





**SOUTHWEST OHIO REGIONAL COUNCIL OF CARPENTERS PENSION PLAN**  
**2023 ANNUAL FUNDING NOTICE**  
*April 2024*

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 2023 Plan Year, which began on January 1, 2023 and ended on December 31, 2023.

**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 2023 Plan Year and the two preceding Plan Years is shown in the chart below. The chart also lists the Plan's assets and liabilities for the same period.

	<b>2023 Plan Year *</b>	<b>2022 Plan Year</b>	<b>2021 Plan Year</b>
<b>Valuation Date</b>	January 1, 2023	January 1, 2022	January 1, 2021
<b>Funded Percentage</b>	64.5%	63.3%	60.3%
<b>Actuarial Value of Assets</b>	\$249,264,347	\$244,911,697	\$233,128,527
<b>Value of Liabilities</b>	\$386,481,325	\$387,113,810	\$386,400,283

\*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.

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

The asset values in the chart below are market values and are measured on the last day of the Plan Year. 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. Additionally, the asset values in the chart above do not include the remaining Special Financial Assistance held by the Plan as of the end of the Plan Year.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Fair Market Value of Assets</b>	\$398,681,023*	\$227,620,137	\$267,253,802

\*Unaudited. Includes \$152,422,479 in remaining Special Financial Assistance.

**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 2023 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.

Because the Plan has received Special Financial Assistance, the Plan will be deemed to be in critical status until the Plan Year ending in 2051. Separate notification of the Plan's 2024 status will be provided to you.

### **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*. 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.

However, as a result of the approval of the application for Special Financial Assistance, those benefits that were suspended were reinstated as of October 1, 2023. In addition, participants that were receiving benefit payments from the Plan as of September 18, 2023 received a single sum back payment equal to the difference between the benefit amount owed and the reduced amount that was paid during the period of suspension.

Because the Plan received Special Financial Assistance, the Plan is not permitted to submit another application to the Secretary of Treasury to suspend benefits in the future under the *Multiemployer Pension Reform Act of 2014*.

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.

### **Participant Information**

The total number of participants and beneficiaries covered by the Plan on the January 1, 2023 valuation date was 5,320. Of this number, 1,610 were current employees, 2,578 were retired and receiving benefits from the Plan, and 1,132 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.

However, it should be noted that, in accordance with PBGC regulations, the Plan's Special Financial Assistance and the earnings thereon have been segregated into an account that is separate from the Plan's other assets. No more than 33% of the amounts in the Special Financial Assistance account can be invested in return-seeking assets. The remainder must be invested in investment grade fixed income securities and cash.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments as of the end of the 2023 Plan Year. These allocations are percentages of total assets, which include special financial assistance paid to the Plan and earnings thereon:

<b><u>Asset Allocation</u></b>	
Stocks	47.3%
Investment Grade Debt Instruments	27.0%
High-Yield Debt Instruments	0.0%
Real Estate	8.3%
Other	17.4%

### **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".

### **Events Having a Material Effect on Assets or Liabilities - Special Financial Assistance**

By law this Notice must include a written explanation of any events that may have a material effect on Plan liabilities or assets. Such events can have a significant impact on the funding condition of a Plan. On August 10, 2023 the Pension Benefit Guaranty Corporation approved the Plan's application for Special Financial Assistance under the *American Rescue Plan Act of 2021*, and on September 18, 2023 the Plan received \$182,705,768.78. With the receipt of the Special Financial Assistance, the Plan no longer projects to become insolvent, but instead is projected to be funded into the future.

As a result of the approval of the application for Special Financial Assistance, those benefits that were suspended under the *Multiemployer Pension Reform Act of 2014* were reinstated as of October 1, 2023. In addition, participants that were receiving benefit payments from the Plan as of September 18, 2023 received a single sum back payment equal to the difference between the benefit amount owed and the reduced amount that was paid during the period of suspension. You should have already received a notice of reinstatement describing your reinstated benefits. If you did not receive a notice of reinstatement, contact the Plan Administrator. Your Plan Administrator is identified below under "Where to Get More Information".

Because the Plan received Special Financial Assistance, the Plan is not permitted to submit another application to the Secretary of Treasury to suspend benefits in the future under *Multiemployer Pension Reform Act of 2014*, and the Plan will need to be administered in accordance with special regulations outlined by the PBGC. These regulations impact the Plan's ability to increase benefits, reduce employer contribution rates, assess withdrawal liability, transfer assets or liabilities to another plan, or merge with another benefit plan. The PBGC has also issued regulations that affect the allocation and investment of Plan assets. Under certain situations the Plan could request approval from the PBGC for an exception to the rules outlined above.

### **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.pbtc.gov/multiemployer](http://www.pbtc.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**  
**2024 NOTICE OF CRITICAL STATUS**  
*April 2024*

On March 27, 2024 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 ("the Board of Trustees") that the Plan is in "critical status" for the 2024 Plan Year. The 2024 Plan Year began on January 1, 2024 and will end on December 31, 2024. Federal law requires that you receive this Notice.

**Critical Status**

On August 10, 2023 the Pension Benefit Guaranty Corporation approved the Plan's application for Special Financial Assistance under the *American Rescue Plan Act of 2021*, and on September 18, 2023 the Plan received \$182,705,768.78. With the receipt of the Special Financial Assistance, the Plan is not projected to become insolvent, even though the Plan's suspended benefits were restored as of October 1, 2023. However, as a result of accepting Special Financial Assistance, the Plan will be deemed to be in critical status through the 2051 Plan Year.

**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).

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 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.

However, as a result of the approval of the application for Special Financial Assistance, those benefits that were suspended were reinstated as of October 1, 2023. In addition, participants that were receiving benefit payments from the Plan as of September 18, 2023 received a single sum back payment equal to the difference between the benefit amount owed and the reduced amount that was paid during the period of suspension.

Because the Plan has received Special Financial Assistance, the Plan is not be permitted to submit another application to the Secretary of Treasury to suspend benefits in the future under *Multiemployer Pension Reform Act of 2014*.

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.

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**SOUTHWEST OHIO CARPENTERS'  
FRINGE BENEFIT FUNDS  
P.O. BOX 31580  
INDEPENDENCE, OH 44131**



## **Important Fund Information**

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