

ANNUAL FUNDING NOTICE

For GRAPHIC ARTS INDUSTRY JOINT PENSION TRUST

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 July 1, 2017 and ending June 30, 2018 (“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			
	2017	2016	2015
Valuation Date	July 1, 2017	July 1, 2016	July 1, 2015
Funded Percentage	31.2%	33.7%	40.7%
Value of Assets	\$141,234,189	\$152,728,164	\$184,310,584
Value of Liabilities	\$452,863,897	\$453,740,851	\$453,301,673

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.

	June 30, 2018*	June 30, 2017**	June 30, 2016
Fair Market Value of Assets	\$118,361,228	\$141,234,189	\$152,728,164

* Based on unaudited information (the Plan’s June 30, 2018 audit will not be completed until early 2019).

**The fair market value of assets for the 2017 Plan Year has been restated from the previously published value for such date that was based on unaudited information in order to reflect the final audited value reported in the Plan’s Form 5500 for such 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 in critical and declining status in the Plan Year ending June 30, 2018 because, among other factors, the Plan: (a) is projected to become insolvent within 15 years, and (b) there was an accumulated funding deficiency in the current Plan Year and a projected funding deficiency in each of the following four Plan Years, not taking into account any extension of the amortization periods under Internal Revenue Code Section 431(d). The Plan is projected to be insolvent in the 2022 Plan Year. Such insolvency may result in benefit reductions. In an effort to improve the Plan’s funding situation, the Trustees adopted a rehabilitation plan on September 16, 2010 with the intent to forestall insolvency of the Plan. The rehabilitation plan, which is expected to last indefinitely, is summarized below. In case of any conflict between this summary and the full rehabilitation plan, the full rehabilitation plan will control. The full text of the rehabilitation plan, any updates to such plan, and the actuarial and financial data that demonstrate any action taken by the Trustees toward fiscal improvement is available by contacting the Fund Office or you may obtain information at www.gaijpt.org.

The rehabilitation plan has two schedules, the Preferred Schedule and the Default Schedule as follows:

Preferred Schedule: This Schedule was available for adoption by the bargaining parties on or before November 12, 2010 and applies to employers who timely adopted the Schedule and their active employees:

- Elimination of all period certain and life annuities, except for participants for whom the normal form of payment is a 5-year or 3-year certain and life annuity.
- Elimination of optional forms of benefit other than the 50% and 75% qualified spouse joint and survivor annuities.
- Elimination of the subsidized portion of the qualified preretirement survivor annuity (QPSA).
- Annual increases in employer contributions commencing on December 1, 2010 for hours worked in November 2010. The annual contribution rate increases under the Preferred Schedule are four annual increases equal to 5% of the November 1, 2010 contribution rates. The 5% increases are effective December 1, 2010, December 1, 2011, December 1, 2012 and December 1, 2013.

Default Schedule: This Schedule applies to participants whose bargaining parties adopt the Default Schedule or on whom the Default Schedule is imposed due to failure to adopt the Preferred Schedule timely and to inactive participants unless their last contributing employer and local union (their bargaining group) adopted the Preferred Schedule by November 12, 2010:

- Elimination of the subsidy on early retirement benefits.
- Elimination of all period certain and life annuities, except for participants for whom the normal form of payment is a 5-year or a 3-year certain and life annuity.
- Elimination of optional forms of benefit other than the 50% and 75% qualified spouse joint and survivor annuities.
- Elimination of the subsidized portion of the qualified preretirement survivor annuity (QPSA).
- Elimination of the Disability Pension.
- Elimination of all other adjustable benefits on all accrued benefits and future benefit accruals to the maximum permitted by law.
- The contribution rate increase under the Default Schedule is a one-time increase equal to 50% of the November 1, 2010 contribution rate.

Since the Plan is in critical and declining status for the Plan Year ending June 30, 2019, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 10,431. Of this number, 1,088 were current employees, 5,558 were retired and receiving benefits, and 3,785 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 designed to comply with the funding requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by contributing employers for federal income tax purposes. The Board of Trustees periodically monitors the Plan's funding requirements with the assistance of the Plan's enrolled actuary and the Plan's investment consultant.

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 is:

	June 30, 2017 Target Allocation	June 30, 2017 Range
U.S. Large Cap Equities	10.0%	7.0% to 15.0%
U.S. Small/Mid Cap Equities	10.0%	7.0% to 15.0%
Non-U.S. Equities	10.0%	5.0% to 15.0%
Fixed Income, Real Estate Debt, Cash	20.0%	10.0% to 35.0%
Real Estate Equity	10.0%	5.0% to 15.0%
Alternative Group Trust	25.0%	15.0% to 40.0%
Private Equity Fund of Funds	15.0%	5.0% to 20.0%

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:

Alternative 1:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	8.6
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
Common	10.6
5. Partnership/joint venture interests	11.3
6. Real estate (other than employer real property)	12.0
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	57.5
10. Value of interest in pooled separate accounts	
11. Value of interest in 103-12 investment entities	
12. Value of interest in registered investment companies (e.g., mutual	
13. Value of funds held in insurance co. general account (unallocated	
14. Employer-related investments:	
Employer Securities	
Employer real property	
15. Buildings and other property used in plan operation	
16. Other	

For information about the Plan's investment in any of the following types of investments—common/collective trusts, pooled separate accounts or 103-12 investment entities – contact Angela Alvey, Graphic Arts Industry Joint Pension Trust, (202) 508-6670, 25 Louisiana Ave NW, Washington, DC 20001 or aalvey@gciu.org.

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 are also 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 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 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 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 Board of Trustees of the Graphic Arts Industry Joint Pension Trust at 25 Louisiana Ave NW, Washington, DC 20001, (202) 508-6670, www.gaijpt.org, jpt@gciu.org. For identification purposes, the official plan number is 001, the plan sponsor's name is Graphic Arts Industry Joint Pension Trust and employer identification number or "EIN" is 52-1074215.