Northern California Cement Masons Trust Funds

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ANNUAL FUNDING NOTICE FOR THE PENSION PLAN OF THE CEMENT MASONS PENSION TRUST FUND FOR NORTHERN CALIFORNIA

2017 Plan Year

September 1, 2017 – August 31, 2018

Both this Annual Funding Notice and the Notice of Endangered Status are contained in this mailing. Federal law requires that these notices be prepared and sent to the appropriate parties. Although both notices discuss plan funding subjects, they have different purposes and cover different time periods. Therefore, it is easy to confuse the two. This Annual Funding Notice covers the prior Plan Year (September 1, 2017 - August 31, 2018) and reports on subjects for that year, including the Plan's assets, liabilities, funded percentage and funding zone status. In contrast, the Notice of Endangered Status reports on the Plan actuary's certification of the Plan's funded status for the current Plan Year (September 1, 2018 - August 31, 2019) and any steps that may be required to address any funding issues.

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (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 plan year beginning September 1, 2017 and ending August 31, 2018 ("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[1]			
	2017	2016	2015
Valuation Date	September 1, 2017	September 1, 2016	September 1, 2015
Funded Percentage	72.5%	68.3%	66.6%
Value of Assets	$394,458,245	$369,612,188	$349,377,932
Value of Liabilities	$544,306,984	$541,253,196	$524,199,975

[1] Figures for the 2015 and 2016 plan years were originally estimates. The figures shown in this notice are the final figures for those two plan years.

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.

	August 31, 2018[2]	**August 31, 2017**	**August 31, 2016**
Fair Market Value of Assets	$424,008,545	$387,772,511	$351,711,504

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 2017 Plan Year because its funded status was less than 80 percent.
Based on the Plan having previously been certified to be in seriously endangered status, on June 27, 2011, the Board of Trustees adopted a funding improvement plan containing two schedules – an alternative and a default schedule. The alternative schedule called for employer contribution increases and benefit reductions, while the default schedule called for benefit reductions with no employer contribution increases. Collective bargaining agreements entered into or renewed after September 1, 2010 were required to contain the provisions of one of the two schedules, or the terms of the default schedule would be automatically imposed on the employer and its employees after 180 days following the expiration of the collective bargaining agreement in effect on September 1, 2010. On June 22, 2012, the funding improvement plan was updated and retained the original funding improvement plan schedules.

In June 2013, the major collective bargaining agreements expired and were renewed with each containing the provisions consistent with the alternative schedule.

- Benefit accruals on and after February 1, 2014 are based on 1.75% instead of 2.00% of credited contributions (credited contributions are the first $3.20 of each hourly contribution with amounts above $3.20 treated as "off-benefit" contributions earmarked solely for Plan funding purposes).

[2] Unaudited figure, subject to change.

In addition, the portion of the supplemental retirement benefit earned on and after February 1, 2014 is reduced by 1/8.

- Hourly employer contribution rates were increased from $8.80 to $9.30 effective with July 1, 2013 hours with further annual increases bringing the hourly rate as of July 1, 2017 to $10.80. Again, hourly contributions above the first $3.20 per hour are "off-benefit" contributions and are not included when calculating benefit accruals.

You may obtain a copy of the Plan's funding improvement plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan administrator.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 5,220. Of this number, 2.277 were current employees, 1,391 were retired and receiving benefits, 1,149 were retired or no longer working for the employer and have a right to future benefits, and 403 were beneficiaries receiving benefits or entitled to receive 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 summarized as follows: The Plan is funded by monthly contributions made by signatory employers pursuant to collective bargaining agreements with the District Council of Plasterers and Cement Masons of Northern California.

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 summarized as follows: The Plan is guided by an investment policy with a stated purpose, assigned responsibilities, reasonable philosophy and prudent investment objectives. Defined strategic targets and allowable ranges are established for the investment portfolio's asset allocation. Guidelines are also established to monitor individual investment managers' actions, and administrative practices.

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. Stocks	45.0%
2. Investment grade debt instruments	14.8%
3. High-yield debt instruments	5.6%
4. Real estate	13.8%
5. Other	20.8%

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 plan year beginning on September 1, 2018 and ending on August 31, 2019, there are no known events.

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 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 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 $11of 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 $11plus $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 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:

Mr. Scott Wall
Client Services Executive
Zenith American Solutions, Inc.
1600 Harbor Bay Parkway, Suite 200
Alameda, CA 94502
888-245-5005

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 94-6277669.

This Annual Funding Notice is being sent to:

- Plan Participants, Pensioners, and Beneficiaries
- Local Unions
- Contributing Employers
- Employer Associations
- Pension Benefit Guaranty Corporation (PBGC)

December 20, 2018