



ROOFERS LOCAL 149 FRINGE BENEFIT FUNDS

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ANNUAL FUNDING NOTICE Roofers Local 149 Pension Fund

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 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 June 1, 2020, and ending May 31, 2021 (referred to hereafter as “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 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 6/1/20-5/31/21	Plan Year 6/1/19-5/31/20	Plan Year 6/1/18-5/31/19
Valuation Date	06/01/2020	06/01/2019	06/01/2018
Funded Percentage	82.2%	83.7%	83.1%
Value of Assets	\$259,294,243	\$254,977,788	\$249,744,340
Value of Liabilities	\$315,446,034	\$304,455,205	\$300,600,016

Year-End Fair Market Value of Assets

Asset values in the chart above are measured as of the Valuation Date for the plan year and are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. Substituting the market value of assets for the actuarial value would show a clearer picture of a plan’s funded status as of the Valuation Date. While actuarial values fluctuate less than market values, they are estimates. As of May 31, 2021, the fair market value of the Plan’s assets was \$318,600,000 (unaudited). As of May 31, 2020, the fair market value of the Plan’s assets was \$249,786,561. As of May 31, 2019, the fair market value of the Plan’s assets was \$241,668,439.

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). 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 entered 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 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 not being in endangered, critical, or critical and declining status in the Plan Year ending May 31, 2021. If the Plan is in endangered, critical, or critical and declining status for the current Plan Year, separate notification of that status will be provided to you.

Participant Information

The total number of participants in the plan as of the Plan’s valuation date was 2,353. Of this number, 800 were active participants, 962 were retired or separated from service and receiving benefits, and 591 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 primary source of Plan funding for the benefits provided under the Plan and for the expenses of the Plan operations are employer contributions. The rate of contribution is set forth in the Collective Bargaining Agreement, or other written agreement requiring contributions to the Fund. Additionally, plan assets are invested which results in investment income to the Plan.

As noted above, 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. To summarize, the investment policy of the Plan is to achieve long-term investment objectives, consistent with the requirements of prudent asset class diversification, and as such: (1) emphasizes long-term capital appreciation as a primary source of return (current income is a supplementary source of gains; (2) recognizes that the assets are exposed to risk and may be subject to large fluctuations in market value from year-to-year and such volatile performance is acceptable, as long as the Fund is invested primarily for capital appreciation over the long-term; (3) is expected to earn long-term returns sufficient to grow the purchasing power of assets over the long-term, net of spending, taxes and investment expenses; (4) implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy; (5) diversifies the Fund’s assets in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions; and (6) earn a long term rate of return that meets or exceeds the Fund’s assumed actuarial rate. The investment of the Plan assets shall be in accord with all provisions of the Employee Retirement Income Security Act of 1974.

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:

Asset Allocation	Percentage
Stock	61.32%
Investment Grade Debt Instruments	22.49%
High Yield Debt Instruments	0.00%
Real Estate	2.33%
Other	13.86%
Total	100%

For information about the plan's investment in any of the following types of investments described in the chart above please contact the Plan administrative office at 700 Tower Dr., Suite 300, Troy, MI 48098, (248) 641-4949.

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. You may obtain an electronic copy of the plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator, Benesys, Inc., 700 Tower Dr., Suite 300, Troy, MI 48098-2808. Individual information, such as the amount of your accrued benefit under the plan is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator identified below under "Where To Get More Information"

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

The law requires the Plan to furnish this notification regarding reorganization and insolvent plans. However, the Plan is neither in reorganization nor insolvent.

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 law requires the plan to furnish this notification to each contributing employers 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. Stated simply, the maximum benefit guaranteed by law is \$35.75, per year of service, provided the individual has a guaranteed monthly benefit above \$35.75. For example, if a Plan's monthly benefit rate is \$56 per year of service, the maximum PBGC benefit would be as follows:

40 years of service: \$17,160 ($\$35.75 \times 12 \text{ months} \times 40 \text{ years}$)

30 years of service: \$12,870 ($\$35.75 \times 12 \text{ months} \times 30 \text{ years}$)

20 years of service: \$8,580 ($\$35.75 \times 12 \text{ months} \times 20 \text{ years}$)

10 years of service: \$4,290 ($\$35.75 \times 12 \text{ months} \times 10 \text{ years}$)

The above \$35.75 is based on the following formula. 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. The following examples illustrate this formula:

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 the plan administrator, BeneSys, Inc., 700 Tower Dr., Suite 300, Troy, MI 48098-2808, (248) 641-4949 or (888) 868-6411. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number of "EIN" is 38-1425819. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov.