

ANNUAL FUNDING NOTICE
For
Twin City Hospital Workers Pension Plan

Introduction

This notice includes important funding information about 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 for the plan year beginning January 1, 2018 and ending December 31, 2018 (referred to hereafter as “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. The chart also states the value of the Plan’s assets and liabilities for the same period.

	2018	2017	2016
Valuation Date	January 1, 2018	January 1, 2017	January 1, 2016
Funded Percentage	114%	112%	110%
Value of Assets	\$181,515,159	\$168,346,830	\$155,902,721
Value of Liabilities	\$158,713,919	\$150,159,494	\$141,106,725

Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year. They also are “actuarial values”. Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock market 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 as of 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.

	12/31/2018	12/31/2017	12/31/2016
Fair Value of Assets	\$177,982,507*	\$188,197,780	\$161,556,212

* The amount as of December 31, 2018 has been estimated based on data considered to be the best available and estimation methods deemed to be suitable but have not been subject to review or audit.

Participant Information

The total number of participants in the plan as of the Plan’s valuation date was 11,470. Of this number, 7,004 were active participants, 1,589 were retired or separated from service and receiving benefits, and 2,877 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 plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the union that represents the Plan’s participants.

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 to allocate Plan assets under the following investment categories:

	<u>Target</u>	<u>Range</u>
<i>Equity</i>	60%	55%-65%
Large Cap U.S.	25%	20%-30%
Smaller Cap U.S.	15%	10%-20%
Non-U.S. - Developed	15%	10%-20%
Non-U.S. - Emerging Markets	5%	2% -8%
<i>Alternatives</i>	10%	5%-15%
Diversified Hedge Funds	5%	2%-8%
Strategic Hedge Funds	5%	2%-8%
Real Estate	0%	0%-5%
<i>Fixed Income</i>	30%	25%-35%
U.S. Short Term Fixed Income	5%	2%-8%
U.S. Intermediate Fixed Income	20%	15%-25%
Global Fixed Income	5%	2%-8%
<i>Cash</i>	0%	0%-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 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage:
Stocks	58.6%
Investment grade debt instruments	22.4%
High-yield debt instruments	9.2%
Real estate	0.0%
Other	9.8%

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in “endangered” status if the 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 Plan Year.

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 about the plan. 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

The Plan is not insolvent. The following summary is required to be provided to you for your information.

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 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 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 the Plan Administrator prior to April 30, 2019 at (651) 294-8160 or mail request to 2520 Pilot Knob Road, Suite 325, Mendota Heights, MN 55120. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 41-1303906.

Effective May 1, 2019, the Plan Administrator will be Wilson-McShane Corporation at (952)-854-0795 or mail requests to Pension Department, Wilson-McShane Corporation, 3001 Metro Drive, Suite 500, Bloomington, MN 55425.

For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

You may obtain a pension benefit statement showing the amount of your vested pension benefit by writing the Fund office at 2520 Pilot Knob Road, Suite 325, Mendota Heights, MN 55120 and requesting a copy. You are limited to one such statement in a 12-month period.

Effective May 1, 2019, the Fund office can be contacted at:

**Twin City Hospital Workers Pension Fund
c/o Wilson-McShane Corporation
Attn: Pension Dept.
3001 Metro Drive, Suite 500
Bloomington, MN 55425
(952)-854-0795**