

Teamsters Local 641 Pension Fund

714 Rahway Avenue, 2nd Floor, Union, New Jersey 07083

Telephone: (908) 687-4488

Fax: (908) 687-8368

www.641funds.org



ANNUAL FUNDING NOTICE

For

Teamsters Local 641 Pension Plan

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 March 1, 2023 and ending February 28, 2024 (referred to hereafter as "Plan Year").

How Well Funded is Your Plan?

Under federal law, the plan must report how well it 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, along with a statement of the value of the Plan's assets and liabilities for the same period.

	Plan Year 2023	Plan Year 2022	Plan Year 2021
Valuation Date	March 1, 2023	March 1, 2022	March 1, 2021
Funded Percentage	1.8%	-1.7%	0.7%
Value of Assets	\$7,599,655	(\$7,918,970)	\$3,103,769
Value of Liabilities	\$432,048,584	\$446,272,280	\$456,876,521

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 amount held in the special financial assistance account (which reflects the remaining portion of the special financial assistance) were to be reflected in the above chart, the funded percentage for the Plan Year ended 3/1/2023 would be 127.9% and the value of assets would be \$552,609,140.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They 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, 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.

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 year-end market values for the Plan Year and two preceding plan years. The asset values in the chart below for 2023 and 2024 include the amount of the Plan's special financial assistance account.

	<u>March 1, 2024</u>	<u>March 1, 2023</u>	<u>March 1, 2022</u>
Fair Market Value of Assets	\$541,085,000 (estimated)	\$552,609,140	\$0

Endangered, Critical, or Critical and Declining Status

Under federal pension law a plan generally is in “Endangered” status if its funded percentage 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 (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 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.

Under federal pension law, the Plan is considered to be in critical status in the Plan Year ending February 29, 2024 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.

Benefit Changes

- Original Rehabilitation Plan:
 1. The amount of the monthly pension earned from 6/1/2008 forward is 1% (instead of 2.12%) of employer contributions.
 2. Monthly pensions earned from 6/1/2008 forward are paid 12 times a year (instead of 13 times) after retirement.
 3. The Normal Form of all pension payments to commence on or after 6/1/2008 are for life only (instead of life with a minimum of 5 years guaranteed)
 4. The regular pension was dropped from the Plan effective 5/31/2008.
 5. The eligibility requirement for early pension is at least age 57 with at least 15 years of pension service (instead of 55 with 15).

6. The amount of the reduction in monthly pension for early pension is 6% per year below age 62 or, if the “rule of 90” is satisfied, 3% per year below age 62. The “rule of 90” is satisfied if age plus pension service equals 90. Reciprocal service does not count toward the “rule of 90”.
7. Service pensions were dropped from the Plan effective 5/31/2008.
8. Supplemental pensions were dropped from the Plan effective 5/31/2008.
- Additional Benefit Changes:
 1. As of 12/1/2009, the Trustees have decided to reinstate the limit on benefits that had previously been lifted as of January 1, 2005. This means that all increases in your employer’s hourly contribution rate effective on or after August 1, 2003 will retroactively and prospectively not be taken into account toward your monthly retirement pension.
 2. Effective 5/1/2011, the eligibility requirements for early pension will require 15 years of pension service with Local 641. This also applies to the “rule of 90”.
 3. Effective 11/1/2011, the eligibility requirements for disability pension are at least age 47 with 15 years of pension service with Local 641 or 20 years of pension service with Local 641 regardless of age. (Excludes any reciprocal service).
 4. Effective 1/1/2012 yearly benefit accruals will be capped at \$80 per year.

Contribution Increases

- Original schedule of contribution rate increases:

Increase In Plan Year <u>Beg. 3/1</u>	Contribution Rate <u>Increase</u>
2007	
2008	5.000%
2009	4.762%
2010	4.545%
2011	4.348%
2012	4.167%
2013	4.000%
2014	3.846%
2015	3.704%
2016	3.571%
2017	3.448%
2018	3.333%
2019	3.225%
2020	3.225%

The schedule of contribution increases assumes the Master Freight contract is increased \$0.41 per hour each year and that other contracts are increased ratably. The first increase for Master Freight is from \$8.20 to \$8.61, an increase of 5.000%. Therefore, a contract at \$1.00 would need to be increased to \$1.05.

You may obtain a copy of the Plan's funding improvement or rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan manager at the following address:

Diane Florian
Teamsters Local 641
714 Rahway Ave., 2nd Floor
Union, NJ 07083-6634

Phone (908)-687-4488

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 3,302. Of this number, 404 were active participants, 2,369 were retired or separated from service and receiving benefits, and 529 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 employer contributions under any number of collective bargaining agreements and set the benefit level to an amount that can reasonably be expected to be provided by those contributions after taking into account investment returns and the cost of expenses inherent in running the Plan.

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. 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:

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.

	Policy	Actual
Asset Allocations – SFA money	<u>Target</u>	<u>Percentage</u>
1. Cash & Equivalents	0.0%	0.0%
2. Investment Grade Fixed Income	75.0%	81.1%
3. Short Term Investment Grade Fixed Income	25.0%	18.9%
	Policy	Actual
Asset Allocations – Non-SFA money	<u>Target</u>	<u>Percentage</u>
1. Global Tactical Asset Allocation	100.0%	100.0%

Events with Material Effect on Assets or Liabilities

Federal law requires the plan administrator to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on 3/1/2023 and ending on 2/28/2024, there were no such events.

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.

Prohibition Against Future MPRA Suspensions

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.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, 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 notification of the insolvency 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 as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

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 Diane Florian at (908)-687-4488 or by mail at Teamsters Local 641, 714 Rahway Ave., 2nd Floor, Union, NJ 07083-6634. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 22-6220288. 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 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).