

ANNUAL FUNDING NOTICE

for the

Southern California Pipe Trades Retirement 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, 2014 and ending December 31, 2014 (“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			
	2014	2013	2012
Valuation Date	January 1, 2014	January 1, 2013	January 1, 2012
Funded Percentage	87.8%	86.8%	85.5%
Value of Assets	\$839,996,004	\$808,023,678	\$773,183,065
Value of Liabilities	\$956,452,495	\$930,985,266	\$904,207,317

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, 2014	December 31, 2013	December 31, 2012
Fair Market Value of Assets	\$813,307,724 ¹	\$795,346,812	\$705,144,827

¹ The December 31, 2014 fair market value of assets figure is an estimate based on the Plan’s unaudited financial statements. The final figure may differ from this estimate once the Plan’s regular audit is issued for the Plan Year.

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 2014 Plan Year.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 12,769. Of this number, 4,633 were active employees, 5,770 were retired and receiving benefits, and 2,366 were retired or no longer working for the 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 funding policy of the Plan is to confirm that the minimum funding requirements of ERISA are being satisfied and to determine that anticipated employer contributions will not exceed the amounts deductible under the Internal Revenue Code. The Plan is funded through contributions paid by employers based on hours worked by their employees. The contribution amounts and procedure for remitting these contributions to the Plan are set forth in collective bargaining agreements.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan’s investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan describes the:

- Roles and Responsibilities of the Board of Trustees, Administrator, Counsel, Investment Consultant, Investment Managers and Custodian
- Goals and Objectives
- Asset Allocation
- Investment Manager selection, guidelines, monitoring and reporting

The investment program is highly diversified and designed to prudently balance the desire to maximize returns over the long term with the short-term need to control risks and maintain sufficient liquidity to meet the current obligations of the Plan. The assets are managed by professional investment managers with specific expertise in their assigned mandates.

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. Note that this asset allocation is based on calculations of fair market value of assets as of December 31, 2014 which are preliminary and which are subject to change upon completion of the audited financial statements. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	1.1%
2. U.S. Government securities	0.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	0.0%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	4.1%
5. Partnership/joint venture interests	21.0%
6. Real estate (other than employer real property)	6.8%
7. Loans (other than to participants)	0.0%
8. Participant loans	0.0%
9. Value of interest in common/collective trusts	55.2%
10. Value of interest in pooled separate accounts	0.0%
11. Value of interest in 103-12 investment entities	0.0%
12. Value of interest in registered investment companies (e.g., mutual funds)	11.6%
13. Value of funds held in insurance co. general account (unallocated contracts)	0.0%
14. Employer-related investments:	0.0%
Employer Securities	0.0%
Employer real property	
15. Buildings and other property used in plan operation	0.2%
16. Other	0.0%

For information about the plan’s investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the Plan Administrator by phone at (213) 385-6161, or by mail at Southern California Pipe Trades Administrative Corporation, 501 Shatto Place, 5th Floor, Los Angeles, California 90020.

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 the 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 the 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 $\$24.75 (.75 \times \$33)$, 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 the PBGC's website at www.pbtc.gov/multiemployer. Please contact the Plan Administrator for specific information about your pension plan or pension benefit. The 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 Plan Administrator by phone at (213) 385-6161, or by mail at Southern California Pipe Trades Administrative Corporation, 501 Shatto Place, 5th Floor, Los Angeles, California 90020. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" are: Board of Trustees of the Southern California Pipe Trades Retirement Fund, 51-6108443.