

ANNUAL FUNDING NOTICE  
for the  
BUFFALO LABORERS' PENSION FUND

Introduction

This notice includes important information about the funding status of your multiemployer pension plan, the Buffalo Laborers' Pension Fund ("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 required by Federal law. This notice is for the fiscal year beginning July 1, 2015 and ending June 30, 2016 (referred to hereafter as "Fiscal 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 fiscal year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Fiscal Year and each of the two preceding fiscal years is set forth in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

| <b>Funded Percentage</b> |               |               |               |
|--------------------------|---------------|---------------|---------------|
|                          | 2015          | 2014          | 2013          |
| Valuation Date           | July 1, 2015  | July 1, 2014  | July 1, 2013  |
| Funded Percentage        | 79.4%         | 74.0%         | 69.0%         |
| Value of Assets          | \$95,132,761  | \$89,474,431  | \$83,651,045  |
| Value of Liabilities     | \$119,696,270 | \$120,776,123 | \$121,149,686 |

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They are also "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 fiscal year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding fiscal years.

|                             | June 30, 2016                | June 30, 2015 | June 30, 2014 |
|-----------------------------|------------------------------|---------------|---------------|
| Fair Market Value of Assets | \$ 92,771,280<br>(unaudited) | \$ 94,588,621 | \$ 95,107,568 |

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 in endangered status in the Fiscal Year beginning July 1, 2015 and ending June 30, 2016 because its funded percentage was less than 80%. The Plan was not projected to have an accumulated funding deficiency for the current or any of the six succeeding fiscal years. The Plan had been operating in endangered status from July 1, 2011 through June 30, 2016. In an effort to improve the Plan's funding situation, the Trustees adopted a Funding Improvement Plan. The Plan's ten-year Funding Improvement Period began on July 1, 2013 and was scheduled to end on June 30, 2023.

The Plan is in neither endangered nor critical status for the fiscal year beginning July 1, 2016 and ending June 30, 2017, because its funded percentage as of July 1, 2016 is at least 80% and it is projected to meet its legal funding requirements for the current and six succeeding fiscal years. Because the Plan is no longer in endangered status beginning July 1, 2016, the Funding Improvement Plan described above no longer applies. The Trustees, however, have made no changes to the principal benefit and contribution provisions that applied under the Funding Improvement Plan. For more information, please contact the Plan Administrator.

#### Participant Information

The total number of participants and beneficiaries covered by the Plan on July 1, 2015 was 1,833. Of this number, 663 were current employees, 974 were retired and receiving benefits, and 196 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 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 Plan is to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

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 invest in a diversified portfolio of assets that will maximize investment return over the long term while minimizing investment return volatility and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Fiscal Year. These allocations are percentages of total assets:

| <u>Asset Allocations</u>          | <u>Percentage</u> |
|-----------------------------------|-------------------|
| Stocks                            | <u>57%</u>        |
| Investment grade debt instruments | <u>5%</u>         |
| High-yield debt instruments       | <u>8%</u>         |
| Real estate                       | <u>11%</u>        |
| Other                             | <u>19%</u>        |

### Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. For the fiscal year beginning on July 1, 2016 and ending June 30, 2017, the Plan does not expect any events to have a material effect on plan assets or liabilities.

### 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 about the plan. You may obtain an electronic copy of your Plan’s annual report by going to [www.efast.dol.gov](http://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 if its available financial resources are not sufficient to pay benefits when due. 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 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 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 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 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](http://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:  
Trustees of the Buffalo Laborers' Pension Fund  
25 Tyrol Drive, Suite 200  
Cheektowaga, NY 14227  
(716) 894-8061

For identification purposes, the official plan number is 002 and the plan sponsor's employer identification number or "EIN" is 16-0845094.

For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://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).