



Warehouse Employees Union Local No. 730 Pension Trust Fund

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ANNUAL FUNDING NOTICE FOR WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 PENSION TRUST FUND

Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal agency. 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 (referred to hereafter as “Plan Year”).

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2023	2022	2021
Valuation Date	January 1, 2023	January 1, 2022	January 1, 2021
Funded Percentage	53.2%	54.1%	52.8%
Value of Assets	\$153,404,690	\$156,837,048	\$152,966,201
Value of Liabilities	\$288,324,593	\$289,710,129	\$289,872,386

As required by law, the value of liabilities shown above reflects the Plan’s 7.00% assumed rate of investment return.

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While

actuarial values fluctuate less than market values, they are estimates. As of December 31, 2023, the estimated fair market value of the Plan's assets was \$146,143,912. As of December 31, 2022, the fair market value of the Plan's assets was \$147,710,912. As of December 31, 2021, the fair market value of the Plan's assets was \$181,967,256.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 1,974. Of this number, 289 were active participants, 1,085 were retired or separated from service and receiving benefits, and 600 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to collect the contributions that the employers are required to make under applicable law and the collective bargaining agreements.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries that are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is, generally, to invest the assets of the Plan among several asset classes and within permitted allocation ranges. The long-term goal of the Plan is to: (1) generate a net of fee return in excess of the Plan's actuarial assumed rate of return within acceptable levels of volatility, (2) maintain sufficient liquidity to fund benefit payments, and (3) preserve the principal value of the Plan.

In accordance with 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. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	1.73
2. U.S. Government securities	0.97
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00
All other	1.17
4. Corporate stocks (other than employer securities):	
Preferred	0.00
All other	30.60
5. Partnership/joint venture interests	40.44
6. Real estate (other than employer real property)	0.00
7. Loans (other than to participants)	0.00
8. Participant loans	0.00
9. Value of interest in common/collective trusts	20.92
10. Value of interest in pooled separate accounts	0.00
11. Value of interest in master trust investment accounts	0.00
12. Value of interest in 103-12 investment entities	4.18
13. Value of interest in registered investment companies (e.g., mutual funds)	0.00
14. Value of funds held in insurance co. general account (unallocated contracts)	0.00
15. Employer-related investments:	
Employer Securities	0.00
Employer real property	0.00
16. Buildings and other property used in plan operation	0.00
17. Other	<u>0.00</u>
Total Investments	100%

Endangered, Critical, or Critical and Declining Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent. A plan is considered to be in "critical" status if the percentage is less than 65 percent (other factors may also apply). A plan is considered to be in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was in “critical and declining” status for the Plan Year because the Plan is projected to be insolvent within the next 19 years. The Plan is projected to be insolvent in the 2035 Plan Year. Such insolvency may result in benefit reductions. In an effort to improve the Plan’s funding situation, the Board of Trustees of the Plan (the “Trustees”) initially adopted a Rehabilitation Plan (a “RP”) effective January 1, 2012. As circumstances change, the Trustees have modified the RP. On March 3, 2020, the Trustees adopted a revised RP. As with prior RPs, the current RP presents two schedules of Plan benefit reductions combined with contribution increases that are designed to forestall the date of insolvency. The bargaining parties must decide on one of the schedules, and then adopt it at their next scheduled negotiations.

You may obtain a copy of the Plan’s RP and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the Fund Manager, whose information is under “Where to Get More Information”, below.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending December 31, 2024, separate notification of that status will be provided.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan’s annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan’s annual report by making a written request to the plan administrator.

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 vested benefits are guaranteed. 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 \$500, 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 ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

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 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the 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 pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, 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.

Where to Get More Information

For more information about this notice, you may contact the Warehouse Employees Union Local No. 730 Pension Trust Fund by telephone at 800-730-2241 or by letter at 911 Ridgebrook Road, Sparks, Maryland 21152. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6124754. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242.