Eighth District Electrical Pension Fund

Memo

To: Plan Participants, Local Unions and Contributing Employers
From: Board of Trustees, Eighth District Electrical Pension Fund
Re: Annual Funding Notice
Date: July 10, 2022

Each year the federal government requires qualified pension plans to provide an annual notice sharing financial information about the plan. Enclosed you will find this annual notice for the Eighth District Electrical Pension Fund (the "Plan"). These numbers and calculations (as well as the basic format used) are required by the U.S. Department of Labor. No action is required on your part – the purpose of this cover letter is only to explain what some of the numbers in the notice mean.

One measure used to analyze how well a plan is funded is called the "funded percentage." This percentage is obtained by dividing the plan's assets by its liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan's funded percentage for the plan year and each of the two preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2021	2020	2019
Valuation Date	April 1, 2021	April 1, 2020	April 1, 2019
Value of Liabilities	$1,191,580,687	$1,153,243,328	$1,074,561,004
Actuarial Value of Assets	$1,090,553,432	$953,437,962	$932,416,234
Actuarial Value Funded Percentage	91.5%	82.7%	86.8%
Market Value of Assets	$1,090,553,432	$874,067,923	$910,030,032
Market Value Funded Percentage	91.5%	75.8%	84.7%

As of April 1, 2022, the actuarial value funded percentage is estimated to be 93%, and the market value funded percentage is estimated to be 90%.

The funded percentages displayed above use the Actuarial Value of Assets and the Market Value of Assets. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. Substituting the market value of assets for the actuarial value would show a clearer picture of the Plan's funded status as of the Valuation Date. You may notice that the market value of assets and the actuarial value of assets were identical in 2021 - that's because the smoothing method was "reset" as of that date, as allowed under IRS rules.

ANNUAL FUNDING NOTICE

For
EIGHTH DISTRICT ELECTRICAL PENSION FUND

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 April 1, 2021 and ending March 31, 2022 ("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			
	2021	2020	2019
Valuation Date	April 1, 2021	April 1, 2020	April 1, 2019
Funded Percentage	91.5%	82.7%	86.8%
Value of Assets	$1,090,553,432	$953,437,962	$932,416,234
Value of Liabilities	$1,191,580,687	$1,153,243,328	$1,074,561,004

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.

	March 31, 2022	March 31, 2021	March 31, 2020
Fair Market Value of Assets	$1,116,800,000	$1,090,553,432	$874,067,923

The March 31, 2022 fair market value of assets is an estimate based on unaudited financial information available at the time this notice was prepared. The final audited information on the Plan's March 31, 2022 assets will be included in the Plan's annual report filed with the U.S. Department of Labor later this year.

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.

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

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 17,771. Of this number, 8,088 were active participants, 4,778 were retired or separated from service and receiving benefits, and 4,905 were retired or separated from service and entitled 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.

Plan benefits and expenses are funded by employer contributions and the investment returns on those contributions. Employer contributions are based on hours worked multiplied by an hourly contribution rate established through collective bargaining. Based on the level of those employer contributions, the investment return on Plan assets, and other Plan experience, the Trustees will establish and adjust the levels of Plan benefits as necessary to satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code. The Trustees may also seek additional contributions from the bargaining parties to satisfy the Plan's funding obligations.

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 over a diverse spectrum of asset classes which may include: US and non-US equities, fixed income, real assets and other alternative investments. The Board of Trustees employs professional investment managers who are responsible for making investment decisions with the Plan assets entrusted to them. The Board of Trustees employs an investment consultant to assist them with the allocation of Plan assets among different asset classes and evaluating the performance of the investment managers against recognized benchmarks and/or peer groups.

The Trustees recognize that in adopting an asset mix for the Plan they are setting a target for the allocation of assets. They also realize that since the market value of securities fluctuate, it is not possible to meet these specific targets at all times. The Plan staff and consultant will monitor this allocation on a quarterly basis and report to the Trustees. From time to time, the Trustees may reallocate assets among managers to better meet these targets. The target asset allocation for the Plan is as follows:

Asset Class	Target Asset Allocation
US Large Cap Equities	22%
US Small Cap Equities	10%
International Developed Equity	15%
Emerging Market Equity	8%
Total Equity	**55%**
Core Bonds	10%
Multi-Sector	10%
Absolute Return	10%
Total Fixed Income	**30%**
Core Real Estate	10%
Opportunistic Real Estate	5%
Total Real Assets	**15%**
Total Assets	**100%**

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
US Equities	34.8%
Non-US Equities	20.7%
Fixed Income	29.3%
Real Assets	14.8%
Other Alternative Investments	0.4%

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 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 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).

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/prac/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 Mathew Wenner at BeneSys, Inc. at P.O. Box 30751, Salt Lake City, UT 84130, (844) 989-2321. 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 of Eighth District Electrical Pension Fund, 84-6100393. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.