

*Western States Office and Professional Employees  
Pension Fund*

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**2014 ANNUAL FUNDING NOTICE**

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**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 informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2014 and ending December 31, 2014 (“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>
Valuation Date	January 1, 2014	January 1, 2013	January 1, 2012
Funded Percentage	65.2%	63.4%	70.1%
Value of Assets	\$351,347,913	\$341,155,304	\$375,837,641
Value of Liabilities	\$538,956,405	\$538,389,644	\$536,525,258

April 30, 2015

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Administered by A&I Benefit Plan Administrators, Inc.  
1220 SW Morrison St. Suite 300, Portland OR 97205-2222  
(503) 222-7694 (800) 413-4928 Fax (503) 228-0149  
<http://www.wsp.aibpa.com>

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### 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.

	December 31, 2014	December 31, 2013	December 31, 2012
Fair Market Value of Assets	\$359,819,363 <sup>1</sup>	\$371,333,873	\$353,805,803

### 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.

As a result of the market downturn experienced during the 2008 Plan Year, the Plan was initially certified critical in 2009. At the time of the initial critical certification, the Plan’s funding percentage was estimated to be 69.4% and the credit balance in the Funding Standard Account was projected to be depleted by 2011. Due to the adoption and implementation of a rehabilitation plan and investment gains, the credit balance in the Funding Standard Account is now projected to be depleted by December 31, 2018. Since the credit balance is not projected to stay positive over the next 10 years, the Plan has not emerged and has remained in critical status for its 2010 through 2014 Plan Years (Code section 432(e)(4)(B)).

The Plan was certified in critical status for the plan year ending December 31, 2015. A separate notice (“Notice of Critical Status”) is included in the same mailing as this notice for your reference.

You may request a copy of the rehabilitation plan, or any other material previously sent relating to the Plan’s status, by making a written request to the plan administrator.

<sup>1</sup> The December 31, 2014 fair market value of assets figure is an estimate based on the Plan Administrator’s unaudited financial statements. The final figure may differ from this estimate once the Plan’s regular audit is issued for the Plan Year.

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### **Participant Information**

The total number of participants and beneficiaries covered by the Plan on the valuation date was 7,867. Of this number, 1,718 were current employees, 3,603 were retired and receiving benefits, and 2,546 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 confirm that the minimum funding requirements of ERISA are being satisfied and to determine that anticipated employer contributions will not exceed the amounts deductible under the Internal Revenue Code.

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 who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is to achieve the following objectives over a long-term investment horizon:

- A. Maintain sufficient liquidity for the ongoing payment of Fund Benefits and expenses;
- B. Maintain sufficient reserves and adequate returns to provide Fund Benefits and pay plan expenses consistent with minimizing investment volatility and negative investment returns;
- C. Obtain an annual investment yield in excess of the assumption used by the Fund's actuary in determining the Fund's actuarial valuation (including over any actuarial smoothing period, if applicable); and
- D. Obtain a long-term competitive rate of return on investments, net of expense, equal to or exceeding the Policy Index and appropriate benchmark rates over various appropriate trailing periods determined by the Investment Consultant.

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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:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	1.5%
2. U.S. Government securities	0.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	0.0%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	0.0%
5. Partnership/joint venture interests	26.1%
6. Real estate (other than employer real property)	11.7%
7. Loans (other than to participants)	0.0%
8. Participant loans	0.0%
9. Value of interest in common/collective trusts	54.7%
10. Value of interest in pooled separate accounts	0.0%
11. Value of interest in 103-12 investment entities	0.0%
12. Value of interest in registered investment companies (e.g., mutual funds)	0.0%
13. Value of funds held in insurance co. general account (unallocated contracts)	0.0%
14. Employer-related investments:	0.0%
Employer Securities	0.0%
Employer real property	0.0%
15. Buildings and other property used in plan operation	0.0%
16. Other	6.0%

For information about the Plan's investment in any of the following types of investments—common/collective trusts, pooled separate accounts, or 103-12 investment entities – contact the plan administrator at (800) 413-4928 or by mail at A&I Benefit Plan Administrators, Inc., 1220 S.W. Morrison Street, Suite 300, Portland, Oregon, 97205-2222.

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### **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](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. Or you may obtain a copy of the Plan's annual report by accessing the Plan's website: [www.wsp.aibpa.com](http://www.wsp.aibpa.com). 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 the 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.

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*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 ( $\$35.75 \times 10$ ).

*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 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 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. The 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 A&I Benefit Plan Administrators, Inc. by phone at (800) 413-4928 or by mail at 1220 S.W. Morrison Street, Suite 300, Portland, Oregon, 97205. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 94-6076144. For more information about the PBGC, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).

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