

Western Metal Industry Pension Fund

A Multi-Employer Labor-Management Retirement Plan

2940 Fairview Ave. East • P.O. Box 12068, Seattle, WA 98102-0068

April 2016

Re: Western Metal Industry Pension Plan – Important Required Plan Notices Enclosed

Enclosed are two required notices – the 2016 Notice of Critical Status and the 2015 Annual Funding Notice for the Western Metal Industry Pension Plan. **No action is required** – the purpose of the notices is only to explain the funded status of the plan and what some of the numbers mean.

What’s Happening

Every year, federal law requires qualified pension plans to look at the value of benefits that have been earned to date by plan participants and the value of the plan’s assets and compare the two. That ratio of assets and liabilities is the percent the plan is funded.

The Notice of Critical Status states that the Plan is still in critical status (as it has been for the last several years). The rehabilitation plan continues to have a positive impact and we still expect the funded status to improve over time. However, in the past the Plan has been on track to return to relatively good health by 2023. For the first time, and as a result of two years in a row of lower-than-expected investment returns, the Plan is not meeting our targets for getting back on track.

The Plan is not running out of money, but it’s improving too slowly.

What Does This Mean

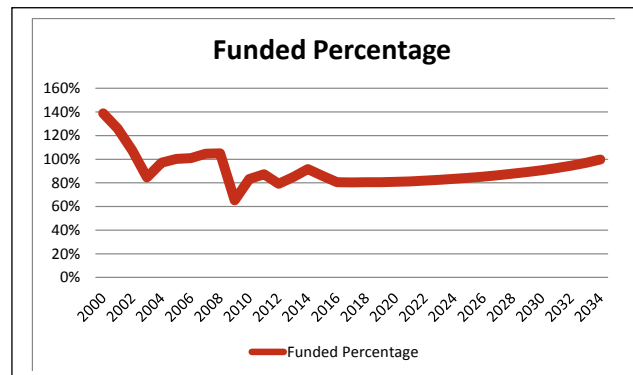
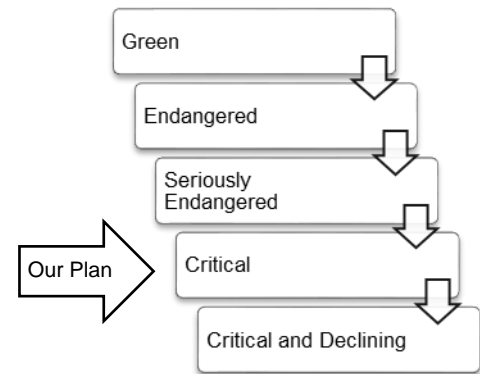
The Plan continues to struggle. But, we are not changing course at this point. There are no changes to benefits. There are no changes to the rehabilitation plan. We will wait a bit longer to see whether investment returns rebound before we take additional action.

As you can see from the chart to the right, the Plan is still on track to get back to a healthy funding level.

The trustees will continue to monitor the rehabilitation plan for effectiveness while doing the things they have always aimed to do:

- Invest appropriately for the long term benefit commitments
- Act prudently and with professional advice
- Do their best to anticipate problems and prevent them down the road.

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Understanding a Few Key Terms

As you read the enclosed *Annual Funding Notice*, you may encounter some unfamiliar terms and concepts. The following explanations will help guide you through.

To figure out how much a plan is funded, it is necessary to determine the value of the pension plan assets. There are two basic ways to do this: using **actuarial values** (see table, middle of page 1) or **market values** (shown in the table near the bottom of page 1). The market value is a snapshot of the value of plan assets at one point in time. An actuarial value can incorporate asset performance over multiple time periods, similar to an average. Pension benefits are paid out over a very long time, so an actuarial value is often used to minimize year-to-year fluctuations in a plan's funded percentage.

Lastly, the section beginning on page 3 *Summary of Rules Governing Insolvent Plans*, describes the rules for plans that are insolvent. This is required to be in the notice but does not apply to you – your plan is not insolvent.

More About the PBGC

Your pension benefit is insured by the Pension Benefit Guaranty Corporation (PBGC). This is a federal insurance agency (similar to the FDIC, which insures bank deposits). Like all pension plans, we pay premiums to the PBGC for insurance. The PBGC insures pension benefits up to certain limits. The *Annual Funding Notice* includes information on the rules governing termination of plans and benefit payments guaranteed by the PBGC – the law requires that pension plans include this information in the notice, regardless of the plan's funded status.

If You Have Questions

Contact the Administration Office at (206) 664-7300 or (800) 426-7132. Also, please visit the Plan's website at www.wmipension.org. The website has Frequently Asked Questions, plan paperwork for download, and other important information about the Plan.

**** Please keep these notices with your other important retirement plan information. ****