OUTSTATE MICHIGAN TROWEL TRADES
FRINGE BENEFIT FUNDS

Michigan Trowel Trades Health and Welfare Fund
Outstate Michigan Trowel Trades Pension Fund
Outstate O.P.C.M.I.A. Apprenticeship Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

Si Quires Copias De Estas Formas y Reportes Annuales Por Favor Llamen Al Administrator Del Plan a Este Numero (877) 876-9357 or (517) 321-7502 y Prequntar Que Quiere Hablar Que Quiere Hablar Con Algien Que Habla Espaňol.

April 2016

To: **ALL PLAN PARTICIPANTS AND ALTERNATE PAYEES OF THE OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND**

Dear Plan Participants:

We have attached the following Important Notices and Annual Reports for your review, some of which are required to be mailed to each Plan Participant annually as provided by the Employee Retirement Income Security Act of 1974 (ERISA). If you have any questions, please contact your Local Union office or the Pension Department at the Fund Office.

Notice of your Responsibility to Keep Records

The Fund has set up an Employer audit and collection program to make sure that your Employers pay the pension contributions owed to the Fund for your Hours of Work. But, it is your responsibility to keep records of your employment, including the names of your Employers, your pay stubs, and other information that proves you worked and for how many hours, so that if one of your Employers fails to pay the required contributions or keep records of your work, the Fund will have the information necessary to grant you the Years of Service and benefits to which you are entitled. Each year you will receive a Benefit Estimate Statement, which provides you with information concerning your pension benefits based on information available to the Pension Fund. If you believe that information is incorrect or incomplete, you must notify the Fund in writing immediately. Any action in law or equity brought against the Fund, the Board of Trustees, any of the Trustees individually, or any agent of any of the foregoing is barred unless the complaint is filed within three years from the date the incorrect information was first reported in the Statement; however, you must first go through the Fund's claim and appeal process before you can bring a suit in Court

Notice of Critical Status

This is to inform you that on March 30, 2016, the Fund's Actuary certified that if no further action was taken the Plan would be in Critical Status for the Plan Year beginning January 1, 2019. Because the Plan is projected to be in Critical Status within the succeeding five Plan Years, the Outstate Michigan Trowel Trades Pension Fund's Board of Trustees elected, under the Multiemployer Pension Reform Act ("MPRA"), to be in Critical Status for the Plan Year beginning January 1, 2016. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in Critical Status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that, if no further action was taken the Plan would be in Critical Status for the Plan Year beginning January 1, 2019 because: (1) contributions would be less than current year costs plus interest on any unfunded past liabilities; (2) the value of vested benefits for Inactive Participants would be greater than that for Active Participants; and (3) an accumulated funding deficiency (not recognizing any amortization extensions) would occur for the Plan Year ending December 31, 2023. Accordingly, in order to avoid the need for greater benefit reductions and contribution increases at that time, the Board of Trustees elected to be in critical status beginning January 1, 2016 and take more measured steps today to improve the funding of the Plan.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. ***Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age***. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 29, 2016. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 29, 2016, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Certain Pre and Post-Retirement Death Benefits;
- Disability Benefits (if not yet in pay status);
- Early Retirement Benefits or retirement-type subsidy;
- Benefit payment options other than a qualified joint and survivor annuity (QJSA).

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan to help correct the Plan's financial situation if the Rehabilitation Plan is not timely adopted. The amount of the surcharge is equal to a percentage of the amount the employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each Plan Year in which the Plan is in critical status. ***The Board of Trustees and the Bargaining Parties have taken action to timely adopt a Rehabilitation Plan and avoid the imposition of surcharges.***

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees of the Outstate Michigan Trowel Trades Pension Plan at (517) 321-7502 or 6525 Centurion Drive, Lansing, Michigan, 48917-9275. You have a right to receive a copy of the Rehabilitation Plan.

Notice of Reduction in Adjustable Benefits Under the 2016 Preferred Schedule

As provided in the Notice of Critical Status, the Fund's Actuary certified that if no further action was taken the Plan would be in Critical Status for the Plan Year beginning January 1, 2019. Accordingly, in order to avoid the need for greater benefit reductions and contribution increases at that time, the Board of Trustees of the Outstate Michigan Trowel Trades Pension Fund elected, under the Multiemployer Pension Reform Act ("MPRA"), to be in Critical Status for the Plan Year beginning January 1, 2016 and take more measured steps today to improve the funding of the Plan.

As required by ERISA, the Board of Trustees has, with the advice and assistance of its actuary and attorneys, adopted a Rehabilitation Plan. The Rehabilitation Plan combines benefit reductions and contribution increases intended to get the Pension Plan out of critical status and financially healthy again within a 10 year Rehabilitation Period. The benefit reductions include permitted changes to "adjustable benefits" as defined in ERISA.

The purpose of this communication is to give you advance notice that adjustable benefits under the Fund's Pension Plan will be reduced or eliminated as part of the Rehabilitation Plan Schedule to be implemented. This Notice applies to all Participants, Retirees, their Alternate Payees and Beneficiaries and to employees of Contributing Employers who are participating in the Fund under agreements other than a collective bargaining agreement.

It is important to note that the benefit changes provided for under the Rehabilitation Plan Schedule to be implemented will affect only Inactive Participants (Participants that have not accrued a Year of Service in two consecutive Plan Years and contributions are not currently being made on their behalf), Participants that become Inactive and any Inactive Participants who later return to covered employment but have not accrued a Year of Service in three consecutive Plan Years after last becoming Inactive. There are no reductions in benefits for Participants who are and remain active.

Change in the Early Retirement Reduction Factor for Inactive Participants

Beginning June 1, 2016, an Inactive Participant, who has accrued at least 10 Years of Service and elects to commence receiving his Vested Benefit on or after age 55 will receive a monthly benefit that is actuarially reduced for each complete calendar month by which the Inactive Participant is under age 65 at the time benefits commence. This same reduction would apply to the pre-retirement Surviving Spouse benefit paid to the spouse of an Inactive Participant who dies before he commences receiving benefits from the Plan. Before this change, the reduction factor was one-half (1/2) of one percent for each complete calendar month by which the Inactive Participant was under age 62 at the time benefit commenced.

> **Example 1:** Jason is a vested Inactive Participant with an Accrued Benefit of $3,440.00. He has accrued 20 Year of Service and decides to retire effective July 1, 2016, first of the month after he attains age 58. His benefit would be actuarially reduced for each complete calendar month he is under age 65. His actuarial reduction will be 51.1% and his Vested Benefit commencing July 1, 2016 would be $1,682.16 ($3,440.00 X 48.9%). Before this change took effect, Jason's reduction factor would have been 24% (0.5% X 48 Months) and his Vested Benefit commencing July 1, 2016 would have been $2,614.40 ($3,440.00 X 76%).

Elimination of the 75% Pre-Retirement Survivor Annuity for Surviving Spouses of Inactive Participants

The Pre-Retirement Survivor Annuity, also referred to as the Surviving Spouse Benefit, is the monthly benefit payable to the spouse of an Inactive Participant who is vested in a benefit and dies before he retires. Beginning June 1, 2016, the Pre-Retirement Survivor Annuity for the eligible Surviving Spouse of any Inactive Participant who dies on or after June 1, 2016 is reduced as part of the Rehabilitation Plan to a benefit based on the 50% Pre-Retirement Survivor Annuity form. Before this change, the Pre-Retirement Survivor Annuity for the eligible Surviving Spouse of an Inactive Participant was based on the 75% Pre-Retirement Survivor Annuity form.

Example 2: Bob is a 65-year-old vested Inactive Participant with an Accrued Benefit of $2,800.00 when he dies on June 2, 2016 before retiring. His widow, who was 58 years old at the time of Bob's death, is entitled to receive a 50% Qualified Pre-Retirement Survivor Annuity benefit for the rest of her life. Bob's benefit paid in the 50% Qualified Pre-Retirement Joint and Survivor Form, would have been $2,354.80; therefore his Surviving spouse would receive $1,177.40 per month for the rest of her life. If Bob had died on or before May 31, 2016, his widow would have been entitled to a 75% Pre-Retirement Survivor Annuity benefit for the rest of her life. Bob's benefit paid in the 75% Qualified Pre-Retirement Joint and Survivor Form, would have been $2,181.2; therefore his Surviving Spouse would have received $1,635.90 per month for the rest of her life.

Elimination of the Single Sum Death Benefit Payable following the Death of an Inactive Participant

The Single Sum Death Benefit for a married Participant is a single lump sum cash payment equal to seventy-five percent (75%) of the contributions made to the Fund in his behalf for which he received Future Service or Special Service Credit or the Actuarial Equivalent of the Deferred Surviving Spouse's Benefit. The Single Sum Death Benefit for an unmarried Participant is a single lump sum cash payment equal to seventy-five percent (75%) of the contributions made to the Fund in his behalf for which he received Future Service or Special Service Credit. The Single Sum Death Benefit for a Retired Participant who began receiving benefits in a Straight Life Form while an Inactive Participant is the excess, if any, of seventy-five percent (75%) of the Employer contributions made to the Fund in his behalf for which he received Future Service or Special Service Credit over the aggregate of all payments from the Fund to the Retired Participant as of the date of his death. The Surviving Spouse of a vested Inactive Participant who died before he retired had the option of choosing the single lump sum cash payment instead of monthly benefits beginning when the deceased Inactive Participant would first have been eligible for benefits.

Effective June 1, 2016, as part of the Rehabilitation Plan, the single sum death benefits paid following an Inactive Participant's death are eliminated. The only death benefits payable following an Inactive Participant's death will be Immediate or Deferred Surviving Spouse benefits.

Example 3: Sam is a 34-year-old married Inactive Participant with 9 Years of Service when he dies on June 11, 2016. His widow is entitled to a monthly Deferred Surviving Spouse's Benefit for the rest of her life commencing on the date Sam would have been eligible to Retire. If Sam had died on May 11, 2016, his widow would have been entitled to elect either the monthly Deferred Surviving Spouse's Benefit or a single sum cash payment equal to the greater of seventy-five percent (75%) of the contributions made to the Fund in his behalf for which he received Future Service or Special Service Credit or the Actuarial Equivalent of the Deferred Surviving Spouse's Benefit.

Example 4: Ben is a 38-year-old single Inactive Participant with 9 Years of Service when he dies on June 11, 2016. Because he is not married, there will be no death benefit payable to anyone. If Ben had died on May 11, 2016, his beneficiary would have been entitled to receive a single sum cash payment equal to seventy-five percent (75%) of the contributions made to the Fund in his behalf for which he received Future Service or Special Service Credit.

Elimination of the Subsidized "Pop-Up" Feature on Joint and Survivor Benefit for Inactive Participants

If a Retiree was receiving a benefit in one of the Joint and Survivor Forms and his spouse, who was his spouse at the time Benefit payments commenced, dies before the Retiree, the Retiree would thereafter receive a monthly Benefit for the remainder of his life equal to the monthly Benefit he would have been receiving under the Straight Life Form of Benefits at the time he retired. This is commonly referred as a "pop-up" feature.

Effective June 1, 2016, as part of the Rehabilitation Plan, Retirees who retire on or after June 1, 2016 receiving monthly Vested Benefits (those who were Inactive Participants at the time of retirement) in one of the Joint and Survivor forms of benefit will no longer be eligible to receive their benefit in a Straight Life Form if their spouse, who was his spouse at the time of retirement, predeceased the Retiree; the pop-up feature is eliminated.

> **Example 5:** Pete is a Retired Participant receiving Vested Benefits in the 50% Joint and Survivor form. His monthly benefit is $2,890.00. His spouse, who was his spouse at the time he retired on June 1, 2016 passes away after that date. He will continue to receive his monthly benefit ($2,890.00) in the 50% Joint and survivor benefit for the remainder of his life. Had he retired before June 1, 2016, his monthly benefit would have been recalculated after his spouse's death to the monthly Benefit he would have received under the Straight Life Form of Benefits and he would have received that amount for the remainder of his life.

Impact of these Benefit Reductions for Inactive Participants who later Return to Covered Employment

The above reductions will remain in place for an Inactive Participant who later returns to covered work for that portion of his benefit accrued prior to returning to work unless he earns three consecutive Years of Service after he was last Inactive.

> **Example 6:** Steve is a vested Active Participant with 20 years of Service when he decided to retire effective October 1, 2017, the first of the month after he attained age 58. Steve was an Inactive Participant when he returned to work in 2015 and accrued two additional Years of Service. The portion of his Accrued Benefit before he became Inactive when he stopped working in 2010 was $3,440.00. The portion of his Accrued Benefit for the two additional Years of Service he accrued when he returned to covered employment is $204.00. Because he did not accrue three <u>consecutive</u> Years of Service after he last became Inactive, the portion of his Benefit Accrued prior to returning to work will be calculated as described in the Example 1, above and will be $1,682.16. <u>However, the portion of his benefit earned after returning to work in 2015 will not be subject to the new reduction, but instead will be reduced only by one half of one percent for each calendar month he is under age 62 (normal reduction factor for Active Participants).</u> Therefore, he will also receive a benefit for the portion of the Accrued Benefit earned after he returned to employment in the amount of 155.04 ($204.00 x 76%), for a total of $1,837.20 monthly benefit at the time of retirement.

> **Example 7**: Same facts as Example 6 above, but assume that, prior to retirement, Steve accrued three consecutive Years of Service after he last became Inactive. Because he accrued three <u>consecutive</u> Years of Service after he last became inactive, his total Accrued Benefit will be reduced only by one half of one percent for each calendar month he is under age 62 (normal reduction factor for Active Participants). His reduction factor would be 24% (0.5% X 48 Months) and his benefit commencing October 1, 2017 would be $2,769.44 ($3,644.00 X 76%).

Information on Rights and Remedies

As a Participant, Retiree, Alternate Payee or Beneficiary in the Pension Plan of the Outstate Michigan Trowel Trades Pension Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended, (ERISA). ERISA provides that all Plan Participants and Beneficiaries are entitled to:

(a) Examine, without charge, at the Fund Office and at other specified locations, such as certain worksites and local union halls, all Plan documents, including the Rehabilitation Plan and Schedules, all notices issued in connection with the Rehabilitation Plan, collective bargaining agreements and copies of documents filed by the Fund with the United States Department of Labor, such as detailed annual reports and Plan descriptions. The Fund will, however, charge a reasonable fee established by the Trustees for furnishing the copies.

(b) Obtain copies of all Plan documents and other Plan information upon written request to the Administrative Manager. The Fund will, however, charge a reasonable fee established by the Trustees for furnishing the copies.

(c) Receive the Annual Funding Notice.

(d) Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to earn a right to a pension. This statement must be requested in writing and is not required to be supplied more than once a year. The Plan must provide the statement free of charge. The Plan mails such statements to all Participants on an annual basis.

For copies of documents, write to the Board of Trustees, Outstate Michigan Trowel Trades Pension Plan, 6525 Centurion Drive, Lansing, Michigan 48917-9275.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and Beneficiaries. No one, including your Employer, your Local Union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Trustees to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Trustees. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Trustees or the Fund Office. If you have any questions about this Notice or about your rights under ERISA, or if you need assistance in obtaining documents from the Trustees, you should contact the Employee Benefits Security Administration, U.S. Department of Labor, the Detroit office of which is located at 211 W. Fort Street, Detroit, Michigan 48226, (313) 226-7450, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. The website address for the Employee Benefits Security Administration of the Department of Labor is http://www.askebsa.dol.gov.

ANNUAL FUNDING NOTICE
Plan Year Beginning January 1, 2015

Introduction

This notice includes important information about the funding status of your multiemployer Pension Plan, the Outstate Michigan Trowel Trades 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 for the Plan Year beginning January 1, 2015 and ending December 31, 2015 (referred to hereafter as "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 this percentage. In general, the higher the percentage, the better funded the plan. The 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.

Funded Percentage			
	2015	2014	2013
Valuation Date	January 1	January 1	January 1
Funded Percentage	91%	95%	97%
Value of Assets	$65,444,610	$65,246,057	$64,296,033
Value of Liabilities	$71,840,279	$68,448,394	$66,163,430

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, 2015	December 31, 2014	December 31, 2013
Fair Market Value of Assets	$56,831,127	$59,709,411	$58,338,459

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. Because the Plan is in critical status for the 2016 Plan Year, a separate notification of that status is being provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 1,734. Of this number, 578 were active participants, 450 were retired, separated from service or otherwise receiving benefits, and 706 were retired, separated from service or otherwise have a right to future benefits.

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 Plan can be summarized as follows:

> Benefits under the Plan are provided through a trust. Contributions and investment returns together fund current and future liabilities. Contributions are obtained directly from participating employers. These contributions are based on hours worked by Plan participants at rates specified in the collective bargaining agreements.

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 can be summarized as follows:

> Investment income is one significant contributor to the funding of the Plan. The federal law provides that the Fund’s Trustees are responsible for investing the assets of the Plan. To assist them in carrying out this responsibility, the Trustees have delegated authority to manage the assets, as permitted by federal law, to Investment Managers with the skills and specialized research facilities needed to assure expertise in financial market investments. The Trustees have also engaged the services of an Investment Consultant to assist them in selecting and evaluating the performance of the Investment Managers. The Trustees, Investment Managers and Investment Consultant shall, as fiduciaries, adhere to the "prudent man rule" under the federal laws that apply or may in the future apply to the Fund’s investments. More specifically, they must adhere to the safeguards and diversification standards that a prudent investor would adhere to and all transactions undertaken on behalf of the Plan must be for the sole interest of Plan Participants and their Beneficiaries. Under the terms of the policy, the Fund’s assets are invested in a manner consistent with a primary emphasis upon consistency of performance; i.e., the achievement of growth in such a manner as to protect the Fund from excessive volatility in market value from year to year. Significant emphasis is also placed upon capital protection; i.e., the achievement of adequate investment growth such that the purchasing power of the principal amount of these assets is maintained over the investment horizon.

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 Plan Year. These allocations are percentages of total assets:

Asset Allocation	Percentages
Stocks	55.2%
Investment Grade Debt	15.3%
High Yield Debt	4.0%
Real Estate	7.5%
Other	18.0%
Total	100.00%

Events with Material Effect on Assets or Liabilities

Federal law requires the Trustees to provide in this notice a written explanation of events in the current 2016 Plan Year which are expected to have a material effect on the Plan's liabilities or assets. This is because such events can have a significant impact on the funding condition of the Plan. For the Plan Year beginning on January 1, 2016 and ending on December 31, 2016, the Trustees expect the following events to have such an effect: On March 30, 2016, the Fund's Actuary certified that if no further action was taken the Plan would be in Critical Status for the Plan Year beginning January 1, 2019. Accordingly, in order to avoid the need for greater benefit reductions and contribution increases at that time, the Board of Trustees of the Outstate Michigan Trowel Trades Pension Fund elected, under the Multiemployer Pension Reform Act ("MPRA"), to be in Critical Status for the Plan Year beginning January 1, 2016 and take more measured steps today to improve the funding of the Plan. As a result of this certification, Federal law requires the Fund to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. Adjustable benefits under the Fund's Pension Plan will be reduced or eliminated as part of the Rehabilitation Plan Schedule to be implemented. Those necessary reductions are described in the Notice of Reduction in Adjustable Benefits Under the 2016 Preferred Schedule included with this notice. Those necessary reductions are projected to decrease Plan liabilities by 6.2%

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 Board of Trustees. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact the Board of Trustees if you want information about your accrued benefits. Contact information for the Board of Trustees is provided on the next page 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 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 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 credited Year of Service. Thus, the PBGC's maximum guarantee is $35.75 per month times a Participant's credited Years of Service ($1,072.50 for a Participant with 30 Years of Service and an accrued monthly benefit of $1,320 or more).

> ***Example 1*:** If a Participant with 10 credited Years of 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).
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> ***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 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. 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 Board of Trustees of the Outstate Michigan Trowel Trades Pension Fund at (517) 321-7502 or 6525 Centurion Drive, Lansing, Michigan 48917-9275. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 38-6222545.

SUMMARY OF MATERIAL MODIFICATIONS

This Notice, known as a Summary of Material Modifications ("SMM"), includes changes to the Plan of the Outstate Michigan Trowel Trades Pension Fund (the "Fund") adopted by the Trustees since the last Summary Plan Description ("SPD") was published. It amends the SPD you previously received. You should keep this SMM with the SPD for future reference. The changes to the SPD are as follows.

- Effective January 1, 2011, the number of hours required to become a Participant in the Plan was increased from three hundred (300) Hours of Work to five hundred (500) Hours of Work.

- Effective January 1, 2011, the number of hours required to receive a Year of Service was increased from three hundred (300) Hours of Work to five hundred (500) Hours of Work.

- Effective January 1, 2011, monthly Disability Benefits were reduced from one hundred percent (100%) of the participant's Accrued Benefits to seventy five percent (75%) of his Accrued Benefit.

- Effective January 1, 2011, Lump Sum Disability Benefits for an active participant who qualifies for Disability Benefits under Social Security but does not qualify for a Disability Benefit under the Plan because of his failure to have the minimum of ten (10) Years of Service, is reduced from one hundred percent (100%) of Employer contributions made on his behalf to the greater of; (a) the single sum actuarial equivalent of his basic vested amount; or (b) seventy five percent (75%) of the total employer contributions made on his behalf.

- Effective January 1, 2011, monthly Disability Benefits will no longer be provided to a totally and permanently disabled participant retroactive to the date he was entitled to receive Social Security Disability Benefits. Disability Benefits will commence the first day of the first month following receipt of his application, regardless of the date of entitlement to Social Security Disability Benefits.

- Effective January 1, 2013, any action in law or equity brought against the Fund, the Board of Trustees, any of the Trustees individually, or any agent of any of the foregoing under or relating to this Plan shall be brought in the United States District Court where the Plan is administered.

- Effective January 1, 2014, the statute of limitation to bring an action against the Fund, Board of Trustees any of the Trustees individually, or any agent of any of the foregoing under or relating to the Plan will be three years from the date the participant first receives a determination of his rights and/or benefits under the terms of the Fund's Plan. Previously the statute of limitations was three years from the date the right of action accrued.

- Effective June 1, 2016, the early retirement reduction factor for an Inactive Participant's Vested Benefit will be reduced from 6% per year for each year before age 62 to an actuarial equivalent reduction from age 65.

- Effective June 1, 2016, the Pre-Retirement Death Benefit is terminated and shall not be payable on behalf of any unmarried Inactive Participant who dies on or after June 1, 2016.

- Effective June 1, 2016, the 75% Qualified Pre-Retirement Survivor Annuity is reduced to a 50% Qualified Pre-Retirement Survivor Annuity and further reduced from the Participant's age 65 on an actuarial equivalent basis for early payment for the eligible Surviving Spouse of any Inactive Participant who dies on or after June 1, 2016. Furthermore, the Surviving Spouse of an Inactive Participant who dies on or after June 1, 2016 will not be eligible to elect a lump sum death benefit payment in lieu of Deferred Surviving Spouse Benefit.

- Effective June 1, 2016, the “pop-up” feature of the Joint and Survivor forms of benefits, which provides for the Retiree’s monthly Benefit to increase to the monthly Benefit he would have been receiving under the Straight Life Form of Benefit when the Retiree's spouse (who was his spouse at the time Benefit payments commenced) dies before the Retiree, is eliminated for Inactive Participants who Retire on or after June 1, 2016.

The Board of Trustees as of the date of this notice is as follows:

If you have any questions regarding the Plan Modifications described above, please contact the Pension Department at the Fund Office.

NOTICE TO PLAN PARTICIPANTS APPROACHING NORMAL RETIREMENT AGE

This notice applies only to Plan Participants who do **NOT** elect to retire at the normal retirement age and who may choose to continue working. Please note that although there are several provisions under the Plan which provide unreduced early retirement benefits, the "normal retirement age" is age 65.

If you continue to work after reaching normal retirement age, the Plan's Suspension of Benefit Rules will be applied even though you have not actually retired.

Under the Suspension of Benefit Rules, no benefits are payable if you work more than 160 hours in the months of May, June, July, August, September or October or if you work more than 40 hours in the other months (or payroll period ending in such months) of the year in a payroll period ending within a given calendar month, and the employment is in the same industry as the type of business activity engaged in by any employer who was an employer at the time you first received benefits, or in the same trade or craft in which you were employed while participating in the Fund, including supervisory or managerial work related to the skills of the trade, and within the State of Michigan. The portion of your benefits accrued after April 30, 2003 is not payable for any month in which you work more than 40 hours (or payroll period ending in such month) in the same industry as the type of business activity engaged in by any employer who was an employer at the time you first received benefits and in the same trade or craft in which you were employed while participating in the Fund, including supervisory or managerial work related to the skills of the trade, and within the State of Michigan. This suspension is applicable until the April 1st of the calendar year following the calendar year in which you reach age 70 ½. Thereafter, you may both work and receive your monthly pension.

If you do not retire upon reaching the normal retirement age, no pension benefits will be paid during such months, even if you work less than 40 hours per month or do not work at all. However, when you do retire, you may be entitled to additional benefits for those months between your normal retirement age and your actual date of retirement, provided you worked less than applicable number of hours during such months.

Be assured that application of the Suspension of Benefits Rules while you are working after reaching the normal retirement age will in no way affect your current vesting or benefit accrual status under the Plan. When a Participant who continued to work after his normal retirement age decides to actually retire, his normal retirement benefit will be determined in accordance with the regular Plan provisions. Such provisions give credit for work performed under the Plan prior to actual retirement if the requirement of a minimum 300 Hours of Work in a Plan Year is met.

If you disagree with how the Suspension of Benefit Rules are being applied to your particular case, you have the right to appeal to the Board of Trustees. The Appeals Procedure is set forth on pages S-32 and S-33 of the Summary Plan Description.

If you have any questions about how the Suspension of Benefit Rules will be applied to your employment situation, be sure to contact the Pension Department of the Fund Office before continuing to work beyond the normal retirement age.

IMPORTANT NOTICE TO ALL RETIREES ABOUT RETURNING TO WORK AND THE PLAN'S SUSPENSION OF BENEFIT PROVISION

This is to remind you of the Plan's Suspension of Benefit provisions, which applies to Participants who have Retired and later decide to return to work. Under these provisions, which are set out in Article X, Section 7, of the Plan, Pension Benefits being paid to you may be suspended only if the work is performed in the State of Michigan and the following conditions are met:

1. The portion of your benefits accrued **after** April 30, 2003 will be suspended for any month (or payroll period ending in such month) in which you work more than 40 hours in the building and construction industry in any capacity (including supervisory, managerial or self-employed) which is related to the same trade or craft in which you were working when you earned benefits under the Plan.

   The portion of your benefit accrued **before** May 1, 2003 will be suspended if you work more than 160 hours in the months of May, June, July, August, September or October (or payroll periods ending in such months) or if you work more than 40 hours in the other months of the year (or payroll periods ending in such months) in the building and construction industry in any capacity (including supervisory, managerial or self-employed) which is related to the same trade or craft in which you were working when you earned benefits under the Plan.

2. The work is in the same industry as the type of business activity engaged in by any Employer who contributes to the Plan, even if the Employer you are working for is not a Contributing Employer (for example, a non-union employer); and

3. The work is at the same trade or craft in which you were working when you earned benefits under the Plan (including self-employed work and supervisory or managerial work if you are using skill(s) reasonably related to the underlying skills associated with the trade or craft for which you were trained or in which you acquired your work experience).

You are required to notify the Fund Office immediately if you intend to return to work in any capacity, regardless of the number of hours you intend to work or whether you return to work for a non-contributing employer or in a self-employed capacity. If you return to work without notifying the Fund Office and are discovered working on a job, the Trustees may presume that you were working under the conditions set out above for the entire period that your employer has been working on that particular job site and suspend your monthly Benefits for that period. It will then be your responsibility to submit evidence confirming your work did not meet the conditions set out above if you disagree with such a suspension.

These Suspension of Benefit Provisions are applicable until the April 1st of the calendar year following the calendar year in which you reach age 70 ½. Thereafter, you may work **and** receive your monthly pension.

Note: Returning to work for fewer than 40 hours during the first month after you Retire will not result in a suspension of your monthly Retirement benefit, but it could, depending on the circumstances, be evidence that you did not intend to Retire and could result in a determination that you were not eligible to begin receiving Retirement Benefits.

Should you have any questions regarding this Notice, please write or call the Pension Department of the Fund Office.

SOCIAL SECURITY NUMBER PRIVACY POLICY

(Effective January 1, 2006)

The Outstate Michigan Trowel Trades Pension Fund is required by Michigan law to make sure that your Social Security number and the Social Security numbers of your family members are kept private as set forth in that law.

The law permits the Fund to use Social Security numbers to verify your identity and the identities of your family members and to perform other functions related to providing retirement benefits under the Fund's Plan. Therefore, the Fund will continue to require Social Security numbers on application and enrollment forms. When your employer pays contributions on your behalf, the law permits your employer to provide the Fund with your Social Security number so that the Fund may determine your eligibility status. The law also permits the Fund to use Social Security numbers when authorized or required to do so by state or federal statute, by court order, or pursuant to legal discovery or process. The Fund will ensure to the extent practicable the confidentiality of those Social Security numbers.

In order to protect your privacy and in compliance with the law, the Fund's third-party administrator, TIC International Corporation ("TIC"), will use alternate identification numbers wherever feasible, including on monthly notices of contributions. TIC does not print Social Security numbers on the exterior of any envelope or package sent through the mail or in a manner that can be seen from the exterior of such envelope or package. The Fund's website is secure and permits participants to access information through use of a password other than their Social Security number.

Only TIC's employees and agents and employees and agents of other Fund service providers may access the Social Security numbers of Fund participants and family members and only as necessary to provide services to the Fund. TIC uses practical means to limit access to written and electronic records in its possession that contain Social Security numbers to those employees and agents whose job duties require such access, such as securing areas where Social Security number information is located when not in use and requiring the use of passwords for access to electronic files containing Social Security numbers. TIC disposes of documents that contain Social Security numbers that the Fund is not actively using or is not otherwise obligated to retain by shredding and other processes that protect the confidentiality of the Social Security numbers. TIC's employees and agents must not disclose Social Security numbers by publicly displaying more than four sequential digits of a Social Security number or in any other manner prohibited by law.

The Fund notifies all service providers that they must ensure, to the extent practicable, the confidentiality of all Social Security numbers related to Fund participants and their families as required by law. The Fund may take action regarding service providers who fail to protect adequately the confidentiality of those Social Security numbers, including the termination of contracts.

NOTICE OF EFFECT OF DEFERRING BENEFITS
(DELAYING THE DATE YOUR PENSION STARTS COULD AFFECT YOUR BENEFIT AMOUNT)

Normal Retirement Pension: If you are an Active Plan Participant and you retire at or after age 65 with at least 5 Years of Service, you are eligible for a Normal Retirement Pension. The Normal Retirement Pension is calculated based on the contributions required to be made on your behalf. You will find information about how to estimate your monthly Pension Benefit in the Summary Plan Description and any subsequent announcement letters. You may also request that the Fund Office calculate your Pension Benefit.

If your retirement date is after your Normal Retirement Age, age 65, then your monthly Pension Benefit will be actuarially increased for each month after your Normal Retirement Age that you do not receive your Pension Benefits or earn additional Benefits by continuing to work.

<u>Early Retirement Pension</u>: If you are an Active Participant and you retire at or after age 55 with at least 10 Years of Service, you may be eligible for an Early Retirement Pension, as explained in the Summary Plan Description. The amount of the reduction is 6% per year (½% per each complete calendar month) of age less than age 62 (or, if you are at least age 55, have 25 Years of Service and are Active, ½% per each complete calendar month under age 58).

Example of an Early Retirement Pension:

Pete is retiring at age 57 with 22 Years of Service. His Normal Retirement Pension is calculated to be $1,650 per month. Because Pete is retiring five years before age 62, his Pension Benefit is reduced by 30% (5 years x 6%). So Pete's Early Retirement Pension is $1,155 per month.

If Pete kept working and retired at age 60 with 25 Years of Service, the amount of his Pension Benefit would be higher based on the additional 3 years of contributions and there would be no reduction for retiring before age 65.

Second Example of an Early Retirement Pension:

Stu is retiring at age 57 with 29 Years of Service. His Normal Retirement Pension is calculated to be $2,350 per month. Because Stu has at least 25 Years of Service and is Active, his Pension Benefit is reduced by 6% (½% per each complete calendar month under age 58). So, Stu's Early Retirement Pension is $2,209 per month.

If Stu kept working and retired at age 60 with 32 Years of Service, the amount of his Pension Benefit would be higher based on the additional 3 years of contributions and there would be no reduction for retiring before age 65.

Delaying Retirement Will Increase Your Pension:

If you continue to work at the trade and delay your retirement, the monthly pension amount you will receive when you retire will increase because you are earning additional Benefits.

If you are eligible for a Vested Retirement Pension that is subject to reduction for early payment, the closer you are to age 65 when you start receiving your Pension Benefit the higher your monthly Pension amount will be when you retire because the reduction will be smaller.

<u>Vested Retirement Pension</u>: If you terminate covered employment before age 65 with at least 5 Years of Service, you may be eligible for a Vested Retirement Pension, as explained in the Summary Plan Description. Vested Retirement Pension is payable at age 65 or later. If your retirement date is after your Normal Retirement Age, age 65, then your monthly Pension Benefit will be actuarially increased for each month after your Normal Retirement Age that you do not receive your Pension Benefits.

Example of a Vested Retirement Pension:

Phil worked in covered employment from age 20 to age 32 and earned 9 Years of Service. He pursued a career as a machine repairman and did not return to covered employment. His Normal Retirement Pension is calculated to be $1400 per month. When Phil reaches age 65, he will be entitled to a Vested Retirement Pension based on the Benefit rate in effect when he became an Inactive Participant (at the end of the second consecutive Plan Year during which he did not earn a Year of Service) and the amount of his vesting. If Phil waits until after age 65 to receive his Pension, his Benefit will be actuarially increased to account for the delay.

If you have any questions about this information, please review your Summary Plan Description booklet or contact the Fund Office at 517-321-7502.