Buffalo Laborers' Benefit Funds

25 Tyrol Drive • Suite 200 • Cheektowaga, New York 14227
Phone (716) 894-8061 *Fax* (716) 668-8589

Administrator: Thomas L. Panek, CPA

October 24, 2014

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

From: **Board of Trustees of the Buffalo Laborers' Pension Fund**

Subject: **Notice of Endangered Status for the Plan Year beginning July 1, 2014 and Annual Funding Notice for the Plan Year ending June 30, 2014**

Attached to this letter are two notices regarding the Buffalo Laborers' Pension Fund (the "Plan"):

1. The "Notice of Endangered Status" states that the Plan is in "Endangered Status" (the "Yellow Zone") for the fiscal year beginning July 1, 2014 (as it was for the prior fiscal year).

2. The "Annual Funding Notice" provides basic information on the Plan's funded status for the prior fiscal year, which began July 1, 2013 and ended June 30, 2014.

Federal law requires the Plan to send you these notices. The purpose of this letter is to provide you with additional information to help you understand these notices. This letter focuses more on the Notice of Endangered Status, because that notice contains more current information. The Annual Funding Notice, on the other hand, includes more historical information.

Endangered Status

As you will recall, the Plan has been certified in Endangered Status for each of the past three fiscal years, which began July 1, 2011 and ended June 30, 2014. Because the Plan was first certified in Endangered Status for the fiscal year beginning July 1, 2011, the Trustees were required to adopt a "Funding Improvement Plan" to enable the Plan to meet certain funding benchmarks over a ten-year period. The Funding Improvement Plan replaced the Rehabilitation Plan that the Trustees were required to adopt for the fiscal year beginning July 1, 2010 when the Plan was in "Critical Status" (the "Red Zone"). Because the Plan remains in Endangered Status for the fiscal year beginning July 1, 2014, the Funding Improvement Plan also remains in effect.

Please be reminded that like the old Rehabilitation Plan, the Funding Improvement Plan consists of two Schedules – a Preferred Schedule and a Default Schedule. Employers and unions are required to adopt contribution rates consistent with one of the two Schedules in order to be in compliance with the Funding Improvement Plan. The Trustees strongly encouraged these parties to select the Preferred Schedule and not the Default Schedule.

No Changes to the Funding Improvement Plan

While the Plan remains in Endangered Status, federal law requires the Trustees to review the Funding Improvement Plan once a year and update it as needed to enable the Plan to continue to meet its funding benchmarks. The Trustees have reviewed the Funding Improvement Plan for the plan year beginning July 1, 2014, and they have decided that no updates are needed to the Funding Improvement Plan. The Plan's actuary has certified that the Plan is making scheduled progress toward meeting the requirements of the Funding Improvement Plan.

The rates for future benefit accruals and hourly contributions under the Funding Improvement Plan are summarized below. The Trustees continue to encourage employers and unions to adopt the Preferred Schedule and not the Default Schedule.

Funding Improvement Plan Originally Effective July 1, 2011			
	Preferred Schedule	**Default Schedule**	
Rate of Future Benefit Accruals	$30.00 per year of Credited Service (for full or partial years)	$0.00, effective for Credited Service earned on/after 6/1/2012	
		For contracts adopted:	
Hourly Contribution Rates		Before 7/1/2012	After 6/30/2012
Effective 7/1/2011	$7.10	$7.10	$7.10
Effective 7/1/2012	$8.20	$10.60	$8.20
Effective 7/1/2013	$9.30	$10.60	$11.20

Plan Remains Underfunded

Despite the positive investment returns over the past three years, the Plan remains underfunded. For example, the Plan's estimated funded percentage as of July 1, 2014 is only 74%, i.e., the current value of the Plan's assets only covers 74% of the value of its promised benefits. In addition, if the current economic conditions persist, this would worsen the Plan's funded percentage in the future. Therefore, the Trustees do not anticipate increasing benefits or reducing employer contributions at this time. (Note that the enclosed Annual Funding Notice, as required by federal law, provides funding information for prior fiscal years.)

Where to Get More Information

For more information or to request a copy of the Funding Improvement Plan, you may contact the Board of the Trustees of the Buffalo Laborers Pension Fund at 25 Tyrol Drive, Suite 200, Cheektowaga, NY 14227, or at (716) 894-8061.

Sincerely,

Board of Trustees

Notice of Endangered Status
for the
Buffalo Laborers' Pension Fund

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

This is to inform you that on September 26, 2014, the plan actuary certified that the Buffalo Laborers' Pension Fund (the "Plan") is in "Endangered Status" (also known as the "Yellow Zone") for the fiscal year beginning July 1, 2014. Federal law requires that you receive this notice.

Endangered Status

The Plan is considered to be in Endangered Status because it has funding problems. Specifically, the Plan's actuary has determined that the Plan's funded percentage as of July 1, 2014 is less than 80% as described under Section 432 under the Internal Revenue Code. This means that the Plan's asset value is less than 80% of its projected liabilities. Therefore, the Plan is in Endangered Status for the fiscal year beginning July 1, 2014. The Plan has been in Endangered Status since July 1, 2011.

Funding Improvement Plan

Because the Plan was first certified in Endangered Status for the fiscal year beginning July 1, 2011, federal law required the Plan's Trustees to adopt a "Funding Improvement Plan" aimed at restoring the financial health of the Plan. The Funding Improvement Plan consists of actions (which may include increases to employer contributions, reductions in benefits, or both) designed to reduce the Plan's underfunded percentage by one-third by the end of a ten-year period and to avoid projected funding deficiencies over that period. Because the Plan continues to be in Endangered Status, the Funding Improvement Plan that was adopted for the fiscal year beginning July 1, 2011 remains in effect. The Plan's actuary has certified that the Plan is making scheduled progress toward meeting the requirements of the Funding Improvement Plan.

Where to Get More Information

For more information about this notice, you may contact the Fund Office at:

Board of the Trustees of the Buffalo Laborers Pension Fund
25 Tyrol Drive, Suite 200
Cheektowaga, NY 14227
(716) 894-8061

For identification purposes, the official plan name is "Buffalo Laborers Pension Fund," the official plan number ("PN") is 002, and the plan sponsor's employer identification number ("EIN") is 16-0845094. You may obtain a copy of the Plan's Funding Improvement Plan by making a written request to the Fund Office at the address above.

ANNUAL FUNDING NOTICE

For the

BUFFALO LABORERS' PENSION FUND

Introduction

This notice includes important funding information for the Buffalo Laborers' Pension Fund ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the fiscal year beginning July 1, 2013 and ended June 30, 2014 (referred to hereafter as "Fiscal Year").

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the Fiscal Year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Fiscal Year and two preceding Fiscal Years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2013	2012	2011
Valuation Date	July 1, 2013	July 1, 2012	July 1, 2011
Funded Percentage	69.0%	66.0%	63.1%
Value of Assets	$83,651,045	$80,139,453	$76,786,153
Value of Liabilities	$121,149,686	$121,417,252	$121,732,671

Fair Market Value of Assets

Asset values in the chart above are actuarial values of assets. Because market values of assets can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use smoothing of those fluctuations in the actuarial values, for funding purposes. While actuarial values fluctuate less than market values, market values tend to show a clearer picture of a plan's funded status as of a given point in time.

Please note that the Plan began using five-year smoothing in its actuarial value of assets effective July 1, 2009. In other words, investment gains and losses on the fair market values of assets are recognized in the actuarial value of assets by 20% per year. As of July 1, 2009, the actuarial value of assets was equal to the fair market value of assets, because the smoothing period had not yet begun. The fair market value of assets was $86,761,848 as of July 1, 2011, $82,666,424 as of July 1, 2012, and $88,108,948 as of July 1, 2013. As of July 1, 2014, the fair market value of assets was $97,269,230 (preliminary value).

Participant Information

The total number of participants in the plan as of the Plan's valuation date, July 1, 2013, was 1,983. Of this number, 788 were active participants, 998 were retired or separated from service and receiving benefits, and 197 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made 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 in a diversified portfolio of assets that will maximize investment return over the long term while minimizing investment return volatility and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

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 Fiscal Year. These allocations are percentages of total assets:

Asset Allocations	**Percentage**
1. Cash (Interest-bearing and non-interest bearing)	0.4%
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	16.6%
Common	
5. Partnership/joint venture interests	1.5%
6. Real estate (other than employer real property)	5.2%
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	28.2%
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	48.1%
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	

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 Fiscal Year, the funded percentage of the plan is less than 80 percent or there is an accumulated funding deficiency projected in the current Fiscal Year or next six succeeding Fiscal Years. A plan will be considered to be in "critical" status if there is an accumulated funding deficiency projected in the current Fiscal Year or next three plan succeeding Fiscal Years (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.