MIDWEST OPERATING ENGINEERS
FRINGE BENEFIT FUNDS

PENSION TRUST FUND • WELFARE FUND • RETIREE WELFARE PLAN
VACATION SAVINGS PLAN • RETIREMENT ENHANCEMENT FUND

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JAMES M. SWEENEY, CHAIRMAN / DAVID M. SNELTEN, SECRETARY-TREASURER

June 2019

To All Participants and Beneficiaries of the Midwest Operating Engineers Pension Trust Fund:

We made it! We're back in the Green Zone!

Our **Getting to Green** plan worked and the Pension Trust Fund was certified in the Green Zone by our actuaries right on schedule and according to plan with a projected funded percentage of 81.0% on April 1, 2019. (Note: The final funded percentage may end up being higher when all assets are eventually valued.)

Just 20 months ago, we asked for your support. We explained our plan to get our Fund back into the **Green Zone** ahead of schedule by reallocating contributions from the Welfare Fund. After reviewing the details of the plan, the membership voted overwhelmingly to approve our **Getting to Green** plan.

Thanks to your hard work that has led to an increase in contribution hours, our investment returns, and the oversight of the Board of Trustees, our Fund was certified back in the Green Zone on April 1, 2019.

Annual Funding Notice

Enclosed with this letter is the Fund's ***Annual Funding Notice.*** Multiemployer funds like ours are required by the Pension Protection Act (PPA) of 2006 to provide this notice to all Plan participants each year. It is important to understand that this notice does not completely reflect the Fund's financial position as of April 1, 2019. It looks back at the previous year when we were in the Yellow Zone. It follows a government-specified format, provides information on the Fund's assets and liabilities, participant counts, and funding and investment policies applicable to the 2018 Plan Year (April 1, 2018 to March 31, 2019). The ***Annual Funding Notice*** indicates that the Plan's funded percentage was at 76.9% on April 1, 2018, the first day of the 2018 Plan Year.

No Zone Status Notice This Year

In previous years, you may remember receiving an additional notice—the ***Zone Status Notice***. The ***Zone Status Notice*** is also required by PPA. Plans in the **Green Zone**, like ours, are not required to take any action or to provide a ***Zone Status Notice***. That is why you are only receiving the ***Annual Funding Notice*** this year.

Getting to Green

In 2017, members voted to reallocate contributions from the Welfare Fund into the Pension Plan for a period of 15 months in an effort to "**get to green**" earlier than otherwise estimated.

– (over) –

The plan worked! As expected, we made it to the **Green Zone** by our target date of April 1, 2019. And we were able to do it even more efficiently than we expected. We initially expected that our plan would require $290 million of Welfare Fund contributions to push us to the **Green Zone**. However, thanks to solid investment returns and strong work hours, we made it only using $200 million—that's a $90 million savings!

Next Steps and Decisions

We made it to the **Green Zone**, so what happens now? First, we want to thank you for your patience and understanding during this time. While we are all excited to be in a better financial state, we realize it burdened you and your families to get here.

For the time being, we will continue to apply a percentage of employer contributions (allocated under the Funding Improvement Plan) to rebuilding Plan assets. Just because we've reached the **Green Zone** does not mean we're 100% funded. We want to ensure we're on solid ground before making further recommendations on benefit improvements.

However, since we reached the **Green Zone** on time and under budget, we've decided that going forward, **any pension contribution increases on and after April 1, 2019 will now apply to the multiplier**. This means, if through negotiations we secure additional employer contributions to the Pension Fund, those additional amounts will go toward your benefit accruals—not to the funding bucket (i.e. Supplemental Contributions).

We are now working to develop sound funding options for the future and we will be coming to you soon to discuss what we should do next. Until then, we hope you are as excited as we are about this great news for our Pension Fund.

Please take some time to review the enclosed notice. If you have any questions, contact the Midwest Operating Engineers Fringe Benefit Funds' office (6150 Joliet Road, Countryside, Illinois 60525-3994; 708-482-7300).

Sincerely,

The Board of Trustees

Midwest Operating Engineers Pension Fund

ANNUAL FUNDING NOTICE

For

MIDWEST OPERATING ENGINEERS PENSION TRUST FUND

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 April 1, 2018 and ending March 31, 2019 ("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, each of the two preceding plan years, and the preliminary funded percentage for the 2019 Plan year are shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

Funded Percentage				
	2019/20 Plan Year*	2018/19 Plan Year	2017/18 Plan Year	2016/17 Plan Year
Valuation Date	***April 1, 2019***	***April 1, 2018***	***April 1, 2017***	***April 1, 2016***
Funded Percentage	81.0%	76.9%	74.1%	74.6%
Value of Assets	$4,328,385,719	$4,027,502,648	$3,802,659,086	$3,739,387,225
Value of Liabilities	$5,342,987,175	$5,239,754,235	$5,132,450,353	$5,015,172,200

**Preliminary results*

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.

	March 31, 2019	***March 31, 2018***	***March 31, 2017***
Fair Market Value of Assets	$4,327,991,544*	$4,135,034,171	$3,704,559,388

*Estimate

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.

As of April 1, 2018, the Plan was in endangered status (that is, in the Yellow Zone) under the Pension Protection Act of 2006. The Trustees have taken a proactive approach to addressing the funding losses of 2008 and the decline in contribution hours through benefit changes and contribution rate increases.

The Funding Improvement Plan (FIP) was adopted on January 8, 2013. The Funding Improvement Period for the Plan is the 10-year period beginning April 1, 2014. The preferred schedule of the FIP includes a schedule of contribution increases on the effective renewal dates of the collective bargaining agreements in 2013 through 2020 and the corresponding increases in the supplemental contribution on October 1 of the same year. The default schedule freezes future accruals while the employers are not required to increase their contribution rate. Recent update of the FIP also included diversion of the contributions from the Health and Welfare Fund so that the Plan may emerge from the endangered status earlier.

You may obtain a copy of the Plan's FIP and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the Administrative Manager identified below under "Where to Get More Information".

As of April 1, 2019, the Plan was certified as neither critical or endangered (that is, in the Green Zone).

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 29,313. Of this number, 12,208 were current employees, 11,279 were retired and receiving benefits, and 5,826 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 funded by contributions made by contributing employers pursuant to the terms of collective bargaining agreements, and other agreements, to which the contributing employers and unions representing Plan participants are signatory. Participant contributions are not permitted under the Plan and therefore are not a source of funding Plan benefits. The investment earnings on the contributions made to the Plan are also a source of funding.

Pension plans also have investment policies. These generally are written guidelines or general instructions given to the plan's fiduciaries for making investment management decisions. The investment policy of the Plan is to manage the investments of the Plan with the primary focus being preservation of capital. Emphasis will be placed on participation with the fixed income and equity broad market averages during times of rising markets and preservation of capital during periods of market contraction. Additionally, given the decision to seek out and retain investment managers, it is the Plan's desire to earn total returns (income plus capital gains) in excess of major indices of each asset class over a typical market cycle.

The portfolio will be rebalanced on a regular basis to bring the asset allocation of the Fund in line with the minimum and maximum ranges.

The performance objective of the Plan is to meet or exceed the Plan's actuarial interest rate assumption of 7.5% on a fiscal year basis over a rolling five-year period.

Secondarily, the performance objective of the Plan is to outperform the risk-adjusted return net of fees of a composite mix outlined below. This objective should be met over a market cycle, typically defined as a period not less than three years or more than five years.

25% Barclays Capital U.S. Aggregate (Fixed Income, Infrastructure)

33%	Wilshire 5000 Index (US Equity)
20%	MSCI ACWI ex US (International Equity)
12%	NCREIF (Real Estate)
10%	HFR Hedge Fund of Funds (Hedge Funds, Risk Parity, Defensive Equity)

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:

Asset Allocations		**Percentage***
1.	Cash (Interest bearing and non-interest bearing)	0.9%
2.	U.S. Government securities	7.8%
3.	Corporate debt instruments (other than employer securities):	
	Preferred	0.0%
	All other	7.4%
4.	Corporate stocks (other than employer securities):	
	Preferred	0.0%
	Common	10.7%
5.	Partnership/ joint venture interests	22.1%
6.	Real estate (other than employer real property)	0.0%
7.	Loans (other than to participants)	0.0%
8.	Participant loans	0.0%
9.	Value of interest in common/ collective trusts	46.6%
10.	Value of interest in pooled separate accounts	0.0%
11.	Value of interest in 103-12 investment entities	0.0%
12.	Value of interest in registered investment companies (e.g., mutual funds)	0.0%
13.	Value of funds held in insurance co. general account (unallocated contracts)	4.4%
14.	Employer-related investments:	
	Employer Securities	0.0%
	Employer real property	0.0%
15.	Buildings and other property used in plan operation	0.0%
16.	Other	0.0%

*Does not add to 100% due to rounding.

For information about the Plan's investment in any of the common/collective trusts, contact Mr. Thomas Bernstein, Administrative Manager at Midwest Operating Engineers Fringe Benefit Funds, 6150 Joliet Road, Countryside, Illinois 60525-3994 or call (708) 482-7300.

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 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

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 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 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" below.

Where to Get More Information

For more information about this notice, you may contact the individual below.

Mr. Thomas Bernstein
Administrative Manager
Midwest Operating Engineers Fringe Benefit Funds
6150 Joliet Road
Countryside, Illinois 60525-3994
(708) 482-7300

For identification purposes, the official Plan number is 001 and the Plan sponsor's employer name and employer identification number or "EIN" is Trustees of the Midwest Operating Engineers Pension Trust Fund and 36-6140097.