

**NEW ORLEANS EMPLOYERS –
INTERNATIONAL LONGSHOREMEN’S ASSOCIATION, AFL-CIO
PENSION, WELFARE, VACATION AND HOLIDAY FUNDS
721 RICHARD STREET, SUITE B
NEW ORLEANS, LOUISIANA 70130-4505**

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Administrator

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ANNUAL FUNDING NOTICE

**For
New Orleans Employers - International Longshoremen’s
Association, AFL-CIO Pension Plan**

Introduction

This notice includes important information about the funding status of your pension plan (“the Plan”) and 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 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 October 1, 2014 and ending September 30, 2015 (“Plan Year”).

How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by using a measure called the “funded percentage.” This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan’s funded percentages for the Plan Year and each of the two preceding plan years are set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2014 Plan Year	2013 Plan Year	2012 Plan Year
Valuation Date	October 1, 2014	October 1, 2013	October 1, 2012
Funded percentage	60.3%	59.9%	62.3%
Value of Assets	\$139,578,771	\$143,448,231	\$156,867,780
Value of Liabilities	\$231,413,183	\$239,356,230	\$251,882,527

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the valuation date for the plan year and are actuarial values. Because market values can fluctuate

daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last date of the plan year, rather than as of the valuation date. Substituting the market value of assets for actuarial value of assets used in the above chart would show a clearer picture of the plan's funded status as of the valuation date. The fair market values of the Plan's assets as of the last day of the plan year and each of the two preceding plan years are shown in the following table:

	2014 Plan Year	2013 Plan Year	2012 Plan Year
Last Day of Plan Year	September 30, 2015	September 30, 2014	September 30, 2013
Fair Market Value of Assets	\$140,973,091	\$154,278,448	\$155,069,584

It should be noted that the September 30, 2015 asset value is preliminary, based on unaudited information available as of the date of this notice.

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). 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, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in critical status in the Plan Year 2014 because it has funding problems. More specifically, the Plan's actuary projected the Plan to have a funding deficiency as of September 30, 2010. In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan on April 22, 2009 and further amended the Plan on September 22, 2010, September 23, 2011, September 18, 2012, September 25, 2013, September 17, 2014 and September 24, 2015. The rehabilitation plan requires increases in the employer contribution rate and benefit reductions. The changes generally apply to participants whose benefit commencement date is after October 1, 2009. The changes include changes to the early retirement reductions for participants below age 62 with 30 or more years of creditable employment,

elimination of the 30% and 20% supplemental benefits payable from retirement until age 62, elimination of subsidies in the pre-retirement 50% survivor benefit for terminated vested participants with spouse as beneficiary, elimination of subsidies in the post-retirement 50% joint and survivor benefit for active and terminated vested participants with spouse as beneficiary, and elimination of the pre-retirement lump sum estate death benefit to the extent it exceeds \$5,000. You previously received a Notice of Adjustment to Benefits Due to Critical Status explaining all the changes that were adopted. 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 the plan administrator.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 3,298. Of this number, 591 were active participants, 2,498 were retired or separated from service and receiving benefits, and 209 were separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to collect contributions from employers pursuant to written agreements, including collective bargaining agreements with the Union that represents the Plan's participants, and to prudently manage those fund assets upon their receipt.

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 various types or categories of investment management decisions. The investment policy of the Plan is to invest assets in a manner consistent with the fiduciary standards of ERISA. Its objectives are to achieve a long-term rate of return which meets or exceeds the assumed actuarial rate of the Plan as listed in the Plan's actuarial report; to maintain sufficient income and liquidity to fund benefit payments; and to preserve the principal value of the Plan.

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. These allocations are percentages of total assets:

<u>Asset Allocations</u>	<u>Percentage</u>
1. Interest-bearing cash	4.8%
2. U.S. government securities	1.6%

3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	3.4%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	30.4%
5. Partnership/joint venture interests	8.5%
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	31.8%
10. Value of interest in pooled separate accounts	5.3%
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	14.2%
13. Value of interest in registered investment companies (e.g., mutual funds)	
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

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 Thomas R. Daniel, Administrator at 504-525-0309 or mailing address 721 Richard Street, Suite B, New Orleans, LA 70130-4505.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (called the Form 5500) that contains financial and other information about the plan. Copies of the annual report 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. For plan years after 2009, you may obtain an electronic copy of the plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function, or you may obtain a copy of the plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you

are seeking information regarding your benefits under the plan, contact the plan administrator identified below under “Where to Get More Information.”

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The plan administrator is required by law to include a summary of these rules in the annual funding notice. Under so-called “plan reorganization rules,” a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC’s guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan’s available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, 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 notification of the insolvency 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 as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. 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 \$500, 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 ($\$500/10$), which equals \$50. The guaranteed

amount for a \$50 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 the 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.

Where to Get More Information

For more information about this notice, you may contact Thomas R. Daniel at 504-525-0309 or mailing address 721 Richard Street, Suite B, New Orleans, LA 70130-4505. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is the Board of Trustees for the Plan, EIN 72-6023317. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov.