

**ANNUAL FUNDING NOTICE
FOR THE MASSACHUSETTS SERVICE EMPLOYEES' PENSION PLAN**

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 January 1, 2018 and ending December 31, 2018 (referred to in this Notice 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”. To get this percentage, the Plan divides its 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 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		
	2018 Plan Year	2017 Plan Year	2016 Plan Year
Valuation Date	January 1, 2018	January 1, 2017	January 1, 2016
Funded Percentage	94.5%	94.6%	88.9%
Value of Assets	\$ 176,491,530	\$ 162,226,684	\$ 138,642,292
Value of Liabilities	\$ 186,675,896	\$ 171,460,153	\$ 155,859,240

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date and are “actuarial values.” Actuarial values differ from “market values” in that they do not fluctuate daily based on changes in the financial markets. Actuarial values smooth out 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 than the actuarial value of plan assets shows.

The asset values in the chart below are the market value of those assets 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.

	December 31, 2018	December 31, 2017	December 31, 2016
Fair Market Value of Assets	\$ 177,988,862	\$ 179,928,875	\$ 157,278,920

Because this Notice is required to be distributed before a formal audit of the plan has been completed, the December 31, 2018 fair market value of assets is an unaudited figure.

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%. A plan is generally in “critical” status if the funded percentage is less than 65% (other factors may also apply). Beginning in 2015, 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). Factors in addition to a plan’s funded percent may apply in the determination of the plan’s funding status.

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 Plans and Rehabilitation Plans establish steps and benchmarks for pension plans to improve their funding status over a specified period. 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” status, “critical” status, or “critical and declining” status in the Plan Year. For your information, the Plan’s actuary has also certified the Plan is not in “endangered” status, “critical” status, or “critical and declining” status for 2019.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 16,963. Of this number, 10,177 were current employees, 1,489 were retired and receiving benefits, and 5,297 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 to contribute at least the minimum amount necessary to satisfy statutory contribution requirements.

Pension plans also have investment policies. Investment policies are generally written guidelines or general instructions for making investment management decisions. The investment policy of the Plan has been adopted by the Board of Trustees with the advice of the Plan’s investment consultant. It is intended to generate returns over a long time horizon that equal or exceed the Plan’s actuarial assumed annual rate of return and to control risk. With the advice of the investment consultant, the Trustees have diversified the Plan’s investments with allocations to a number of different asset classes. These asset classes include equities, fixed income and alternative investments. Specific allocations may vary at times based upon market conditions.

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 and are based on preliminary asset values. Once the audit is finalized, these asset value percentages could change.

Asset Allocations	Percentage
1. Cash (Interest-bearing and non-interest bearing)	1.25%
2. U.S. Government securities	-
3. Corporate debt instruments (other than employer securities):	
a. Preferred	-
b. All other	-
4. Corporate stocks (other than employer securities):	
a. Preferred	-
b. Common	-
5. Partnership/joint venture interests	21.11%
6. Real estate (other than employer real property)	-
7. Loans (other than to participants)	-
8. Participant loans	-
9. Value of interest in common/collective trusts	6.82%
10. Value of interest in pooled separate accounts	-
11. Value of interest in 103-12 investment entities	69.11%
12. Value of interest in registered investment companies (e.g., mutual funds)	1.71%
13. Value of funds held in insurance co. general account (unallocated contracts)	-
14. Employer-related investments:	
a. Employer Securities	-
b. 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 Mr. Peter Goldberger, Fund Administrator, at Massachusetts Service Employees’ Pension Fund, 26 West Street, 3rd Floor, Boston, MA 02111-1207 or call (212) 539-2778.

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 the 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. (Please note that the annual report of the Plan Year will not be available until October 2018.) 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 benefit. 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 this 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. 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 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 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.

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", below.

Where to Get More Information

For more information about this Notice, you may contact Mr. Peter Goldberger, Fund Administrator, at Massachusetts Service Employees' Pension Fund, 26 West Street, 3rd Floor, Boston, MA 02111-1207 or call (212) 539-2778. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 04-6344921.