Employers' - Warehousemen's Pension Trust Fund
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TO: Participants, Beneficiaries, Contributing Employers, and Local Unions
Pension Benefit Guaranty Corporation (PBGC)
Department of Labor (DOL)

FROM: Board of Trustees
Employers'-Warehousemen's Pension Plan (the "Plan")

SUBJECT: Notice of Actuary's Certification of Critical and Declining Status of the Plan for the 2022-2023 Plan Year

Date: July 19, 2023

This is to inform you that on June 29, 2023, the Plan's actuary certified to the U.S. Department of Treasury, and to the Plan's Board of Trustees, that for the Plan Year beginning April 1, 2023:

(1) The Plan is in critical status as defined under the Pension Protection Act of 2006 ("PPA"), also known as "Red Zone" status; and

(2) The Plan is in critical and declining status as defined under federal law.

Federal law requires that you receive this notice.

Critical and Declining Status

The Plan's actuary determined that the Plan is in critical status due to the following reasons:

- Since there are more retirees than active participants for which employer contributions are made, the Plan is projected to have an accumulated funding deficiency in four years. This means that negotiated contributions coming into the Fund are not enough to meet the government's minimum funding requirements.

- The Plan is projected to have an accumulated funding deficiency in five years AND the present value of vested benefits for non-actives is more than the present value of vested benefits for actives AND the normal cost plus interest on unfunded actuarial accrued liability (unit credit basis) is greater than contributions for the current year. This means that the unfunded liability of the Plan is like a debt on which the borrower cannot keep up with interest payments, so the size of the debt continues to grow.

- The Plan is projected to have an accumulated funding deficiency in five years AND the funded percentage is less than 65%. As noted above, minimum funding standards are not being met, and the low funded percentage indicates a Plan with a substantial and growing unfunded liability.

The Plan is considered to be in critical and declining status because the Plan meets the above criteria and insolvency is projected within 15 years. In other words, under reasonable assumptions, if the Plan continues under its current terms it will run out of money in fewer than 15 years. The Plan is also considered to be in critical and declining status because the Plan is projected to become insolvent within twenty years and has a ratio of inactive to active Participants that exceeds 2 to 1. This ratio indicates that a relatively small number of active participants, or more specifically the contributions being made on their behalf, are insufficient to support a relatively large number of retired participants. The Plan is also in critical and declining status because it has a funded percentage under 80% and is projected to become insolvent within twenty years.

A new law called the American Rescue Plan Act of 2021 (ARPA) authorizes plans in critical and declining status to apply for special financial assistance (SFA) to help the plan pay benefits to participants and avoid insolvency for additional years (or altogether). The Plan believes it is eligible for benefits from this federal program and expects to file a completed application for SFA shortly, in calendar year 2023. Further information will be provided to participants, beneficiaries, contributing employers, and local unions as this process unfolds.

Rehabilitation Plan

Current federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan.

As a result of the Plan having first been certified as being in critical status for the 2015 - 2016 Plan Year, the Board of Trustees, on February 25, 2016, adopted a rehabilitation plan consisting of structural changes to benefits and increased employer contributions, which were implemented.

The Board of Trustees adopted a first update to the rehabilitation plan on August 10, 2018, and a second update to the rehabilitation plan on November 16, 2020, to recognize plan experience since adoption of the original rehabilitation plan. The updates made no changes to the required benefit modifications or contribution increases under the rehabilitation plan schedules.

On March 1, 2016, Participants, Beneficiaries, Alternate Payees, the Unions, and Contributing Employers were notified of the terms of the rehabilitation plan and its schedules. Please refer to that document for specific changes to the Plan's benefit accrual formula and adjustable benefits.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge was applicable in the initial critical year ending

March 31, 2016 and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. Employer surcharges cease to be applicable when an employer adopts a collective bargaining agreement containing the terms of either the preferred or the default schedule.

Where to Get More Information

For more information about this notice or the Trust, contact Ms. Lorena Gonzalez, Plan Manager, Employers' – Warehousemen's Pension Trust Fund, 5625 S. Figueroa Street, Los Angeles, CA 90037-4037, phone number (323) 751-5178. You have a right to receive a copy of any rehabilitation plan or updates adopted by the Pension Plan.

As required by law, this notice is being provided to all required parties, including the Pension Benefit Guaranty Corporation ("PBGC"), the United States Department of Labor, each Plan Participant and Beneficiary, the Unions, and each Covered Employer.

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