Western Metal Industry Pension Fund

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Administered by
**Welfare & Pension Administration Service, Inc.**

April 27, 2018

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

Enclosed are two required notices – the *2018 Notice of Critical Status* and the *2017 Annual Funding Notice* for the Western Metal Industry Pension Plan. **No action is required** – the purpose of the notices is to explain the funded status of the Plan.

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 held in trust to fund the benefits and compare the two. That ratio of assets to liabilities is the percentage the plan is funded.

The *Notice of Critical Status* states that the Plan remains in critical status (as it has been for the last several years). The rehabilitation plan continues to have a positive impact and the funded status is still expected to improve over time. However, similar to last year, the Plan is not meeting targets for getting back on track by 2023. This is largely due to the Plan earning investment returns of below 7.0% in three of the last four years.
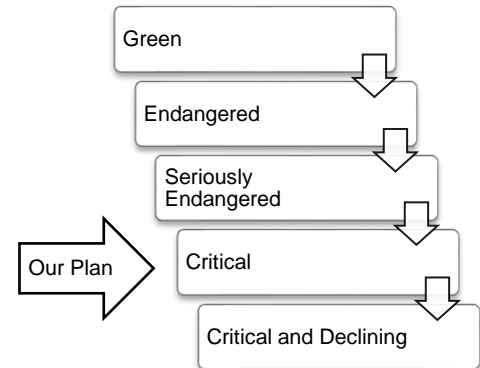

What Does This Mean

The Plan's assets are currently less than the present value of benefits owed to participants. However, there are no changes planned at this time. No changes to benefits and no changes to the rehabilitation plan.

As you can see from the graph to the right, the Plan is still expected return to a healthy funding level, just more slowly than before.

The Trustees will continue to monitor the rehabilitation plan for effectiveness while continuing to do the following:

- Invest Plan assets prudently in order to meet long term benefit commitments
- Act prudently and with professional advice
- Do their best to anticipate and mitigate future problems.
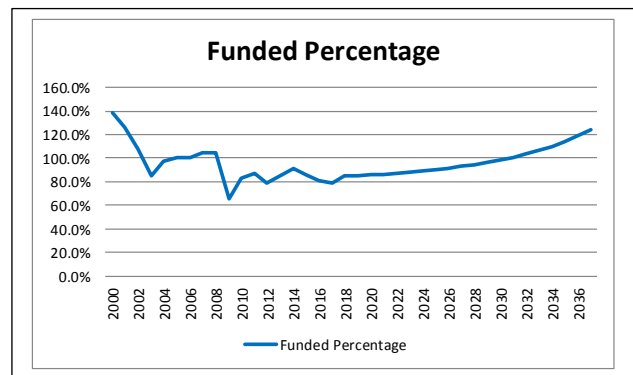
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Understanding a Few Key Terms
As you read the enclosed *Annual Funding Notice*, you may encounter some unfamiliar terms and concepts. The following explanations will help guide you through.

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** (shown in table, middle of page 1) or **market values** (shown in the table near the bottom of page 1). The fair 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 smooth 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. **