

PLUMBERS & PIPEFITTERS NATIONAL PENSION FUND

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<http://www.ppnpf.org>

ADMINISTRATOR: WILLIAM T. SWEENEY, JR.

ANNUAL FUNDING NOTICE FOR THE PLAN YEAR ENDING JUNE 30, 2016

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (“the Plan”). It also includes information about benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year, regardless of 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 July 1, 2015 and ending June 30, 2016. Most of the information shown below does not include data as of the end of the current Plan Year. However, the estimated funded percentage as of July 1, 2016, as set out in the Notice of Endangered Status for the 2016–2017 Plan Year, is projected to be 77.10%.

How Well Funded is Your Plan

Under federal law, the Trustees must report how well the Plan is funded by using a measure called the “funded percentage.” The Plan divides its assets by its liabilities for the Plan Year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 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.

	Plan Year Ending 6/30/16	Plan Year Ending 6/30/15	Plan Year Ending 6/30/14
Valuation Date	7/1/2015	7/1/2014	7/1/2013
Funded Percentage	77.75%	78.86%	77.27%
Value of Assets	\$6,009,895,761	\$5,966,360,151	\$5,709,077,316
Value of Liabilities	\$7,730,045,201	\$7,565,578,516	\$7,388,429,965

Year-End Fair Market Value of Assets

The asset values in the chart above are “actuarial values,” not market 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 as of the last day of the Plan Year (June 30th). The chart also includes the Plan Year end market value of assets for each of the two preceding Plan Years.

	Plan Year Ending 6/30/16	Plan Year Ending 6/30/15	Plan Year Ending 6/30/14
Fair Market of Assets	\$5,380,042,301	\$5,574,827,726	\$5,603,649,138

Endangered, Critical, 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 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 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 Plumbers and Pipefitters National Pension Plan was in endangered status in the Plan Year ending June 30, 2016. In an effort to improve the Fund's funding status, on April 5, 2010, the Trustees adopted a Funding Improvement Plan (FIP), which remains in effect, and which provided bargaining parties with the option of either increasing their contribution rate while maintaining the current level of benefits or lowering the benefit accrual level. These two alternative approaches satisfied the criteria for a funding improvement plan in accordance with IRC Section 432(c). The requirements of the funding improvement plan have been fully implemented.

You may contact the Fund office to get a copy of the funding improvement plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may obtain a copy of the Fund's FIP by visiting the website www.ppnpf.org. From the Home Page, click on the *Plan Documents and Information* link or you may contact the Fund Office at the address below:

Plumbers & Pipefitters National Pension Fund
103 Oronoco Street
Alexandria, VA 22314-2047

If the Plan is in endangered, critical, or critical and declining status on June 30, 2017, a separate notification of the status has been or will be provided.

Participant Information

The total number of participants in the Plan as of the Plan's 7/1/2015 valuation date was 140,620. Of this number, 67,052 were current employees/active participants, 46,978 were retired and receiving benefits, and 26,590 were no longer working for a participating 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. The Plan's funding policy relates to the level of contributions needed to pay for benefits promised currently and over the years. 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 include benefit payments to current and future retirees and beneficiaries and expected expenses for Plan administration.

Pension Plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The money that is contributed to the Plan is invested by fiduciaries who follow the investment policies in the management of the Plan's assets.

The investment policy of the Plan is designed by the Trustees, in consultation with an independent investment consultant, with a goal to increase assets through capital gains and income, while maintaining sufficient liquidity to meet benefit payments. The ultimate goal is to achieve investment results that will culminate in the payment of promised Plan benefits.

The investment horizon is long term, and the investment strategy is designed to ensure the prudent investment of assets in a manner that will maximize the total rate of return subject to the preservation of capital. The primary means by which capital preservation is to be achieved is through diversification of the Fund's investments across various asset classes which include: domestic equity, domestic fixed income, international equity, emerging markets equity, global fixed income, high yield fixed income, real estate, private equity, hedge fund of funds, other alternative investments, and cash and cash equivalents. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors, with a goal of providing a rate of return that exceeds specified benchmarks over periods of time. The appropriate level of risk for the Plan has been determined by examining the risk and reward of numerous asset allocation alternatives, and on this basis, an overall asset allocation has been implemented, under which the assets are subject to periodic rebalancing. Overall investment performance is measured against a policy index consisting of a model portfolio of various market indexes and against the Consumer Price Index plus 3.5.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the 2015–2016 Plan Year.

Asset Allocations	Percentage
1. Stocks	53%
2. Investment grade debt instruments	15%
3. High yield debt instruments	6%
4. Real estate	11%
5. Other	15%
TOTAL	100%

Events with 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 fiscal condition of a plan. For the Plan Year beginning on July 1, 2016 and ending on June 30, 2017, there are no known events expected to have a material impact on assets or liabilities.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports. The report is titled "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. Hard copies of the annual report can be obtained from the following agency:

US Department of Labor
Employee Benefits Security
Administration's Public Disclosure Room
200 Constitution Avenue, NW, Room N-1513
Washington, DC 20210

Or by calling 1.866.444.3272. You may also obtain a copy of the Plan's annual report by making a written request to the Plan Administrator. The charge to cover copying costs will be \$.25 per page for an approximate cost of \$25.00.

Contact the Fund office if you want more information about your accrued benefits. See the end of the document for contact details.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

The Pension Protection Act of 2006 requires the Plan to advise about the rules that apply to financially troubled multiemployer plans, even though this Plan does not fit that description.

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 this 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 the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial 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 notification of the insolvency 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 as a result of the insolvency, including loss of a lump sum option. This information must 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 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.

For additional information about the PBGC and the pension insurance program guarantees, go to the multiemployer pages on PBGC's website at www.pbgc.gov/multiemployer. Please contact the Fund office for specific information about your pension plan or pension benefit. PBGC does not have that information.

Where to Get More Information

For more information about this notice, you may contact:

The Board of Trustees
c/o William T. Sweeney, Jr., Plan Administrator
Plumbers & Pipefitters National Pension Fund
103 Oronoco Street
Alexandria, VA 22314-2047

Or by calling 1.800.638.7442. You may also submit your inquiry via the Plan's website at contactus.ppnpf.org.

For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is #52-6152779.