

## ANNUAL FUNDING NOTICE

For

Local 966 Pension Plan

### Introduction

This notice includes important information about the funding status of your 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 January 1, 2023 and ending December 31, 2023 ("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 and each of the two preceding plan years is shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
	2023 Plan Year	2022 Plan Year	2021 Plan Year
Valuation Date	January 1, 2023	January 1, 2022	January 1, 2021
Funded Percentage	3.3%	9.0%	15.6%
Value of Assets	\$1,687,404	\$4,864,475	\$7,487,445
Value of Liabilities	\$51,632,223	\$53,894,799	\$48,143,970

In accordance with Treasury Department guidance, the funded percentage and asset values in the chart above do not reflect the special financial assistance paid to the Plan by the Pension Benefit Guaranty Corporation under the American Rescue Plan Act. If the \$54,055,127 of special financial assistance paid in January 2023 were to be reflected in the above chart, the funded percentage for the 2023 plan year would be 108.0% and the value of assets would be \$55,742,531.

### 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. Additionally, the asset values in the chart above do not include the amount of the special financial assistance account that the Plan received in 2023.

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. The asset values in the chart below for 2023 include the amount of the Plan's special financial assistance account which reflects the remaining portion of the special financial assistance paid to the Plan by the Pension Benefit Guaranty Corporation under the American Rescue Plan Act.

	12/31/2023*	12/31/2022	12/31/2021
Fair Market Value of Assets	\$65,153,000	\$1,574,078	\$5,716,412

\*Estimated

#### Endangered, Critical, or Critical and Declining Status

Under federal pension law, the Plan is considered to be in critical status in the Plan Year ending December 31, 2023 because the Plan received special financial assistance from the Pension Benefit Guaranty Corporation under the American Rescue Plan Act. The trustees of a plan in critical status must adopt a rehabilitation plan. A rehabilitation plan establishes steps and benchmarks for pension plans to improve their funding status over a period of time.

In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan on November 24, 2010. The rehabilitation plan required an additional annual 9.75% increase in employer contributions effective January 1, 2013 on top of employer surcharges during the period May 30, 2010 to December 31, 2012 with the last 9.75% annual increase occurring on January 1, 2019. Additionally, effective January 1, 2011, the rate at which active participants earn future benefits was reduced by 25% of the current accrual rate and for retirement before age 65, the early retirement reduction factors changed from 82%, 88% and 94% at ages 62, 63 and 64 to 73.87%, 81.50% and 90.15%. The plan offered early retirement subsidy adjustable benefits which were reduced as described above as part of the rehabilitation plan adopted by the Trustees. The reduction of these adjustable benefits does not reduce the level of a participant's basic benefit payable at normal retirement.

You may obtain a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan administrator.

#### Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 2,072. Of this number, 40 were current employees, 1,151 were retired and receiving benefits, and 881 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 to maintain a balance such that plan resources will fund plan obligations.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan has been to invest in a broadly diversified portfolio of securities with an allocation of 60% equity and 40% fixed income. However, the investment policy was adjusted in December 2022 to reflect the expected receipt of special financial assistance. It has since been adjusted again to comply with investment requirements for plans that received special financial assistance. At least 67% of the financial assistance must be invested in investment grade bonds and up to 33% may be invested in stocks. In addition, at least one year of projected benefit payments and administrative expenses are required to be invested in investment grade fixed income.

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. The allocations are percentages of the Plan's total assets, which include special financial assistance paid to the Plan and earnings thereon:

Asset Allocations	Percentage
Stocks	34%
Investment grade debt instruments	54%
Cash	12%
High-yield debt instruments	0%
Real estate	0%
Other	0%

## Events Having a Material Effect on Assets or Liabilities

The Plan has received a total of \$62,688,006.26 in special financial assistance from PBGC under the American Rescue Plan Act. It received \$54,055,126.97 on January 10, 2023 based on its initial application. After new PBGC rules were adopted, permitting plans to submit supplemental applications, the Plan submitted a supplemental application and received an additional \$8,632,879.29 on June 12, 2023.

Because the Plan received special financial assistance from PBGC under the American Rescue Plan Act, the Plan is required to be administered in accordance with conditions described in PBGC regulations. These conditions relate to benefit increases; allocation of plan assets; reductions in employer contribution rates; diversion of contributions to, and allocation of expenses to, other benefit plans; transfers or mergers; and withdrawal liability. Under certain circumstances, a plan may request approval from PBGC for an exception from the conditions relating to benefit increases, reductions in employer contribution rates, transfers or mergers, and withdrawal liability.

## 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](http://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 N1513, 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](http://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 About Your Plan," below.

#### Prohibition Against Future MPRA Suspension

Because the Plan received special financial assistance, the Plan may not submit an application to the Secretary of the Treasury to suspend or reduce your benefits in the future under the Multiemployer Pension Reform Act, also known as MPRA.

#### Where to Get More Information

*For more information about this notice, you may contact BeneSys, Inc. at (410) 872-9500, 7130 Columbia Gateway Drive, Suite A, Columbia, MD 21046. For identification purposes, the official plan number is 001, the plan sponsor's name is Board of Trustees of the Local 966 and the employer identification number or "EIN" is 13-2640882.*

