

APARTMENT INVESTMENT & MANAGEMENT CO
Form 11-K
June 28, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-13232

A. Full title of the plan and the address of the plan, if different from that of the issuer named below.

AIMCO 401(k) RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Apartment Investment and Management Company
4582 South Ulster Street, Suite 1100
Denver, Colorado 80237

Financial Statements and Schedules

Aimco 401(k) Retirement Plan

December 31, 2015 and 2014, and Year Ended December 31, 2015

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Report of Independent Registered Public Accounting Firm

Benefits Committee

Apartment Investment and Management Company

We have audited the accompanying statements of net assets available for benefits of Aimco 401(k) Retirement Plan as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Aimco 401(k) Retirement Plan at December 31, 2015 and 2014, and the changes in its net assets available for benefits for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2015, has been subjected to audit procedures performed in conjunction with the audit of Aimco 401(k) Retirement Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

Denver, Colorado
June 28, 2016

Aimco 401(k) Retirement Plan
 Statements of Net Assets Available for Benefits

	December 31,	
	2015	2014
Assets:		
Investments, at fair value	\$74,210,518	\$77,893,900
Notes receivable from participants	1,236,337	1,323,382
Contributions receivable and other assets	120,957	165,993
Total assets	75,567,812	79,383,275
Liabilities:		
Excess contributions payable	134,556	195,174
Net assets available for benefits	\$75,433,256	\$79,188,101

See accompanying notes.

Aimco 401(k) Retirement Plan
 Statement of Changes in Net Assets Available for Benefits
 For the Year Ended December 31, 2015

Contributions:	
Participant	\$3,538,678
Employer	845,716
Rollover	187,336
	4,571,730
Investment income:	
Interest and dividend income	3,141,686
Net depreciation in fair value of investments	(2,242,291)
	899,395
Payments and expenses:	
Benefit payments	(9,222,970)
Administrative expenses	(3,000)
	(9,225,970)
Net decrease in net assets available for benefits	(3,754,845)
Net assets available for benefits at the beginning of the year	79,188,101
Net assets available for benefits at the end of the year	\$75,433,256

See accompanying notes.

Aimco 401(k) Retirement Plan
Notes to Financial Statements
December 31, 2015

1. Description of the Plan

The following description of the Aimco 401(k) Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan document and Summary Plan Description for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan covering all employees of Apartment Investment and Management Company (the "Company" or "Aimco") who have completed 30 days of service and are age 18 or older, except certain employees covered by collective bargaining agreements who are not eligible to participate in the Plan, unless such collective bargaining agreement provides for the inclusion of such employees as participants in the Plan. The Plan is administered by Fidelity Investments Retirement Services Company and trustee by the Fidelity Management Trust Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Each year, participants may contribute to the Plan, on a pretax basis, up to 50% of their eligible compensation, or \$18,000 (for 2015), whichever is less. Participants who have attained age 50 before the end of the Plan year are eligible to make additional catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit and defined contribution plans (rollovers).

The Company has an employer matching program pursuant to which the Company may make matching contributions at its discretion, and the Company made such contributions in the following manner: (1) a 25% match on participant contributions to the extent of the first 4% of the participant's eligible compensation; and (2) an additional discretionary lump sum matching contribution to Plan participants following the Plan's year-end if the Company outperforms on its fiscal year corporate goals, or Key Performance Indicators ("KPIs"). Employer contributions totaled \$845,716 for the Plan year ended December 31, 2015, all of which consisted of matching contributions, including a discretionary lump sum contribution of \$378,245 made in 2015 that was based on the Company's achievement of greater than 105% performance against its 2014 KPIs. Of these contributions, \$808,560 had been received by the Plan at December 31, 2015, and \$37,156 were included in contributions receivable and other assets as of December 31, 2015.

In February 2016, the Company made a discretionary lump sum contribution totaling \$453,050, or \$650 per Plan participant, based on the Company's achievement of greater than 105% performance against its 2015 KPIs. Participants in the Plan as of December 31, 2015, who were employed by the Company on the date of contribution, were eligible to receive the contribution. This contribution will be recorded in the Plan's 2016 financial statements. Participants direct their contributions and any allocated employer matching contributions into the various investment options offered by the Plan and may change their investment options on a daily basis.

Each participant's account is credited with the participant's contributions, Company matching contributions and allocations of plan earnings and is charged with an allocation of administrative expenses. Plan earnings are allocated based on the participant's share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is their vested account balance at the time of distribution.

Participants are immediately vested in their voluntary contributions plus actual earnings and losses thereon. Employer contributions under the current matching program are fully vested for those employees who have attained three years of service or will vest after an employee completes three years of service. Certain of the Company's historical matching contributions vested immediately and those that did not vest fully after three years of service.

Participants may borrow funds from their own account. Loans are permitted in amounts not to exceed the lesser of \$50,000 reduced by the highest outstanding loan balance for the preceding year or 50% of the value of the vested interest in the participant's account. Three loans may be outstanding at any time; however, only one new loan is permitted during any 12-month period.

On termination of service or upon death, disability or retirement, a participant (or the participant's beneficiary) may elect to receive a distribution equal to the vested value of his or her account, which will be paid out as soon as

administratively possible. In-service withdrawals are available in certain limited circumstances, as defined by the Plan.

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Although the Company has not expressed any intent to do so, it has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, each participant will become fully vested and will receive a total distribution of his or her account.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan are presented on the accrual basis of accounting. Benefits to participants are recorded when paid.

Investments

The Plan's investments are measured at fair value. See Note 3 for further discussion and disclosures related to fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes the Plan's realized gains and losses on investments that were both bought and sold during the year as well as unrealized appreciation or depreciation of the investments held at year end.

Notes Receivable from Participants

Notes receivable from participants represent participant loans, all of which are secured by vested account balances of borrowing participants, and are recorded at their outstanding principal balances plus accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced, and a benefit payment is recorded.

Excess Contributions Payable

Amounts payable to participants as of December 31, 2015 and 2014, represent contributions in excess of amounts allowed by the Internal Revenue Service ("IRS") for the plan years ended December 31, 2015 and 2014, adjusted by the investment earnings or losses related to these excess contributions. These amounts have been recorded as a liability with a corresponding reduction to contributions and net appreciation/depreciation in fair value of investments. The Plan distributed the excess contributions adjusted for the related investment income or loss to the applicable participants for each of the plan years ended December 31, 2015 and 2014.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. The Plan's exposure to credit loss in the event of nonperformance of investments is limited to the carrying value of such instruments. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates that affect the amounts reported in the financial statements, accompanying notes, and supplemental schedule. Actual results could differ from those estimates.

Income Tax Status

The Plan utilizes the volume submitter document offered by Fidelity. The Fidelity volume submitter plan has received an advisory letter from the IRS dated March 31, 2008, stating that the form of the plan is qualified under Section 401 of the Internal Revenue Code (the "Code") and, therefore, the related trust is tax-exempt. In accordance with Revenue Procedures 2015-6 and 2011-49, the plan administrator has determined that it is eligible to and has chosen to rely on the current IRS volume submitter advisory letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and the related trust is tax-exempt.

GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has concluded that as of December 31, 2015, the Plan had maintained its tax exempt status and had taken no uncertain positions that required either recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

Plan Expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan's provisions. Administrative expenses paid by the Plan include recordkeeping and trustee fees. Any administrative expenses not paid by the Plan will be paid by the Company, which has historically paid a portion of the expenses necessary to administer the Plan through forfeited or unclaimed balances of terminated participants' accounts and has paid the remainder of the expenses directly. During the year ended December 31, 2015, unclaimed balances of terminated participants' accounts totaling \$3,000 were used to pay administrative expenses. At December 31, 2015 and 2014, there were \$179,794 and \$107,914 respectively, of forfeited and unclaimed balances of terminated participants' accounts available to pay future administrative expenses. Expenses relating to purchases, sales or transfers of the Plan's investments are charged to the particular investment fund to which the expenses relate.

Party-in-Interest Transactions

Certain Plan investments in mutual funds and a common collective trust are managed by Fidelity Management Trust Company. Fidelity Management Trust Company also serves as the trustee of the Plan and, therefore, Plan transactions involving these mutual funds and the common/collective trust qualify as party-in-interest transactions under ERISA and the Code. Additionally, a portion of the Plan's assets are invested in Aimco common stock. Because Aimco is the Plan sponsor, Plan transactions involving Aimco common stock qualify as party-in-interest transactions. All of these transactions are exempt from the prohibited transactions rules under ERISA.

Recent Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2015-12, Plan Accounting: (Part I) Fully Benefit-Responsive Investment Contracts and ASU 2015-12, Plan Accounting: (Part II) Plan Investment Disclosures. ASU 2015-12 (Part I) clarifies that indirect investments in fully benefit-responsive investment contracts through investment companies, such as common/collective trusts, are not in the scope of the fully benefit-responsive investment contract guidance. As such, the Company concluded that the Plan's investment in the Fidelity Management Trust Company Managed Income Portfolio Fund (the "Fidelity MIP Fund") should be measured and presented at fair value. ASU 2015-12 (Part II) eliminated the requirement to disclose individual investments that represent five percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. ASU 2015-12 (Part II) requires that investments that are measured using fair value be disaggregated by general type, either on the face of the financial statements or the footnotes thereto. The ASU is effective for fiscal years beginning after December 15, 2015. Plans may early adopt any part of ASU 2015-12 without early adopting the other parts. The Plan adopted the guidance in ASU 2015-12 (Parts I and II), as of January 1, 2015, which has been applied retrospectively. The change in accounting principle resulted in the removal of the subtotal, net assets reflecting investments at fair value and the line item, adjustment from fair value to contract value for fully benefit-responsive investment contracts held in a common/collective trust from the statement of net assets available for benefits.

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820) - Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 eliminated the requirement to categorize investments measured using the net asset value, or NAV, practical expedient in the fair value hierarchy. ASU 2015-07 also changed certain disclosure requirements by limiting the disclosures related to fair value for those investments measured using the NAV practical expedient; excluded investments measured using the NAV practical expedient from the recurring and nonrecurring disclosure requirement; and provided that although investments measured using the NAV practical expedient are not categorized in the fair value hierarchy, entities are required to disclose the fair value of investments measured using the practical expedient so that financial statement

users can reconcile amounts reported in the fair value hierarchy table to amounts reported on the balance sheet. The Plan has adopted the guidance in ASU 2015-07 effective for the year ended December 31, 2015. The guidance has been applied retrospectively to the Plan's investment in the Fidelity MIP Fund as of December 31, 2014, which is measured using the NAV practical expedient.

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3. Fair Value Measurements and Investments

The Plan's investments are held in trust by Fidelity Management Trust Company, the trustee of the Plan. In accordance with GAAP, the Plan measures investments at fair value. Investments measured at fair value on a recurring basis consisted of the following investments classified as Level 1 in the fair value hierarchy, as of December 31:

	2015	2014
Aimco common stock	\$3,517,228	\$3,456,722
Interest-bearing cash held by Aimco Stock Fund	1,147	1,110
Mutual funds	67,132,583	70,704,361
Total investments measured at fair value	\$70,650,958	\$74,162,193

The valuation methodologies used to measure the fair values of common stock and mutual funds use a market approach with quoted market prices from active markets, which are classified within Level 1 of the fair value hierarchy defined by GAAP.

The fair value of the Aimco common stock is based on the closing price per the New York Stock Exchange, the principal stock exchange on which the stock is traded. At December 31, 2015 and 2014, this fund held 87,865 shares and 93,048 shares of Aimco common stock.

The Fidelity MIP Fund is a common/collective trust fund designed to deliver safety and stability by preserving principal and accumulating earnings. This fund is primarily invested in guaranteed investment contracts and synthetic investment contracts. Participant-directed redemptions have no restrictions; however, the Plan is required to provide a one-year redemption notice to liquidate its entire share in the fund. Investments in the Fidelity MIP Fund are recorded at fair value, using the NAV practical expedient and are not included in the table above. The fair value of the Fidelity MIP Fund has been estimated based on the fund's NAV provided by Fidelity Management Trust Company, which is based on the contract value of the underlying investment contracts held by the fund. At December 31, 2015 and 2014, the fair value of the Plan's investments in the Fidelity MIP Fund was \$3,559,560 and \$3,731,707, respectively.

4. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of the net assets available for benefits per the financial statements to net assets per the Plan's Form 5500:

	December 31,	
	2015	2014
Net assets available for benefits per the financial statements	\$75,433,256	\$79,188,101
Plus: Excess contributions payable	134,556	195,174
Plus: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	—	55,354
Net assets per the Form 5500	\$75,567,812	\$79,438,629

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to net income per the Plan's Form 5500:

	December 31, 2015
Net increase in net assets available for benefits per the financial statements	\$(3,754,845)
Less: Decrease in excess contributions payable	(60,618)
Less: Net change in adjustment from contract value to fair value for fully benefit-responsive investment contracts	(55,354)
Net income per the Form 5500	\$(3,870,817)

Refunds of excess contributions are reflected in the Form 5500 as benefit payments when paid to participants and have been recorded as a liability with a corresponding reduction to contributions and net appreciation/depreciation in fair value of investments as described in Note 2.

As discussed in Note 2, the Plan adopted ASU 2015-12 during the year ended December 31, 2015, with retrospective application. As a result, the Plan no longer identifies the Fidelity MIP Fund as a fully benefit-responsive investment contract. The financial statements and Form 5500 both present the Fidelity MIP Fund at fair value measured using the NAV practical expedient as of December 31, 2015. The Form 5500 measured fair value in a different manner as of December 31, 2014.

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Aimco 401(k) Retirement Plan
 Schedule H, line 4i - Schedule of Assets (Held at End of Year)
 December 31, 2015
 EIN: 84-1259577
 Plan Number: 002

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
Common stock:		
*Aimco Stock Fund	87,865 shares	\$3,518,375
Fidelity Investment Mutual Funds:		
*Growth Company Fund	81,371 shares	11,134,813
*Fidelity Real Estate Fund	55,787 shares	2,263,840
*Low-Priced Stock Fund	76,122 shares	3,631,789
*Fidelity Freedom Income Fund	47,195 shares	536,137
*Fidelity Freedom 2010 Fund	66,239 shares	817,385
*Fidelity Freedom 2020 Fund	309,818 shares	4,188,738
*Fidelity Freedom 2030 Fund	406,826 shares	5,829,819
*Fidelity Freedom 2040 Fund	292,261 shares	4,322,537
*Fidelity Freedom 2050 Fund	65,025 shares	996,839
*Fidelity Freedom 2060 Fund	1,101 shares	10,866
Money Market Trust Retirement Money Market Portfolio	3,740,316 shares	3,740,316
Spartan U.S. Equity Index Fund	158,372 shares	11,372,707
Fidelity Management Trust Company		
Common/Collective Trust Fund:		
*Managed Income Portfolio Fund	3,559,560 shares	3,559,560
Other investment funds:		
Pacific Investment Management Company Real Return Fund - Institutional Class	111,217 shares	1,168,889
Harbor International Fund	52,338 shares	3,110,473
H&W High Yield Fund	16,470 shares	181,994
Dodge and Cox Fund	26,727 shares	4,350,420
Vanguard International Stock Fund	20,617 shares	499,760
Vanguard Explorer Fund	56,738 shares	4,241,762
American Beacon Small Cap Value Fund	52,668 shares	1,182,920
MetWest Total Return Bond Fund	355,058 shares	3,550,579
Interest rates range from		
*Participant loans	5.25% to 10.25% with various maturities	1,236,337
		\$75,446,855

*Indicates a party-in-interest to the Plan

Note: Column (d), cost information, is not applicable since all the investments are participant directed.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 28, 2016
AIMCO 401(k) RETIREMENT PLAN

By: /s/ JENNIFER JOHNSON

Jennifer Johnson
Senior Vice President, Human Resources

By: /s/ PAUL BELDIN

Paul Beldin
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NO.

23.1 Consent of Ernst & Young LLP

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