

## ANNUAL FUNDING NOTICE

For

### INDIANA TEAMSTERS PENSION FUND Plan Year Beginning January 1, 2019

#### Introduction

This notice includes important funding information about the funding status of your multiemployer pension plan (“the Plan”). It also includes general information about the benefit payments guaranteed by the Pension 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, 2019 and ending December 31, 2019 (referred to hereafter as “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.” 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 each of the two preceding plan years is set forth in the chart below. The chart also states the value of the Plan’s assets and liabilities for the same period.

	<b>Funded Percentage</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Valuation Date</b>	January 1	January 1	January 1
<b>Funded Percentage</b>	117.3%	122.2%	120.7%
<b>Value of Assets</b>	\$ 53,867,019	\$ 49,366,419	\$ 44,064,913
<b>Value of Liabilities</b>	\$ 45,933,598	\$ 40,390,792	\$ 36,496,680

### 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.

	December 31, 2019(unaudited)	December 31, 2018(audited)	December 31, 2017(audited)
Fair Market Value of Assets	\$61,113,364	\$49,380,703	\$49,668,360

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if its 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 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, 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 not in endangered, critical, or critical and declining status in the Plan Year.**

### Participant Information

The total number of participants in the plan as of the Plan’s valuation date was 1,478. Of this number, 913 were active participants, 274 were retired or separated from service and receiving benefits, and 291 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 Plan is funded by contributions from various employers, as required by the terms of existing collective bargaining agreements. Once employer contributions are made to the Plan, the money is invested by the Plan Trustees, with the assistance of investment 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 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 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 investment policy of the Plan is generally to invest the Plan's assets in accordance with the following asset allocation targets:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Total Equity	55%	60%	65%
Total Fixed Income	25%	35%	45%
Total Cash Equivalents	0%	5%	10%
Alternative Fund of Funds	0%	0%	15%

These are long-term allocation goals, at any time cash equivalents may be held in lieu of any asset class at the discretion of the investment manager(s). However, the total cash position should not exceed 10% of the portfolio except in times of extreme market volatility. The primary objective is to manage the pension assets in such a manner as to provide adequate assets to fund current and future pension obligations, thereby maintaining retirement income security for participants and their beneficiaries.

It is the policy of the Plan's Trustees to engage investment experts to shape and implement the Plan's investment policy. The Trustees periodically review the Plan's investments and when appropriate make changes to this policy.

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:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	___ 3.54% ___
2. U.S. Government securities	___ 3.05% ___
3. Corporate debt instruments (other than employer securities):	___ 11.46% ___
Preferred	_____
All other	___ 10.37% ___
4. Corporate stocks (other than employer securities):	
Preferred	___ 1.80% ___
Common	___ 20.49% ___
5. Partnership/joint venture interests	_____
6. Real estate (other than employer real property)	_____
7. Loans (other than to participants)	_____
8. Participant loans	_____
9. Value of interest in common/unit trusts/EFTs	___ 39.18% ___
10. Value of interest in pooled separate accounts	_____
11. Value of interest in master trust investment accounts	_____
12. Value of interest in 103-12 investment entities	_____
13. Value of interest in registered investment companies (e.g., mutual funds)	___ 9.63% ___
14. Value of funds held in insurance co. general account (unallocated contracts)	_____
15. Employer-related investments:	
Employer Securities	_____
Employer real property	_____
16. Buildings and other property used in plan operation	_____
17. Other (non-interest bearing cash)	___ .48% ___

### **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 about the plan. 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 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 or by going to [www.Local135.com](http://www.Local135.com) and hitting the pension link. 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 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 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 benefits 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 ( $.75 \times \$33$ ), 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 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

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 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.

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

For more information about this notice, you may contact Mike Larson, Fund Consultant, at (317) 639-3541, Ext. 144 or by writing to 1233 Shelby Street, Indianapolis, IN. 46203. You can also email your request to [MLarson@Local135.com](mailto:MLarson@Local135.com). For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 35-1792964.