Central Laborers' Pension Fund

P.O. Box 1267 • Jacksonville, Illinois 62651 • Phone 217/243-8521 • Fax 217/245-1293

http://www.central-laborers.com

April 29, 2016

TO: PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS AND UNIONS OF THE CENTRAL LABORERS' PENSION FUND

As Trustees of the Central Laborers' Pension Fund (the "Plan"), we are committed to keeping you informed of the Fund's financial health. This letter provides an update on the Plan's status and discusses two federally-mandated notices which are enclosed. The timing and content of these notices can be confusing, so we want to take the opportunity to give you some background on both of them.

2015 Annual Funding Notice

The **Pension Protection Act of 2006** (the "PPA") was enacted to improve the financial condition of, and provide transparency on, the financial state of pension funds. The PPA requires multiemployer pension funds like ours to have their financial status certified each year. Depending on the status, the plans are assigned one of the following zone categories:

- **"Green Zone"** pension plans are in good financial health;
- **"Yellow Zone"** pension plans are considered "endangered;
- **"Orange Zone"** pension plans are considered "seriously endangered";
- **"Red Zone"** pension plans are considered "critical"; or
- Deeply troubled pension plans are considered "critical and declining"

Trustees of plans in the "Green Zone" are not required to take any action. Trustees of plans in the "Yellow", "Orange" or "Red" zones or in "critical and declining" status, however, are required by law to take corrective action to restore the financial health of their plans.

The PPA also requires trustees of pension plans to comply with certain annual reporting requirements, including certifying their plan's financial condition. The attached 2015 Annual Funding Notice for the period from January 1, 2015, through December 31, 2015 (the "2015 plan year"), includes information regarding Plan assets and liabilities. This notice indicates that our Plan was in the "Red Zone" for the 2015 plan year, based on its financial condition as of January 1, 2015.

2016 Notice of Plan Status

As of January 1, 2016, the Plan was certified as being in endangered status ("Yellow Zone"). The change in status from critical status ("Red Zone") to endangered status in 2016 is mainly due to the change in the rules for determining the Plan's status. In accordance with the requirements of the PPA, the Trustees adopted a Funding Improvement Plan effective as of March 31, 2016. Generally, the Funding Improvement Plan is the same as the most recent Rehabilitation Plan for participants covered by any of its Schedules. The purpose of the Funding Improvement Plan is to improve the financial status of the Plan over a ten-year period beginning January 1, 2019, by increasing the rate of employer contributions, changing benefits, or both.

Important Notice of Plan Provisions

The partial lump sum option and the level income option are available for eligible participants with a pension starting date on or after April 1, 2016. The partial lump sum option and the level income option were not available while the Plan was in critical status.

In Closing

Improving the Plan's funded status is our top priority, and we are committed to taking necessary action to ensure that you will receive the benefits under the Plan for which you are eligible when you retire. We will continue to monitor the financial markets closely and manage the Plan in a manner that will preserve its fiscal health. Please take some time to review the enclosed notices. If you have any questions, please contact Mr. Dan Koeppel, Executive Director, Central Laborers' Pension Fund, in writing, at P.O. Box 1267, Jacksonville, Illinois, 62651-1267, 217-243-8521.

Sincerely,

The Board of Trustees

ANNUAL FUNDING NOTICE
FOR
CENTRAL LABORERS' PENSION FUND

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 January 1, 2015 and ending December 31, 2015 ("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.

	2015 Plan Year	**2014 Plan Year**	**2013 Plan Year**
Valuation Date	***January 1, 2015***	***January 1, 2014***	***January 1, 2013***
Funded Percentage	58.0%	57.7%	57.4%
Value of Assets	$888,606,159	$864,643,903	$832,554,030
Value of Liabilities	1,532,484,881	1,498,369,920	1,451,160,390

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	$906,963,790*	$919,027,352	$921,276,660

**Preliminary*

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 critical status during the period beginning January 1, 2015, and ending December 31, 2015, because the Plan was projected to have a funding deficiency as of December 31, 2015. In an effort to improve the Plan’s funding situation, the Trustees adopted an updated Rehabilitation Plan in 2013. The Rehabilitation Plan required changes to plan benefits and contribution requirements. You may get a copy of the Plan’s Rehabilitation Plan, any update to such plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may get this information by contacting Mr. Dan Koeppel, Executive Director of Central Laborers’ Pension Fund, at the address shown at the end of this notice.

As the Plan is in endangered status for the plan year ending December 31, 2016, separate notification of that status will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 16,362. Of this number, 5,649 were current employees, 7,417 were retired and receiving benefits, and 3,296 were retired or no longer working for a contributing employer and have a right to future 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 Plan’s funding policy is to receive contributions made by employers pursuant to collective bargaining agreements with unions that represent the plan’s participants, which together with the investment earnings, are projected to fund the pension benefits described in the applicable plan documents in accordance with applicable law.

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 delegates to various investment managers the authority to invest the assets of the Plan as required to achieve the long-range and short-term needs of the Plan in accordance with the applicable provisions of ERISA. The primary objectives of the investment policy are (i) to earn the highest possible total return consistent with risk prudent to the cash flow requirements of the Plan and (ii) to create a stream of investment returns to ensure the adequate funding of actuarially determined benefits through contributions and professional management of Plan assets.

In accordance with the Plan's investment policy, as of the end of the 2015 Plan Year, the Plan's assets were allocated among the following categories of investments. These allocations are percentages of total assets:

	Asset Allocations	**Percentage**
1.	Cash (interest bearing and non-interest bearing)	3.2%
2.	U.S. Government securities	6.1%
3.	Corporate debt instruments (other than employer securities):	
	Preferred	0.0%
	All other	5.1%
4.	Corporate stocks (other than employer securities):	
	Preferred	0.0%
	Common	32.9%
5.	Partnership/joint venture interests	35.9%
6.	Loans (other than to participants)	0.3%
7.	Value of interest in common/ collective trusts	11.9%
8.	Value of interest in pooled separate accounts	2.8%
9.	Value of interest in registered investment companies (e.g., mutual funds)	0.1%
10.	Other	1.7%

For information about the Plan’s investment in any of the following types of investments as described in the chart above – common/collective trusts or pooled separate accounts – contact Mr. Dan Koeppel, Executive Director of Central Laborers’ Pension Fund, at the address shown at the end of this notice.

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 get information about your accrued benefit by contacting Mr. Dan Koeppel, Executive Director of Central Laborers’ Pension Fund, at the address shown at the end of this notice.

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 $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 $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).

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," below.

Where to Get More Information

For more information about this notice, you may contact the individual below.

Mr. Dan Koeppel
Executive Director
Central Laborers' Pension Fund
P.O. Box 1267
Jacksonvile, IL 62651-1267
217-243-8521

Additional information regarding the Fund (e.g., the Fund's summary plan description, prior Funding Improvement Plans and/or Rehabilitation Plans, and other required statutory notices) may be obtained from the Fund's website (www.central-laborers.com).

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Board of Trustees of Central Laborers' Pension Fund and 37-6052379.

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CENTRAL LABORERS' PENSION FUND
NOTICE OF PLAN STATUS (Yellow Zone)

April 29, 2016

To Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The Pension Protection Act ("PPA"), signed into law in 2006, is intended to improve the financial condition of pension plans. PPA implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

Many of PPA's safeguard provisions relate to funding, which, in simplest terms, is how much money a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, PPA requires that a pension plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal classifications ("zone status"), were established. Plans that are in "endangered," "seriously endangered", or "critical" status must notify all plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the plan's financial health. PPA's zone status rules were modified by the Multiemployer Pension Reform Act of 2014 ("MEPRA"), enacted on December 16, 2014. MEPRA, among other changes, added a new zone status called "critical and declining." Additional measures to improve funding shortfalls are available to "critical and declining" plans.

Plan's Status – Yellow Zone

On March 30, 2016, the Central Laborers' Pension Fund ("the Plan") was certified by its actuary to be in "endangered" status (also known as the "Yellow Zone") for the Plan year beginning January 1, 2016 ("2016 Plan year"). This is based on the actuary's determination that the Plan is no longer in "critical" ("Red Zone") status because the Plan is projected to not have an accumulated funding deficiency for the 2016 Plan year or any of the succeeding 9 Plan years (taking into consideration the Plan's amortization extension), is projected to remain solvent for the 2016 Plan year and the succeeding 30 Plan years, and is projected to be less than 80% funded as of January 1, 2016.

Funding Improvement Plan

Federal law requires that a plan in endangered status adopt a "Funding Improvement Plan" aimed at restoring the financial health of the plan. The Trustees adopted a Funding Improvement Plan effective as of March 31, 2016. The Funding Improvement Plan requires the same contribution increases as the most recent Rehabilitation Plan, except in cases where the employer did not elect a schedule of that Rehabilitation Plan. The required contribution rate increases for those employers are slightly higher. The Funding Improvement Plan has been provided to contributing employers and participating unions.

Central Laborers' Pension Fund
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What's Next

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" status (or "Yellow Zone") classification is required to be used by law, we are working with our actuaries and consultants to continue to review the Plan's condition and address its issues. We will take actions necessary to improve the Plan's financial condition.

For more information about this notice or the Plan in general, please contact in writing the Plan's Executive Director, Mr. Dan Koeppel, at P.O. Box 1267, Jacksonville, Illinois, 62651-1267, 217-243-8521.

Sincerely,
Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.

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