

U.A. Locals 63 and 353 Joint Pension Trust

Notice of Plan Status

Date Issued: August 2024

The Board of Trustees is providing this notice to you and all other participants, beneficiaries, participating unions, and contributing employers to inform you about a recent actuarial certification.

The US Congress enacted the Pension Protection Act (the “**PPA**”) of 2006 and also the Multiemployer Pension Reform Act of 2014 (“**MPRA**”), in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. The PPA implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan’s “financial health” with participants and others related to the plan.

Many of the PPA’s safeguard provisions relate to funding, which, in simplest terms, is how much cash a plan has coming in, going out, and what is in reserve (or “in the bank”) to pay pension benefits in the future. These safeguards are intended to create more discipline in determining the funding strategy for pension benefits to help prevent avoidable funding problems.

Starting with the 2008 plan year, the PPA requires that pension plans, including the U.A. Locals 63 and 353 Joint Pension Trust (the “**Plan**”), be tested annually to determine how well they are funded. The PPA established formal benchmarks for measuring a pension plan’s funded status. Plans that are in the yellow (“endangered” or “seriously endangered”) or red (“critical”) zones must notify all plan participants, unions, and contributing employers of the plan’s status, as well as take corrective action to restore the plan’s financial health.

PPA’s zone status rules were modified by MPRA, enacted on December 16, 2014. MPRA, among other changes, added a new zone status called “critical and declining”. Additional measures to improve funding shortfalls are available to “critical and declining” plans.

Plan’s Status – Endangered (Yellow Zone)

On July 29, 2024, the actuary for the Plan certified to the U.S. Department of the Treasury, and also to the Board of Trustees (the Plan sponsor), that the Plan is in endangered status (the Yellow Zone) for the Plan year beginning May 1, 2024. Federal law requires that you receive this notice.

Specifically, the Plan’s actuary has estimated that the Plan’s funded percentage for the Plan year beginning May 1, 2024 is less than 80%. (The Plan’s actuary estimated that the funded percentage, as of May 1, 2024, was 75.3%.)

Funding Improvement Plan

The PPA requires pension plans in endangered or seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The Trustees of the Plan adopted a Funding Improvement Plan (FIP) and most recently updated it in May, 2023. The goal of this FIP is to increase the Plan's funded percentage by 33% of the difference between the funded percentage as of May 1, 2016 and 100% by the end of the funding improvement period, and to avoid a funding deficiency by the end of the funding improvement period.

What's Next

Please note that since the Pension Plan's financial condition generally changes with changes in the economy, the Act requires that the Pension Plan's funding status be reviewed and certified annually. This means that you will receive a notice like this each year until the Pension Plan is no longer in the yellow zone.

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" label is required to be used by federal law, the fact is that we have been working with our actuaries and consultants for some time now to address these funding issues. Please be aware that improving the Plan's funded status is a top priority and we are committed to taking any actions necessary to ensure your benefits will be there when you retire.

Where to Get More Information

For more information about this Notice, you may contact the Plan Administrator at:

Ms. Becky Lambert
HealthSCOPE Benefits, Inc.
7440 Woodland Drive
P O Box 68994 (46268)
Indianapolis, Indiana 46278
(317) 715-7440

You have a right to a copy of the Funding Improvement Plan from the Plan Administrator.

This Notice is being provided as required under the Pension Protection Act of 2006, which requires that certain information regarding the Plan's funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.