

2017 Annual Funding Notice for NRECA Retirement Security Plan

Introduction

This notice includes important information about the funding status of your pension plan, the NRECA-sponsored Retirement Security (RS) Plan. It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corp. (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 RS 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 and is for the plan year beginning January 1, 2017, and ending December 31, 2017 (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 “funding target attainment percentage.” The plan divides its actuarial value of plan assets by the plan liabilities to get this percentage. In general, the higher the percentage, the better-funded the plan. The RS Plan’s funded percentages for the plan year and each of the two preceding plan years are shown in the two tables below. The tables also show you how the percentages were calculated.

The first table shows liabilities and assets calculated under regulations that apply to the RS Plan.

The second table reflects liabilities and assets that are calculated using the funding methods required for single-employer plans.

Table 1	2017	2016	2015
1. Valuation Date	1/1/2017	1/1/2016	1/1/2015
2. Plan Assets			
a. Market Value of RS Plan Assets ¹	\$8,592,046,231	\$8,008,970,151	\$8,503,716,436
b. Actuarial (Smoothed) RS Plan Assets ¹	\$8,884,405,874	\$8,422,212,626	\$8,223,585,436
3. Plan Liabilities	\$9,124,224,767	\$8,382,382,113	\$8,058,786,769
4. Funding Target Attainment Percentage: (2b)/(3) ²	97.4%	100.5%	102.0%
5. Funded Ratio Using Market Value of Assets: (2a)/(3)	94.2%	95.5%	105.5%

Table 2	2017	2016	2015
1. Valuation Date	1/1/2017	1/1/2016	1/1/2015
2. Plan Assets			
a. Market Value of RS Plan Assets ¹	\$8,592,046,231	\$8,008,970,151	\$8,503,716,436
b. Actuarial (Smoothed) RS Plan Assets ³	\$8,649,395,416	\$8,476,657,383	\$8,264,510,802
3. Plan Liabilities	\$9,163,891,430	\$8,484,875,837	\$8,014,713,398
4. Funding Target Attainment Percentage: (2b)/(3)	94.4%	99.9%	103.1%
5. Funded Ratio Using Market Value of Assets: (2a)/(3)	93.8%	94.4%	106.1%

¹ Includes contributions received after the valuation date with no discounting.

² The funded status shown reflects methodologies defined under the CSEC Act, which was first applicable for the 2014 plan year.

³ Contributions included in the asset value and received after the valuation date are discounted with interest to the valuation date.

Starting in 2014, the RS Plan follows funding rules under the Cooperative and Small Employer Charity Pension Flexibility (CSEC) Act. These funding rules are different from those that apply to a single-employer plan.

The PBGC guarantees basic benefits earned before a plan is terminated, which include:

- Pension benefits at normal retirement age;
- Most early retirement benefits;
- Annuity benefits for survivors of plan participants; and
- Disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits, such as the following:

- Benefits for which you do not have a vested right, usually because you have not worked enough years for the company;
- Benefits for which you have not met all age, service, or other requirements;
- Benefit increases and new benefits that have been in place for less than one year—those that have been in place for less than five years are only partly guaranteed;
- Benefits other than pension benefits, such as death benefits; and
- Lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the “General FAQs about PBGC” on PBGC’s website at www.pbgc.gov/general_faqs. 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.

Corporate and Actuarial Information on File with PBGC

A plan sponsor must provide the PBGC with financial information about itself and actuarial information about the plan under certain circumstances, such as when the PBGC funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor’s controlled group) falls below 80 percent (other triggers may also apply). The PBGC funding percentage is determined using required interest rates that are lower than those used for the RS Plan’s actuarial valuation, which causes the PBGC funded percentage to be lower than the funded percentages shown on Page 1. The sponsor of the RS Plan, National Rural Electric Cooperative Association or a member of its controlled group, was subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for monitoring and other purposes.

Where to Get More Information

For more information about this notice, contact the NRECA Member Contact Center at 866.673.2299, or write to RS Plan Administrator, Insurance and Financial Services, National Rural Electric Cooperative Association, 4301 Wilson Boulevard, Arlington, VA 22203. For identification purposes, the official plan number is 333 and the plan sponsor’s employer identification number (EIN) is 53-0116145.