SHEET METAL WORKERS LOCAL PENSION FUND
P.O. BOX 368
TROY, MICHIGAN 48099-0368
(248) 641-4902 or Toll Free (866) 599-3176

ANNUAL FUNDING NOTICE

for

Sheet Metal Workers Local Pension Fund

August 2021

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (the "Plan"). It also includes 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 required by federal law. This notice is for the plan year beginning May 1, 2020 and ending April 30, 2021 ("Plan Year").

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the "funded percentage." The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get this percentage. 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 shown in the chart below. The chart also states 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	May 1, 2020	May 1, 2019	May 1, 2018
Funded Percentage	50.1%	41.3%	41.8%
Value of Assets	$40,479,675	$42,477,243	$43,052,106
Value of Liabilities	$80,821,713	$102,846,182	$103,063,865

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.

	April 30, 2021*	**April 30, 2020**	**April 30, 2019**
Fair Market Value of Assets	$43,680,000	$35,811,871	$40,886,125

* Unaudited / preliminary

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 become insolvent (run out of money 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 pension 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 ("benefit suspensions").

The Plan was in "critical" status in the Plan Year because the Plan was in "critical and declining" status in the prior plan year and was projected to have a funding deficiency within ten years. In an effort to improve the Plan's funding situation, the Board of Trustees ("Board") adopted a Rehabilitation Plan on July 1, 2009 and have updated the Rehabilitation Plan since the initial adoption. The latest update to the Rehabilitation Plan was adopted March 31, 2021. The rehabilitation period is May 1, 2011 through April 30, 2024.

The Plan is not projected to emerge from critical status before the end of the rehabilitation period. However, under federal pension law, if a plan has exhausted all reasonable measures in an effort to forestall insolvency, its rehabilitation plan is considered permissible. The Board has determined that this updated Rehabilitation Plan represents an exhaustion of all reasonable measures that can be taken by the Plan. Therefore, the Rehabilitation Plan is considered permissible.

Furthermore, the Board determined that benefit suspensions are necessary if the Plan is to avoid insolvency and submitted an application to the U.S. Department of Treasury to reduce accrued benefits under the Plan. The application was approved and the benefit suspensions became effective May 1, 2020.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending April 30, 2022, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 1,645. Of this number 718 were current employees, 569 were retired and receiving benefits, and 358 were retired or no longer working for the employer and have a 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 funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan's participants, or pursuant to participation agreements, and by earnings on investments.

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 Plan assets in a manner consistent with the fiduciary standards of ERISA. The investment policy of the Plan targets the Plan asset classes according to the following schedule:

23.0%	U.S. Equities
17.0%	Global Equities
5.0%	International Equities
25.0%	Fixed Income
15.0%	Alternative Assets
15.0%	Real Estate

The investment policy statement guidelines define an acceptable range for each asset class. Investments are made in these asset classes by hiring qualified managers that employ separate account, comingled, and mutual fund investment vehicles through which marketable securities are held and transacted.

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 percentages of total assets:

Asset Allocations		**Percentage**
1.	Cash (Interest bearing and non-interest bearing)	3.71%
2.	U.S. Government securities	0.00%
3.	Corporate debt instruments (other than employer securities):	
	Preferred	0.00%
	All other	0.00%
4.	Corporate stocks (other than employer securities):	
	Preferred	0.00%
	Common	19.29%
5.	Partnership/joint venture interests	39.07%
6.	Real estate (other than employer real property)	20.77%
7.	Loans (other than to participants)	0.00%
8.	Participant loans	0.00%
9.	Value of interest in common/collective trusts	0.00%
10.	Value of interest in pooled separate accounts	0.00%
11.	Value of interest in 103-12 investment entities	0.00%
12.	Value of interest in registered investment companies (e.g., mutual funds)	17.16%
13.	Value of funds held in insurance co. general account (unallocated contracts)	0.00%
14.	Employer-related investments:	
	Employer Securities	0.00%
	Employer real property	0.00%
15.	Buildings and other property used in plan operation	0.00%
16.	Other	0.00%
	Total	100.00%

For information about the Plan's investments, contact the Plan Administrator, at (866) 599-3176 or P.O. Box 368, Troy, MI 48099-0368.

Events Having a Material Effect on Assets and Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities and assets. This is because such events can significantly impact the funding of the plan. For the plan year beginning on May 1, 2021 and ending on April 30, 2022, the Plan may apply for special financial assistance from the PBGC as allowed under the American Rescue Plan Act of 2021. The special financial assistance is preliminarily expected to increase Plan assets by approximately 50%. In addition, Plan liabilities are preliminarily expected to increase by approximately 30% because the previously implemented benefit suspensions will cease upon receipt of the special financial assistance.

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. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N1513, 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's Administrative Manager. 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 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 the annual funding 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 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.

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. Your Plan is covered by PBGC's multiemployer program. 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 $600, 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 ($600/10), which equals $60. The guaranteed amount for a $60 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).
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> *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 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement 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 PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information" below.

Where to Get More Information

For more information about this notice, you may contact Plan Administrator at (866) 599-3176 or P.O. Box 368, Troy, MI 48099-0368. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Board of Trustees Sheet Metal Workers Local Pension Plan and 34-6666753.

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SHEET METAL WORKERS LOCAL PENSION PLAN
2021 NOTICE OF CRITICAL STATUS
August 2021

On July 29, 2021, the actuary for the Sheet Metal Workers Local 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 2021 Plan Year as defined by the *Pension Protection Act of 2006* (PPA). The 2021 Plan Year began on May 1, 2021. Federal law requires that you receive this Notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan was in critical status in the prior plan year and is projected to have a funding deficiency within the following nine plan years.

Benefit Adjustments under the Existing Rehabilitation Plan

In an effort to improve the Plan's funding situation, the Board of Trustees adopted a Rehabilitation Plan on July 1, 2009 and have updated the Rehabilitation Plan since the initial adoption. The latest update to the Rehabilitation Plan was adopted March 31, 2021. Since the Plan is not expected to emerge from critical status, the current Rehabilitation Plan includes the use of the "exhaustion of all reasonable measures" as allowed under the PPA. This means that on an annual basis, the Board of Trustees will review updated projections based on reasonable actuarial assumptions to confirm that the Rehabilitation Plan is continuing to forestall insolvency and to determine if the Plan can expect to emerge from critical status at a later date. Scheduled progress will be determined based on the Plan continuing to forestall its insolvency.

The Plan Sponsor has taken the following legally permitted actions to forestall insolvency:

The Rehabilitation Plan includes changes in the Plan's Early Retirement, Disability Retirement, Death Benefits, and Suspension of Benefit rules, freezing future accruals as well as scheduled increases in the hourly contribution rate.

If the Board of Trustees determines that further benefit reductions under the Rehabilitation Plan are necessary, you will receive a separate notice in the future explaining the effect of those reductions. Any reduction of adjustable benefits, **other than the possible benefit suspensions discussed below**, will not reduce the level of a participant's basic benefit payable at normal retirement.

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.

Benefit Suspension

Under the *Multiemployer Pension Reform Act of 2014* ("MPRA"), a plan that is determined to be in critical and declining status may seek authorization to adopt reductions (which the law calls "suspensions") to certain accrued benefits. The reductions sought by the plan are subject to specific requirements and limitations set out in MPRA, and may only be adopted if it is demonstrated that by doing so the plan can be projected to avoid insolvency. In order for the proposed reductions to be adopted, the plan sponsor must apply to the U.S. Department of Treasury ("Treasury"), in consultation with the U.S. Department of Labor and the Pension Benefit Guarantee Corporation, and the proposed reductions must be ratified by a vote of the plan's participants and beneficiaries.

The Board of Trustees determined that benefit suspensions are necessary if the Plan is to avoid insolvency and submitted an application to Treasury to reduce accrued benefits under the Plan. The application was approved and the benefit suspensions became effective May 1, 2020.

American Rescue Plan Act of 2021

On March 11, 2021, the American Rescue Plan Act of 2021 (ARP) became law. ARP created a special financial assistance program for unhealthy multiemployer pension plan such as our Plan. Eligible plans may apply for a one-time payment from the Pension Benefit Guaranty Corporation (PBGC) in an amount calculated under rules issued by the PBGC intended to pay benefits through the plan year ending in 2051. The PBGC has not yet made final their rules on the calculation of special financial assistance. In addition, if approved to receive the special financial assistance, plans that have implemented a benefit suspension under MPRA are required to reinstate suspended benefits to pre-suspension levels and provide make-up payments to affected participants in the amount of their previously suspended benefits.

The Board of Trustees may apply for the special financial assistance when they are able to. The PBGC created priority groups that allow for plans in worse shape to apply earlier. The Plan is in the 2nd most urgent priority group because the Plan has implemented a benefit suspension. This means that the Board of Trustees may be able to apply on or after January 1, 2022.

Where to Get More Information

For more information about this Notice, you can contact the Plan Administrator at P.O. Box 368, Troy, MI 48098-0368, or by calling 866-599-3176. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 34-6666753.

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Important Fund Information