

ANNUAL FUNDING NOTICE
For
BAKERY AND CONFECTIONERY UNION AND INDUSTRY
INTERNATIONAL PENSION FUND

April 30, 2015

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 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 that began January 1, 2014 and ended December 31, 2014 (“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 percentage for the Plan Year and each of the 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.

Funded Percentage			
	2014 Plan Year	2013 Plan Year	2012 Plan Year
Valuation Date	January 1, 2014	January 1, 2013	January 1, 2012
Funded percentage	65.11%	66.41%	66.86%
Value of Assets	\$5,259,362,902	\$5,381,529,510	\$5,335,315,267
Value of Liabilities	\$8,078,148,420	\$8,103,920,944	\$7,980,019,030

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 day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table:

	December 31, 2014	December 31, 2013	December 31, 2012
Fair Market Value of Assets	\$4,704,591,048	\$4,864,492,924	\$4,484,607,925

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 because the following conditions were present in the Actuarial Certification of Plan Status as of January 1, 2014:

- A funding deficiency was projected within ten years from January 1, 2014
- The Plan was in critical status in the plan year beginning January 1, 2013

In an effort to improve the Plan’s funding situation, the trustees adopted a rehabilitation plan in November of 2012. The rehabilitation plan was reviewed by the Trustees in December 2013 and 2014. The rehabilitation plan describes the actions to be taken by the Plan’s Trustees, and the benefit and contribution changes to be bargained by the bargaining parties, to improve the funded status of the Plan. You may obtain a copy of the Plan’s rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the plan administrator.

The Plan is in critical and declining status for the plan year ending December 31, 2015. A separate notification of that status is enclosed.

Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 112,469. Of this number, 23,381 were active participants, 57,834 were retired or separated from service and receiving benefits, and 31,254 were retired or 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 Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan's participants. The funding policy of the Plan is to provide benefits to participants at levels that are expected (based upon reasonable actuarial assumptions) to be sustained from the assets of the Plan, expected income from the investment of those assets, and future employer contributions.

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 investment management decisions. In brief summary, the investment policy of the Plan is to maximize investment returns within prudent levels of risk through portfolio diversification across different classes of assets and a variety of asset management styles. With the assistance of an Investment Consultant, the Trustees, acting through an Investment Committee comprised of Union trustees and Employer trustees, select professional Investment Managers and/or commingled funds and allocate the assets of the Plan to seek to achieve the stated investment objectives and to control risk. The Trustees establish reasonable guidelines for each asset class and investment account, specifying acceptable and/or prohibited investments, limits on asset and asset class exposures, risk constraints and investment return objectives. The Trustees have also adopted benchmarks for each Manager and each asset class and regularly monitor the performance of each Manager and each commingled fund, as well as their compliance with the Investment Policy.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the 2014 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	<u>04.50%</u>
2. U.S. government securities	<u>01.32%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	<u>00.00%</u>
All other	<u>03.60%</u>
4. Corporate stocks (other than employer securities):	
Preferred	<u>00.09%</u>
Common	<u>36.16%</u>
5. Partnership/joint venture interests	<u>07.24%</u>
6. Real estate (other than employer real property)	<u>05.66%</u>
7. Value of interest in common/collective trusts	<u>25.02%</u>
8. Value of interest in 103-12 investment entities	<u>04.87%</u>
9. Value of interest in registered investment companies (e.g., mutual funds)	<u>00.00%</u>
10. Other	<u>11.54%</u>

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 2009 and subsequent plan years, 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. The Annual report for the 2014 Plan Year will not be available until mid-October of 2015. 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).¹ 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 plan is required to furnish this notification to each contributing employer and the labor organization.

A financially troubled plan 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 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. This information will be provided for each year the plan is insolvent.

¹ Although the plan reorganization rules were in effect during 2014 (the year that this Notice describes), Congress repealed them effective January 1, 2015.

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. 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 ($.75 \times \$33$), 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 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:
B&C Union and Industry International Pension Fund
10401 Connecticut Avenue, Suite 320, Kensington, MD 20895-3960
(301)468-3742

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6118572. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov.