

The Washington State Plumbing and Pipefitting Industry Pension Plan

SIP Benefit Improvements

Great news! Two additional benefit improvements in 2027

In addition to the annual SIP benefit adjustment for 2027, we are pleased to announce two **additional** important upcoming benefit improvements:

1. **SIP benefit for members who retired on or before January 1, 2027.** As of July 1, 2027, retirees and beneficiaries will receive an ongoing SIP benefit equal to 12% of the **legacy** portion of their monthly benefit check (the amount earned through December 31, 2017).
2. **Extra 4% SIP increase on January 1, 2027.** All SIP benefits will receive the usual adjustment based on the Plan's investment return (see page 2), plus an additional one-time 4% bump.

Additional Benefit for Retirees and Beneficiaries Starting July 1, 2027

As of July 1, 2027, retirees who started their pension benefit on or before January 1, 2027 (and their beneficiaries) will receive a one-time award of an additional monthly benefit amount. If you are eligible, this additional monthly benefit will be in form of SIP benefits equal to 12% of the **legacy** portion of the monthly benefit check (the amount you earned through December 31, 2017).

As a reminder, while legacy benefits are fixed, SIP benefits are adjusted each year depending on the Plan's investment returns (as described on the next page).

Example

Let's say you are a retiree currently receiving a check for \$1,000 per month (all earned before 2018). On July 1, 2027, you will receive an additional benefit of \$120.00 (12% of \$1,000). The \$1,000 legacy portion of your benefit will remain fixed. However, the \$120.00 is a SIP benefit that will be adjusted each January 1 based on the Plan's investment return (see "The Math" below).

If part of your benefit is already a SIP benefit, the one-time additional benefit will be added to the SIP portion. Keep in mind, this additional benefit amount is based only on the legacy portion of your benefit earned before January 1, 2018.

Additional SIP Adjustment January 1, 2027

In addition to the annual SIP adjustment (see page 2), there will be an additional one-time SIP adjustment on January 1, 2027. This extra "bump" is a 4% increase to each person's underlying SIP benefit to date—active members and retirees alike. We are able to make this extra adjustment because of overall good investment returns since the introduction of the SIP and prudent financial management by Trustees.

Example - Active Member:

To keep things simple, let's assume your underlying SIP benefit is \$400.00 and you accrue \$100.00 for hours worked in 2026, bringing your benefit up to \$500.00. First, your SIP benefit will increase by 7.21% based on the Plan's 11.50% investment return for 2025 ($\$500.00 \times 1.0721 = \$536.05$). Then, your benefit will increase again to \$557.49 with the one-time 4% bump ($\$536.05 \times 1.04 = \$557.49$).

Example - Retiree:

The extra 4% SIP bump will apply to retirees in the same way that it does to active members.

Let's say you are a retiree currently receiving \$325 per month (plus, the portion of your benefit earned before 2018). It's the \$325 that is adjusted. First, your SIP benefit will increase by 7.21% based on the Plan's 11.50% investment return for 2025 ($\$325.00 \times 1.0721 = \$348.43$). Then, your benefit will increase again to \$362.37 with the one-time 4% bump ($\$348.43 \times 1.04 = \$362.37$). You will have a new high-water mark benefit.

Strong returns boost SIP benefits again this year

The Plan's investment return for 2025 was very good: 11.50%. That means the sustainable income piece of your benefit will increase by 7.21% with the next annual SIP adjustment on January 1, 2027. See "The Math" below for details about how the annual adjustment works.

The Math

Only the sustainable income benefits (earned on and after January 1, 2018) are adjusted based on the Plan's investment returns. The legacy portion of your benefit (earned through December 31, 2017) stays fixed.

The Plan has a hurdle rate of 4%. When the investment returns are greater than 4%, benefits go up and when investment returns are less than 4%, underlying benefits go down. The adjustment equals $[(1 + \text{investment return}) \div (1 + 4\%)] - 1$. Increases are capped at 8% per year (excess returns go to the Plan's stabilization reserve).

To keep things simple, let's assume you were hired in 2024 and earned a \$75.00 benefit each year through 2025, then \$100.00 per year. Here's how the benefit would increase, using actual returns through 2025 and assuming the return in 2026 is 6%:

	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026	Jan. 1, 2027	Jan. 1, 2028
Starting Benefit	\$0.00	\$64.55	\$148.73	\$270.49	\$413.09
	+	+	+	+	+
Accrual for Hours Worked Last Year	\$75.00	\$75.00	\$75.00	\$100.00	\$100.00
	=	=	=	=	=
Total Before Adjustment	\$75.00	\$139.55	\$223.73	\$370.49	\$513.09
Investment Return	-10.49% (2022)	10.84% (2023)	9.33% (2024)	11.50% (2025)	6.00% (est. 2026)
Annual adjustment	$[(1 - 10.49\%) \div (1 + 4\%)] - 1$ = -13.93% $\$75.00 \times (1 - 0.1393)$ = \$64.55	$[(1 + 10.84\%) \div (1 + 4\%)] - 1$ = 6.58% $\$139.55 \times (1 + 0.0658)$ = \$148.73	$[(1 + 9.33\%) \div (1 + 4\%)] - 1$ = 5.13% $\$223.73 \times (1 + 0.0513)$ = \$235.21	$[(1 + 11.50\%) \div (1 + 4\%)] - 1$ = 7.21% $\$370.49 \times (1 + 0.0721)$ = \$397.20	$[(1 + 6.00\%) \div (1 + 4\%)] - 1$ = 1.92% $\$513.09 \times (1 + 0.0192)$ = \$522.94
Ad hoc SIP bump	0%	0%	15% ($\$235.21 \times 1.15$ = \$270.49)	4% ($\$397.20 \times 1.04$ = \$413.09)	0%
Total After Adjustments	\$64.55	\$148.73	\$270.49	\$413.09	\$522.94
	+	+	+	+	+
Shore Up	\$10.45	\$0.00	\$0.00	\$0.00	\$0.00
High Water Mark*	\$75.00	\$148.73	\$270.49	\$413.09	\$522.94

*Your high water mark benefit is the greater of: (1) your prior year high water mark, (2) your total benefit before adjustment, and (3) your total benefit after adjustment.

Contribution Increases Are Increasing Benefits

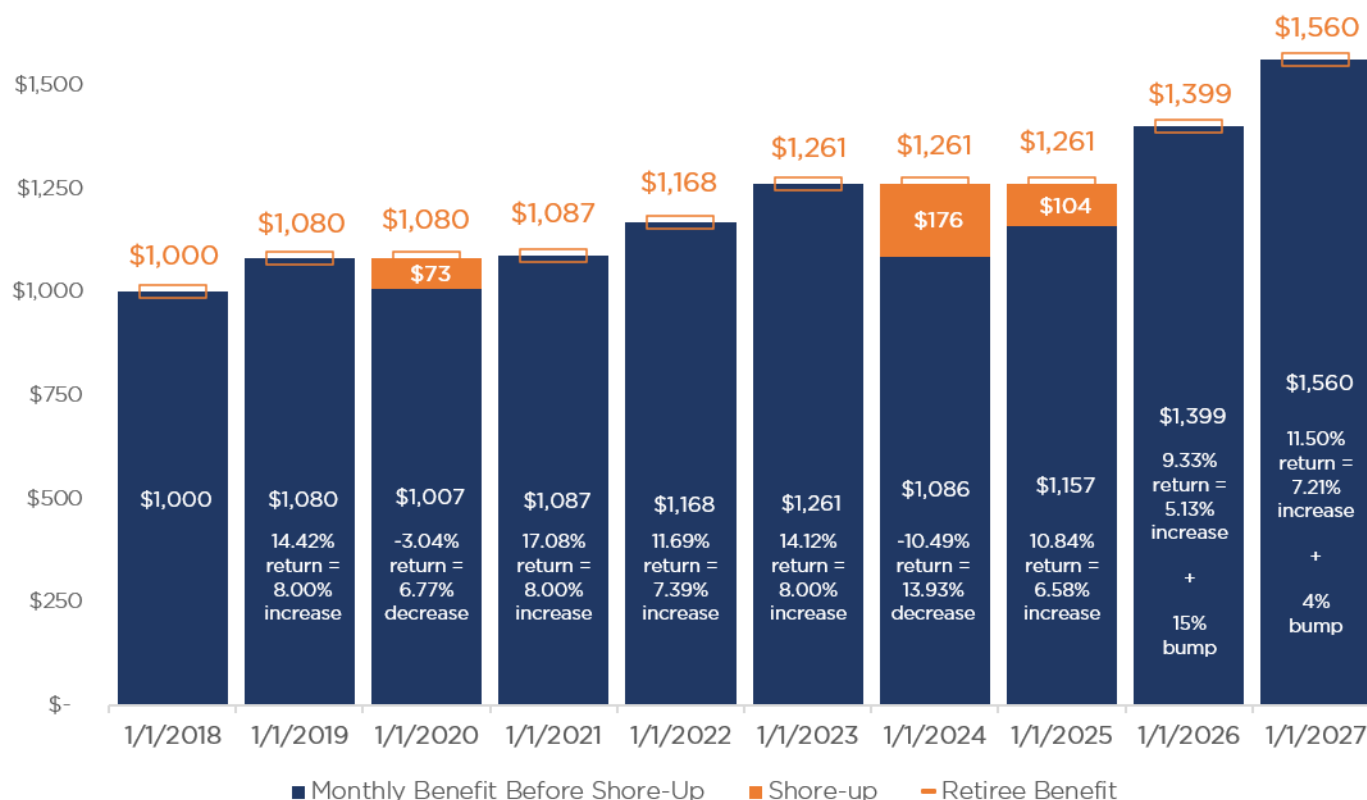
The examples in this letter use a flat accrual each year to highlight the effect of the annual benefit adjustment. It's important to keep in mind that some locals have increased pension contributions. This means benefits grow faster and future retirements will be larger. The more hours you work, the bigger your contribution would be.

How \$1,000 Monthly Benefit Would Have Grown Since 2018

This example shows the compounded impact of all the sustainable income benefit adjustments to date. You can think of it as “what would have happened if a person could have retired at 1/1/2018 with a \$1,000 SIP benefit?”

By 1/1/2023, that \$1,000 would have grown to \$1,261. Due to the negative adjustment at 1/1/2024, their underlying benefit would decrease from \$1,261 to \$1,086. However, they would have received a \$176 shore-up to maintain their benefit at their high-water mark of \$1,261 through 2024. The positive adjustment at 1/1/2025 would bring their underlying benefit up to \$1,157. That's still below their high-water mark of \$1,261 so they would receive a \$104 shore-up to continue their benefit payments at the same level.

The positive adjustment and 15% SIP bump as of 1/1/2026 increased the benefit to \$1,399. As of 1/1/2027, they would have a new high-water mark of \$1,560 with another positive adjustment and the 4% SIP bump.



This Summary of Material Modification (SMM) is intended to satisfy the requirements for providing an SMM and modifies some of the information contained in the Summary Plan Description (SPD) for the Washington State Plumbing and Pipefitting Industry Pension Plan (the “Plan”). Please take the time to read this SMM and keep it with the SPD previously provided to you. Although we have made every effort to ensure this SMM is accurate, provisions of the official Plan documents will govern in the case of any discrepancy.