



Indiana/Kentucky/Ohio Regional Council of Carpenters' Fringe Benefit Funds

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INDIANA/KENTUCKY/OHIO REGIONAL COUNCIL OF CARPENTERS' FRINGE BENEFIT FUNDS

ANNUAL FUNDING NOTICE

For the Indiana/Kentucky/Ohio Regional Council of Carpenters Pension Fund

Introduction

This notice includes important information about the funding status of your pension plan ("the Plan") and 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 for the plan year beginning July 1, 2020 and ending June 30, 2021 ("Plan Year").

How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by 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.

Funded Percentage			
	2020 Plan Year	2019 Plan Year	2018 Plan Year
Valuation Date	July 1, 2020	July 1, 2019	July 1, 2018
Funded Percentage	84.9%	89.4%	88.5%
Value of Assets	\$1,241,809,767	\$1,198,271,841	\$1,140,404,675
Value of Liabilities	\$1,462,863,840	\$1,339,930,190	\$1,288,772,696

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. 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.

	June 30, 2021	June 30, 2020	June 30, 2019
Fair Market Value of Assets	\$1,459,444,798*	\$1,207,126,407	\$1,198,122,114

*This amount is preliminary and an unaudited value.

Critical or Endangered 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 or in “critical” status if the percentage is less than 65 percent (other factors may also apply). 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. 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 was not in endangered or critical status in the Plan Year. If the Plan is in endangered or critical status for the plan year ending June 30, 2022, separate notification of that status will be provided.

Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 12,305. Of this number, 4,834 were active participants, 4,628 were retired or separated from service and receiving benefits, and 2,843 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the Plan currently and over the years. The funding policy of the Plan is to fund the Plan’s benefit obligations through a combination of contributions received from participating employers and investment income generated by Plan investments. The funding policy is designed to comply with the funding requirements of ERISA and the Internal Revenue Code. The Plan’s Board of Trustees monitors the Plan’s funding requirements with the assistance of the Plan’s enrolled actuary and the Plan’s investment consultant.

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 is generally, to invest assets in a diversified manner among asset classes that are expected over the long term to generate returns that equal or exceed the Plan’s actuarial assumed rate of return within acceptable levels of volatility and that provide sufficient liquidity to satisfy the Plan’s benefit payment obligations.

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. These allocations are preliminary, unaudited percentages of total assets:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	<u>2.28%</u>
2. U.S. Government securities	<u>3.14%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	<u> </u>
All other	<u>3.70%</u>
4. Corporate stocks (other than employer securities):	
Preferred	<u> </u>
Common	<u>13.86%</u>
5. Partnership/joint venture interests	<u>7.00%</u>
6. Real estate (other than employer real property)	<u>8.70%</u>
7. Loans (other than to participants)	<u> </u>
8. Participant loans	<u> </u>
9. Value of interest in common/collective trusts	<u>29.70%</u>
10. Value of interest in pooled separate accounts	<u> </u>
11. Value of interest in master trust investment accounts	<u> </u>
12. Value of interest in 103-12 investment entities	<u> </u>
13. Value of interest in registered investment companies (e.g., mutual funds)	<u>31.62%</u>
14. Value of funds held in insurance co. general account (unallocated contracts)	<u> </u>
15. Employer-related investments:	
Employer Securities	<u> </u>
Employer real property	<u> </u>
16. Buildings and other property used in plan operation	<u> </u>
17. Other	<u> </u>

For information about the Plan's investment in any of the following types of investments – common/collective trusts, pooled separate accounts, or 103-12 investment accounts – contact BeneSys, Inc. at: 700 Tower Drive, Suite 300, Troy, MI 48098 – phone: (800) 700-6756.

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 the Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports are also 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. You may also 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 Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The plan administrator is required by law to include a summary of these rules in the annual funding notice. 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 plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization 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 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. 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 benefits that you have earned a right to receive and that cannot be forfeited (called 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 BeneSys, Inc. at: 700 Tower Drive, Suite 300, Troy, MI 48098 - phone (800) 700-6756. For identification purposes, the official plan number is 001 and the Plan Sponsor's employer identification number of "EIN" is 51-6123713.

For more information about the PBGC, go to PBGC's website, www.pbgc.gov.