

OUTSTATE MICHIGAN TROWEL TRADES FRINGE BENEFIT FUNDS

Michigan Trowel Trades Health and Welfare Fund
Outstate Michigan Trowel Trades Pension Fund
Michigan Operative Plasterers' and Cement Masons' International Association
Apprenticeship and Training Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

ANNUAL FUNDING NOTICE Plan Year Beginning January 1, 2019

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, 2019 and ending December 31, 2019 (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			
	2019	2018	2017
Valuation Date	January 1	January 1	January 1
Funded Percentage	88.8%	88.9%	90.7%
Value of Assets	\$69,396,655	\$67,378,323	\$65,534,133
Value of Liabilities	\$78,152,767	\$75,832,948	\$72,257,549

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, 2019	December 31, 2018	December 31, 2017
Fair Market Value of Assets	\$72,663,039	\$63,660,871	\$68,968,880

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.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 1,626. Of this number, 592 were active participants, 451 were retired, separated from service or otherwise receiving benefits, and 583 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	15.7%
Investment Grade Debt	58.5%
High Yield Debt	0.0%
Real Estate	10.1%
Other	15.7%

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 ($.75 \times \$33$), or \$35.75. Thus, the Participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

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 ($.75 \times \$9$), or \$17.75. Thus, the Participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

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.