

**ANNUAL FUNDING NOTICE**

**FOR**

**32BJ CONNECTICUT PENSION FUND**

**Introduction**

This notice includes important information about the funding status of your multiemployer pension plan, the 32BJ Connecticut Pension Fund (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 like the Plan (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 and it is not doing so. The notice is required by federal law and is provided for informational purposes; you are not required to respond in any way. This notice is for the plan year beginning January 1, 2020 and ending December 31, 2020 (the “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 specified plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the 2020 Plan Year and each of the two preceding Plan Years is shown in the chart below. The chart also shows the value of the Plan’s assets and liabilities for the same period.

<b>Funded Percentage</b>			
	2020 Plan Year	2019 Plan Year	2018 Plan Year
Valuation Date	January 1, 2020	January 1, 2019	January 1, 2018
Funded Percentage	103.7%	103.1%	103.3%
Value of Assets	\$62,656,106	\$59,034,859	\$56,325,075
Value of Liabilities	\$60,428,465	\$57,241,842	\$54,515,008

**Year-End Fair Market Value of Assets**

The asset values in the chart above are measured as of the Valuation Date and 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 2020 Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding Plan Years.

	December 31, 2020	December 31, 2019	December 31, 2018
Fair Market Value of Assets	\$70,272,034*	\$64,423,546	\$55,765,569

\*The fair market value of the Plan's assets as of December 31, 2020 is preliminary and subject to change during the annual audit period.

### **Endangered, Critical, or Critical and Declining Status**

Under federal pension law, a plan is in "endangered" status if its funded percentage is less than 80 percent. A plan is 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 become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan.

Similarly, if a 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.

**The Plan was not in endangered, critical, or critical and declining status in the 2020 Plan Year.**

### **Participant Information**

The total number of participants and beneficiaries in the Plan as of the Plan's 2020 valuation date was 3,619. Of this number, 2,136 were current employees, 790 were retired and receiving benefits, and 693 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, which is established by the Board of Trustees of the Plan (the "Board"), in very close collaboration with the Plan's enrolled actuarial consultant, is generally to accept contributions, which are required to be made by employers pursuant to collective bargaining agreements with Service Employees International Union Local 32BJ, the union that represents the Plan's participants or written participation agreements with the Plan. Subject to certain exceptions, such

contributions, in the aggregate, should be no less than the minimum required contributions established by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Internal Revenue Code of 1986, as amended.

Once money is contributed to the Plan, those monies, less all amounts necessary to defray the administrative and other expenses of the Plan, are then invested by the Board, in its capacity as a fiduciary under ERISA, in accordance with the Plan’s Investment Policy Statement (“IPS”). The IPS, which has been prepared by the Plan’s professional investment advisor, sets forth the Plan’s investment return objective, a target allocation among asset classes, performance benchmarks, quality standards, reporting requirements to achieve an investment return consistent with the actuarial investment return assumption while managing risk.

The Plan’s assets were allocated among the following categories of investments as of the end of the 2020 Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Cash (Interest bearing and non-interest bearing)	_____
2. U.S. Government securities	_____
3. Corporate debt instruments (other than employer securities):	
Preferred	_____
All other	_____
4. Corporate stocks (other than employer securities):	
Preferred	_____
Common	_____
5. Partnership/joint venture interests	8%
6. Real estate (other than employer real property)	_____
7. Loans (other than to participants)	_____
8. Participant loans	_____
9. Value of interest in common/collective trusts	8%
10. Value of interest in pooled separate accounts	_____
11. Value of interest in 103-12 investment entities	_____
12. Value of interest in registered investment companies(e.g., mutual funds)	84%
13. Value of funds held in insurance co. general account (unallocated contracts)	_____
14. Employer-related investments:	
Employer Securities	_____
Employer real property	_____
15. Buildings and other property used in plan operation	_____
16. Other	_____

For information about the Plan’s investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, or 103-12 investment entities – contact Member Services at 800-551-3225.

**Right to Request a Copy of the Annual Report**

Pension plans must file annual reports called the Form 5500 with the US Department of Labor. 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](http://www.efast.dol.gov) and using

the search tool. Annual reports are also 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. Or you may obtain a copy of the Plan's annual report by making a written request to the Plan administrator. 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 benefit. 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 the 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% of \$33), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*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% of \$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 payments). 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 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 the PBGC's website at [www.pbgc.gov/multiemployer](http://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:

Regine Breton  
Director of Retirement Services  
32BJ Connecticut Pension Fund  
25 West 18<sup>th</sup> Street  
New York, NY 10011  
(800) 551-3225 or (212) 388-3500

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, 32BJ Connecticut Pension Fund, EIN: 06-0909320.