



American Federation
of Musicians &
Employers' Pension Fund

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To: Contributing Employers, AFM and AFM Locals

From: Board of Trustees of the American Federation of Musicians and Employers' Pension Fund (the "Plan")

Re: Annual Funding Notice and Notice of Critical Status

Date: July 29, 2016

Enclosed are (i) the Plan's **Annual Funding Notice for the Plan Year ended March 31, 2016** and (ii) the **Notice of Critical Status for the Plan Year ending March 31, 2017**. These two documents are being provided as required by applicable law. There is no action that you are required to take and there is no change to the Plan's benefits.

The **Annual Funding Notice** is for the Plan Year ended March 31, 2016. You should be aware that parts of this notice reflect the finances of the Plan as of March 31, 2015, rather than March 31, 2016. As you will note from this notice, the Plan's funded percentage (for Pension Protection Act of 2006 ("PPA") purposes) was 81.6% as of April 1, 2015.

You will also see from the enclosed **Notice of Critical Status** that the Plan remains in critical status for the current Plan year (which began April 1, 2016).

The Plan's funded percentage (for PPA purposes) as of April 1, 2016 will not be known until the actuarial valuation for the most recent plan year, ending March 31, 2017, is complete, but is estimated to be 76%. This estimate reflects a decrease from the previous year's funded percentage.

As was the case last year, the Plan's actuary projects that if the Plan meets its current assumptions, the Plan will remain solvent over the actuary's 20-year projection period. Longer-term projections show that insolvency may occur after that 20-year period, but the Plan's actuary advises that projections that far into the future are less likely to be accurate. Whether the Plan will continue to remain solvent over the long term depends most on its investment performance over time and also on the total amount of contributions made to the Plan. It is for this reason that the Board carefully monitors and, where appropriate, adjusts the Plan's asset allocation and investment manager roster, prudently balancing risk and reward. If, in spite of those efforts, the Fund reaches a point where insolvency is projected within 20 years, the current law would allow benefits to be restructured for the purpose of avoiding insolvency and continuing to pay benefits for the indefinite future.

In addition, we have enclosed an Employer Address Update Form for your review and action, if necessary.

As always, the Fund Office is available to answer questions regarding these notices or the above information. Questions should be directed to the Fund Office by phone to Customer Service at 1-800-833-8065 (extension 1311), by e-mail through the "Contact Us" link on our web site (www.afm-epf.org) or by mail.