PLUMBERS & PIPEFITTERS NATIONAL PENSION FUND

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http://www.ppnpf.org

ADMINISTRATOR: WILLIAM T. SWEENEY, JR.

ANNUAL FUNDING NOTICE FOR THE PLAN YEAR ENDING JUNE 30, 2014

Introduction

This notice includes important funding information about your pension plan ("the Plan"). All traditional pension plans (called "defined benefit pension plans") must provide this notice every year, regardless of funding status. It is provided for informational purposes, and you are not required to respond in any way.

This notice includes information about benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. That does not mean that this Plan is terminating.

There is also a legally required summary of federal rules governing multiemployer plans in reorganization and insolvent plans. This Plan is <u>neither in reorganization nor insolvent</u>; <u>nor</u> is it projected to be in either status in the future.

This notice is for the Plan Year beginning July 1, 2013 and ending June 30, 2014 ("Plan Year"). Most of the information shown below does not include data as of the end of the current Plan Year. However, the estimated funded percentage as of July 1, 2014, as noted in the Notice of Endangered Status for the 2014–15 Plan Year, is projected to be 78.41%.

Funded Percentage

Under federal law, the Plan must report how well it is funded by using a measure called the "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 Plan Year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and two preceding plan 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.

	Plan Year as of 7/1/13	Plan Year as of 7/1/12	Plan Year as of 7/1/11
Valuation Date	7/1/2013	7/1/2012	7/1/2011
Funded Percentage	77.27%	76.81%	76.76%
Value of Assets	$5,709,077,316	$5,543,700,557	$5,390,664,178
Value of Liabilities	$7,388,429,965	$7,217,428,200	$7,022,826,270

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show an exact picture of a plan's funded status as of a given point in time. However, 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 to smooth out the fluctuations for funding purposes. Actuarial values are less variable than market values, but they are estimates. As of 6/30/2014, the fair market value of the Plan's assets was $5,523,000,000. (**unaudited**). As of 6/30/2013, the fair market value of the Plan's assets was $4,993,233,092. As of 6/30/2012, the fair market value of the Plan's assets was $4,675,197,209.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 137,457. Of this number, 67,415 were active participants, 45,021 were retired and receiving benefits and 25,021 were separated from service and entitled to future benefits. Not included in the total number of participants as of the valuation date are 21,049 inactive participants who are not vested and have not yet incurred a permanent break in service.

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 maintain a balance such that Plan resources will fund Plan obligations. Plan resources include accumulated Plan assets plus expected future contributions and investment income. Plan obligations include benefit payments to current and future retirees and beneficiaries and expected expenses for Plan administration.

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 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 designed by the Trustees, in consultation with an independent investment consultant, with a goal to increase assets through capital gains and income, while maintaining sufficient liquidity to meet benefit payments. The ultimate goal is to achieve investment results that will culminate in the payment of promised Plan benefits.

The investment horizon is long term, and the investment strategy is designed to ensure the prudent investment of assets in a manner that will maximize the total rate of return subject to the preservation of capital. The primary means by which capital preservation is to be achieved is through diversification of the Fund's investments across various asset classes which include: domestic equity, domestic fixed income, international equity, emerging markets equity, global fixed income, high yield fixed income, real estate, private equity, hedge fund of funds, other alternative investments, and cash and cash equivalents. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors, with a goal of providing a rate of return that exceeds specified benchmarks over periods of time. The appropriate level of risk for the Plan has been determined by examining the risk and reward of numerous asset allocation alternatives, and on this basis, an overall asset allocation has been implemented, under which the assets are subject to periodic rebalancing. Overall investment performance is measured against a policy index consisting of a model portfolio of various market indexes and against the Consumer Price Index plus 3.5.

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 2013–14 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	1.00%
2. U.S. Government securities	3.00%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00%
All other	9.00%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	52.00%
5. Partnership/joint venture interests	3.00%
6. Real estate (other than employer real property)	7.00%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trusts	16.00%
10. Value of interest in pooled separate accounts	0.00%
11. Value of interest in master trust investment accounts	0.00%
12. Value of interest in 103-12 investment entities	0.00%
13. Value of interest in registered investment companies (e.g., mutual funds)	0.00%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.00%
15. Employer related investments:	
Employer securities	0.00%
Employer real property	0.00%
16. Buildings and other property used in Plan operation	0.00%
17. Other	
Diplomat Hotel	9.00%
TOTAL	100.00%

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 Plumbers and Pipefitters National Pension Plan was certified by the actuary to be in endangered status at the beginning of the 2009–2010 Plan Year because it was under 80% funded. In an effort to improve the Fund's funding status, the Trustees adopted and communicated a legally required Funding Improvement Plan (FIP) in April 2010 which provided bargaining parties with the option of either increasing their contribution rate while maintaining the current level of benefits or have the benefit accrual level reduced. These two alternative approaches satisfied the criteria for a funding improvement plan in accordance with IRC Section 432(c). The FIP has been fully implemented. You may obtain a copy of the Fund's FIP by visiting the website www.ppnpf.org. From the Home Page, click on the *Plan Documents and Information* link or you may contact the Plan Administrator at the Fund Office address below.

Events with Material Effect on Assets or Liabilities

Federal law requires the Trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the Plan Year beginning on July 1, 2014 and ending on June 30, 2015, there are no known events expected to have a material impact on assets or liabilities.

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 (i.e., Form 5500) containing 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 1.866.444.3272. Or you may obtain a copy of the Plan's annual report by making a written request to the Plan Administrator. The charge to cover copying costs will be $.25 per page for an approximate cost of $25.00.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

The Pension Protection Act of 2006 requires the Plan to advise you of special rules that apply to financially troubled multiemployer plans, even if the Plan does not fit that description.

Federal law has a number of special rules that apply to financially troubled multiemployer plans. 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 the 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 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 pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, 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 William T. Sweeney, Jr., Plan Administrator, Plumbers & Pipefitters National Pension Fund, 103 Oronoco Street, Alexandria, VA 22314-2047, 1.800.638.7442 or email your inquiry to AFN@ppnpf.com. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is #52-6152779. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov.