



**SOUTHWEST OHIO REGIONAL COUNCIL OF CARPENTERS PENSION PLAN**  
**2021 ANNUAL FUNDING NOTICE**  
*April 2022*

This Notice includes important information about the funding status of the Southwest Ohio Regional Council of Carpenters Pension Plan ("the Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("the PBGC"), a federal insurance agency. This Notice is required by federal law, and all traditional pension plans, called defined benefit pension plans, must issue it every year regardless of their funding status. It does not mean that the Plan is terminating. It is provided for informational purposes only and you are not required to respond in any way. This Notice is for the 2021 Plan Year, which began on January 1, 2021 and ended on December 31, 2021.

**How Well Funded Is Your Plan**

The law requires the Plan Administrator to tell you how well the Plan is funded, using a measure called the "funded percentage". In order to get this percentage, the Plan divides its assets by its liabilities on the Valuation Date. In general, the higher the percentage, the better funded the Plan. The Plan's funded percentage for the 2021 Plan Year and the two preceding Plan Years is shown in the chart below. The chart also lists the value of the Plan's assets and liabilities for the same period.

|                                  | <b>2021 Plan Year</b> | <b>2020 Plan Year</b> | <b>2019 Plan Year</b> |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Valuation Date</b>            | January 1, 2021       | January 1, 2020       | January 1, 2019       |
| <b>Funded Percentage</b>         | 60.3%                 | 59.0%                 | 47.2%                 |
| <b>Actuarial Value of Assets</b> | \$233,128,527         | \$221,132,966         | \$215,985,245         |
| <b>Value of Liabilities</b>      | \$386,400,283         | \$374,516,877         | \$457,992,824         |

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

The asset values in the chart above are measured as of the Plan's Valuation Date. They are also "actuarial values". Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock market 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.

|                                    | <b>December 31, 2021</b> | <b>December 31, 2020</b> | <b>December 31, 2019</b> |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| <b>Fair Market Value of Assets</b> | \$264,306,359*           | \$242,617,024            | \$233,600,694            |

\* Unaudited

**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 funded 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 run out of the money needed 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 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 certified as being in critical status for the 2021 Plan Year because the Plan's actuary has determined that the Plan had an accumulated funding deficiency. It should be noted that a funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a rehabilitation plan that includes changes in the Plan's Early Retirement, Disability Retirement, Death Benefits, and Suspension of Benefit rules, as well as scheduled increases in the hourly contribution rate. Also, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity).

In addition, on February 8, 2019, the Department of Treasury notified the Board of Trustees that the Secretary of Treasury approved the application for suspension of benefits submitted under the Multiemployer Pension Reform Act of 2014 on June 29, 2018. On March 21, 2019, after a vote of participants and beneficiaries on the proposed suspension of benefits, the Department of Treasury issued final authorization to the Board of Trustees to implement the suspension of benefits consistent with the application submitted by the Board of Trustees. The suspension of benefits that was approved and authorized by the Department of Treasury became effective April 1, 2019. This action is expected to maintain the Plan's solvency.

You can request a copy of the Plan's rehabilitation plan, any updates to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

If the Plan is certified as being in endangered, critical, or critical and declining status for the 2022 Plan Year, separate notification of that status has or will be provided to you.

### Participant Information

The total number of participants and beneficiaries covered by the Plan on the January 1, 2021 valuation date was 5,439. Of this number, 1,641 were current employees, 2,633 were retired and receiving benefits from the Plan, and 1,165 were retired or no longer working for an employer and have the right to future benefits.

### Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to meet minimum funding requirements of the Employee Retirement Income Security Act of 1974.

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 to invest in a diversified portfolio of assets that will maximize investment return over the long term while minimizing investment return volatility and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments as of the end of the 2021 Plan Year. These allocations are percentages of total assets:

| <b><u>Asset Allocation</u></b>    |       |
|-----------------------------------|-------|
| Stocks                            | 47.9% |
| Investment Grade Debt Instruments | 26.4% |
| High-Yield Debt Instruments       | 0.0%  |
| Real Estate                       | 9.6%  |
| Other                             | 16.1% |

### **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 regarding the Plan. You can obtain an electronic copy of the Plan's annual report by going to [www.efast.dol.gov](http://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 can also obtain a copy of the Plan's annual report by making a written request to the Plan Administrator.

The Plan's annual reports do not contain personal information regarding Plan participants, such as the amount of your accrued benefit. You should contact the Plan Administrator if you want information about your accrued benefit. 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 this 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 the loss of a lump sum option.

### **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. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. The Plan is covered by the PBGC's multiemployer program. Specifically, the PBGC

guarantees a monthly benefit payment equal to 100 percent of the first \$11.00 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33.00 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 \$600.00, 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 ( $\$600.00 \div 10$ ), which equals \$60.00. The guaranteed amount for a \$60.00 monthly accrual rate is equal to the sum of \$11.00 plus \$24.75 ( $.75 \times \$33.00$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit would be \$357.50 ( $\$35.75 \times 10$ ).

Example 2: If the participant in Example 1 has an accrued benefit of \$200.00, the accrual rate for purposes of determining the guarantee would be \$20.00 ( $\$200.00 \div 10$ ). The guaranteed amount for a \$20.00 monthly accrual rate is equal to the sum of \$11.00 plus \$6.75 ( $.75 \times \$9.00$ ), 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 pre-retirement survivor benefits, which are pre-retirement 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 a 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 the PBGC's website at [www.pbgc.gov/multiemployer](http://www.pbgc.gov/multiemployer). Please contact your Plan Administrator for specific information about your Plan or pension benefit. The PBGC does not have that information. Your Plan Administrator is identified below under "Where to Get More Information".

#### Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator, the Board of Trustees of the Southwest Ohio Regional Council of Carpenters Pension Plan, at 700 Tower Drive, Suite 300, Troy, MI 48098, or by calling 248-813-9800. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 31-6127287.

# **SOUTHWEST OHIO REGIONAL COUNCIL OF CARPENTERS PENSION PLAN**

## **2022 NOTICE OF CRITICAL STATUS**

**April 2022**

On March 29, 2022 the actuary for the Southwest Ohio Regional Council of Carpenters Pension Plan (“Plan”) certified to the U.S. Department of the Treasury and the Plan Sponsor (“Board of Trustees”) that the Plan is in “critical status” for the 2022 Plan Year. The 2022 Plan Year began on January 1, 2022 and will end on December 31, 2022. Federal law requires that you receive this Notice.

### **Critical Status**

The Plan has been certified as being in critical status because the Plan’s actuary has determined that the Plan has an accumulated funding deficiency for the 2022 Plan Year. It should be noted that a funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government’s minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

### **Rehabilitation Plan and Benefit Suspension**

In an effort to improve the Plan’s funding situation, the Board of Trustees adopted a rehabilitation plan that includes changes in the Plan’s Early Retirement, Disability Retirement, Death Benefits, and Suspension of Benefit rules, as well as scheduled increases in the hourly contribution rate. Also, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity).

In addition, on February 8, 2019, the Department of Treasury notified the Board of Trustees that the Secretary of Treasury approved the application for suspension of benefits submitted under the Multiemployer Pension Reform Act of 2014 on June 29, 2018. On March 21, 2019, after a vote of participants and beneficiaries on the proposed suspension of benefits, the Department of Treasury issued final authorization to the Board of Trustees to implement the suspension of benefits consistent with the application submitted by the Board of Trustees. The suspension of benefits that was approved and authorized by the Department of Treasury became effective April 1, 2019. This action is expected to maintain the Plan’s solvency.

The Plan’s rehabilitation plan was updated as of December 2021. As part of the update, it was determined that the benefit suspensions will continue for the 2022 Plan Year.

You can request a copy of the Plan’s rehabilitation plan, any updates to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.

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

For more information about this Notice, you can contact the Plan Administrator, the Board of Trustees of the Southwest Ohio Regional Council of Carpenters Pension Plan, at 700 Tower Drive, Suite 300, Troy, MI 48098, or by calling 248-813-9800. For identification purposes, the official Plan Number is 001 and the Plan Sponsor’s Employer Identification Number, or “EIN”, is 31-6127287.



Southwest Ohio Regional Council of Carpenters'  
Fringe Benefit Funds

Health Fund: P.O. Box 1257, Troy, MI 48099  
Pension Fund: P.O. Box 31580, Independence, OH 44131

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