accrued benefits. The Fund's Contract 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 Fund 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 Fund must apply to the PBGC for financial assistance. The PBGC will loan the Fund the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the Fund'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.

As was noted above under the "Introduction" section of this Annual Funding Notice, the inclusion of this section should not be interpreted to mean that the Fund is in reorganization or 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. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. The Fund 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 Fund'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 2: 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 Fund'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 the Fund's Contract 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.

As was noted above under the "Introduction" section of this Annual Funding Notice, the inclusion of this section should not be interpreted to mean that the Fund is in reorganization or is insolvent.

Where to Get More Information About the Fund

For more information about this Annual Funding Notice, you may contact the Fund's Contract Administrator, PATH Administrators, 4785 Linglestown Road, Suite 200, P.O. Box 6480, Harrisburg, PA 17112; Phone: (717) 671-8551, Toll Free: 1-800-636-7632. For identification purposes, the Fund's official plan number is 001, and the Fund's Employer Identification Number, or "EIN," is 25-1793698.

