

APPENDIX A TO FAB 2015-01

MODEL SUPPLEMENT TO ANNUAL FUNDING NOTICE OF [insert Plan Name] (PLAN) FOR PLAN YEAR BEGINNING [Insert Date] AND ENDING [Insert Date] (Plan Year)

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act and the Highway and Transportation Funding Act of 2014. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The “Information Table” compares the impact of using interest rates based on the 25-year average (the “adjusted interest rates”) and interest rates based on a two-year average on the Plan’s: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage is a measure of how well the plan is funded on a particular date. The funding shortfall is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

INFORMATION TABLE						
	[Applicable Plan Year]		[1 st year preceding Applicable Plan Year]		[2nd year preceding Applicable Plan Year]	
	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates
Funding Target Attainment Percentage	[Insert %]	[Insert %]	[Insert %]	[Insert %]	[Insert %]	[Insert %]
Funding Shortfall	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]
Minimum Required Contribution	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]	[Insert \$ amount]

Instructions: Insert Not Applicable in the “With Adjusted Interest Rates” cells of the relevant preceding year, if (1) the preceding plan year was 2011; (2) a full yield curve election under section 303(h)(2)(D)(ii) of ERISA was in effect for such preceding year; (3) in the case of the 2012 plan year, the plan sponsor elected out of MAP-21 for all

purposes; or (4) the plan was a delayed effective date plan under section 104 or 105 of the PPA in such preceding year.

Insert Not Applicable in the “Without Adjusted Interest Rates” cells of the relevant preceding year, if the adjusted interest rates were used for funding purposes in such preceding year but such year was not an applicable plan year within the meaning of section 101(f)(2)(D)(ii) of ERISA.