

**ANNUAL FUNDING NOTICE**  
**For**  
**Teamsters Local Union No. 716 Pension Plan**  
**Plan Year Beginning April 1, 2020**

**Introduction**

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning April 1, 2020 and ending March 31, 2021 (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 a plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded a 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.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Valuation Date</b>	April 1	April 1	April 1
<b>Funded Percentage</b>	79.4%	82.5%	87.0%
<b>Value of Assets</b>	\$ 86,464,822	\$ 87,751,019	\$ 86,787,155
<b>Value of Liabilities</b>	\$ 108,914,371	\$ 106,369,010	\$ 99,765,683

**Year-End Fair Market Value of Assets**

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. 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.

	March 31 2021 *	March 31, 2020	March 31, 2019
Fair Market Value of Assets	\$97,865,516	\$74,752,953	\$85,603,626

\* 3/31/2021 audited results are not available at this time, the value listed above represents the Plan’s best estimate of assets.

## Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 2,109, of this number, 700 were active participants, 618 were retired or separated from service and receiving benefits, 656 were retired or separated from service and entitled to future benefits, and 135 were beneficiaries of deceased participants receiving or entitled to receive 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 a multi-employer plan funded primarily by covered employers' contributions. Covered employers make monthly contributions to the Plan based on the terms of their collective bargaining agreements. Once employer contributions are made to the Plan, the money is invested by the Plan Trustees, with the assistance of investments experts. The funding policy of the Plan is to ensure that there is an adequate level of assets to provide benefits according to the provisions specified by the Plan. The Trustees will annually review the Plan's minimum funding requirement and employer contribution levels to meet this commitment.

Once money is contributed to a plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with a plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. Specific investments are made in accordance with the Plan's written investment policy. That policy contains guidelines or general instructions for the various types of categories of Plan investments. The target rate of return for the Plan is based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class identified in the investment policy statement and considered in the asset allocation.

The investment policy of the Plan is generally to invest the Plan's assets in accordance with the following asset allocation targets:

<u>Equity</u>	<u>Fixed Income</u>	<u>Cash Equivalent</u>
Common stocks	U.S. Government & Agency	Treasury Bills
Convertible notes and bonds	Corporate Notes and Bonds	Money Market Funds
Convertible preferred stock	Mortgage Backed Bonds	Commercial Paper
Non-U.S. Common Stock	Preferred Stock	Certificates of Deposit
Non-U.S. Preferred Stock	Collateralized Mortgage Obligations	
Funds that invest in equities	Funds that invests in debt securities	
	Taxable Municipal	

*For each asset class and sub-class, an acceptable range has been established, stated as a minimum and maximum percentage of total assets that may be invested in each unique class and sub-class, as follows:*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Acceptable Range</u>	
		<u>Min.</u>	<u>Max.</u>
<b>Total Equity</b>	<b>60%</b>	<b>15%</b>	<b>70%</b>
<b>Total Fixed Income</b>	<b>38%</b>	<b>10%</b>	<b>50%</b>
<b>Total Cash Equivalents</b>	<b>2%</b>	<b>0%</b>	<b>15%</b>

The investment policy statement also provides guidance regarding prohibited transactions, security screening, duties and responsibilities of fiduciaries (trustees, investment consultant, investment managers, and custodian), risk and liquidity guidelines, due diligence criteria for investment manager selection, and control procedures including monitoring and measurement of actual performance against established objectives. The investment policy statement is reviewed and updated at least annually.

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:

<u>Asset Allocations</u>	<u>Percentage</u>
1. Interest-bearing cash	4.74%
2. U.S. Government securities	3.24%
3. Corporate debt instruments (other than employer securities):	17.29%
4. Corporate stocks (other than employer securities):	
Preferred	1.56%
Common	21.68%
5. Partnership/joint venture interests	0 %
6. Real estate (other than employer real property)	.05%
7. Loans (other than to participants)	0 %
8. Participant loans	0 %
9. Value of interest in common/collective trusts	48.49 %
10. Value of interest in pooled separate accounts	0%
11. Value of interest in master trust investment accounts	0 %
12. Value of interest in 103-12 investment entities	0 %
13. Value of interest in registered investment companies (e.g., mutual funds)	.83%
14. Value of funds held in insurance co. general account (unallocated contracts)	0 %
15. Employer-related investments:	0 %
Employer Securities	0 %
Employer real property	0 %
16. Buildings and other property used in plan operation	0%
17. Municipal Bonds	2.12%
18. All Other Bonds (Foreign)	0%
19. Cash - Non-Interest Bearing	0%

### Endangered, Critical or Critical and Declining Status

Under federal pension law a plan generally is in “endangered” status if the funded percentage of the plan is less than 80 percent. A plan is in “critical” status if the percentage is less than 65 percent (other factors may also apply). A plan is in “critical and declining” status if it is in critical status and 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. Funding improvement and rehabilitation 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 “endangered” status in the plan year because of an estimated funded ratio of 79.2%, a projected funding deficiency in the funding standard account at the end of the 2027-28 plan year, at least 8 years of benefit payments within plan assets, and other results. Note, “projected funding deficiency” means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money. In an effort to improve the Plan’s funding situation, the Trustees adopted a funding improvement plan on December 8, 2020. The funding improvement period is April 1, 2023 through March 31, 2033 or the date the Fund’s Actuary certifies it has emerged from endangered status.

The Trustees adopted a new funding improvement plan during the plan year. The key features of the schedules contained in this plan are:

- Default and Contribution Rate Increase schedules: No benefit changes and no contribution rate changes (after negotiated increases through 2022)

Federal law requires the Board of Trustees to monitor the progress toward achieving the objectives and annual standards of the funding improvement plan. The Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal. The funding improvement plan and its objectives and annual standards are based on a number of assumptions about future experience and may have to be adjusted if those assumptions are not met. Additional contribution rate increases and/or benefit reductions might be required. You will receive a separate notice identifying and explaining any additional changes in benefits, if necessary, and you will receive an annual notice, like this one, identifying any event that has a material effect on Plan assets or liabilities.

You may get a copy of the Plan’s funding improvement plan, any update to such plan, and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement. You may get this information by contacting the plan administrator. Or you may obtain this information at [ITHBF.org](http://ITHBF.org) and click on the pension link.

### **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. 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 the 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 ( $\$35.75 \times 10$ ).

*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 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 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, [www.pbgc.gov/multiemployer](http://www.pbgc.gov/multiemployer). Please contact your plan administrator for specific information about your pension plan or pension benefits. PBGC does not have that information. See "Where To Get More Information About Your Plan", below.

#### **Where to Get More Information**

You may obtain a pension benefit statement showing the amount of your vested pension benefit by writing the Fund Office at 6007 S. Harding St., Indianapolis, IN 46217 and requesting a copy. You are limited to one such statement in a 12-month period.

For more information about this notice, you may contact the Plan's Administrative Offices, at (317) 639-3573 or 6007 S. Harding St., Indianapolis, IN 46217. For identification purposes, the official Plan number is 002 and the Plan sponsor's employer identification number or "EIN" is 51-0175810.