



Participating Employers and Employer Associations:

On January 14, 2022, the Board of Trustees (“Trustees”) of the International Union of Painters and Allied Trades Industry Pension Fund (the “Pension Fund”) proactively elected to enter the “Red Zone” (critical status under the Pension Protection Act or “PPA”) after looking at the options to improve the long-term stability of the Pension Fund.

We wrote to you back in December and laid out the headwinds that have prevented the Pension Fund from achieving Green Zone status in recent years. Chief among those obstacles have been declining hours, a financial crisis, a challenging political climate and a once-in-a-lifetime pandemic. Trustees on both sides of the table recognize the need for structural changes to the Pension Fund to combat the challenges and to solve some of the issues that the Funding Improvement Plan could not. By entering the Red Zone now, the Trustees are able to use legal and actuarial tools not available before to create a different and more stable path going forward.

On the same day that the Trustees elected to enter the Red Zone, they also adopted a Rehabilitation Plan to restructure the underlying design of the Pension Fund using tools available under the law all while staying in line with industry standards. The Rehabilitation Plan replaces the Funding Improvement Plan which has been in place for some time now.

Enclosed with this cover letter, you will find several legal notices and documents related to the Pension Fund, its Red Zone status for 2022, and the Rehabilitation Plan. These documents are being provided to all Participants and interested parties. Specifically, you will find:

- **Summary Notice.** This document provides an overview of both the broader strategic plan and describes the new Rehabilitation Plan adopted by the Trustees and how it changes benefits going forward. This document also provides a summary of the other notices included in this packet.
- **Notice of Critical Status.** As required by federal law, this notice describes how the Fund was certified to be in the Orange Zone (“Seriously Endangered Status”) for 2022, but the Trustees exercised their legal option to enter the Red Zone (“Critical Status”) early for 2022.
- **Annual Funding Notice.** As required by federal law, this notice reports the funded status, asset values, and other information for the Pension Fund.
- **Rehabilitation Plan.** For your reference, this packet includes a copy of the official Rehabilitation Plan adopted by the Trustees.

We want all of our Participants, Retirees, and Contributing Employers to be educated on the various benefit changes set forth in the Rehabilitation Plan and understand the impact. Due to their legal nature, these matters can be tricky to explain which is why we have implemented a comprehensive communication strategy to provide as much “easy-to-understand” information as possible to all impacted parties— including by way of the attached Summary Notice. As you will

read in the enclosed communications, in creating the Rehabilitation Plan, the Trustees prioritized the following:

- **Preserving earned benefits.** If a Participant has already retired and is receiving payments from the Pension Fund, those benefits are protected and will not change. If a Participant is not yet retired, any benefits earned prior to entering the Red Zone will not be reduced more than as required under the prior rules.
- **No Required Contribution Increase.** In order to avoid the imposition of mandatory surcharges under the law, the Trustees built the Rehabilitation Plan without requiring any mandatory contribution increases (so long as the contribution obligations of FIP2 have been met by the bargaining parties). The “Default Schedule” included in the Rehabilitation Plan makes changes to benefits, but it does not require a contribution rate increase above what was required under Funding Improvement Plan 2 (FIP2).
- **Flexibility for the Bargaining Parties to “Buy Up” Additional Benefits.** Using the flexibility of the tools available in the Red Zone, the Trustees were able to creatively build a Rehabilitation Plan that offers more choices than the legally required Default Schedule. In fact, the Rehabilitation Plan includes a choice of two additional “Alternate Schedules” each offering greater benefits than the Default Schedule in exchange for a higher contribution rate. For example, Alternate Schedule 1 offers improved Early Retirement benefits while Alternate Schedule 2 offers a higher accrual rate and improved reduced and unreduced Early and Special Early Retirement benefits. *We want you to know that if the bargaining parties wish to choose an “alternate schedule” of enhanced benefits, they must specifically declare which schedule of benefits and contributions they wish to adopt going forward in the applicable collective bargaining agreement. This requirement ensures that benefits are paid for in full as part of the offering. It’s up to the bargaining parties to adopt the Schedule that is best for their situation and priorities.*
- **Adjusting Penalties for Participants Who Left the Industry.** Under the Rehabilitation Plan, Terminated Vested Participants (i.e., those that do not qualify as an “Active Employee”) must wait until age 65 to receive a pension.
- **Protecting Certain Early and Special Early Retirement Options.** The Rehabilitation Plan provides temporary protections for those individuals at or near retirement so that those individuals can still appropriately plan for retirement.
- **Simplifying the Accrual Structure.** In order to protect the Pension Fund when the markets are down, and to share gains with Participants when investment returns are strong, the Trustees adopted a Variable Benefit Accrual Rate (“VBAR”) effective January 1, 2022. This new formula credits every contribution dollar with an accrual, and

eliminates the “zero accrual” year. Due to positive investment performance in 2021, the new VBAR feature is already proving to be successful as all Participants will receive a higher accrual rate for 2023 than in 2022.

- **Using a Conservative Modeling Approach.** The Rehabilitation Plan was built using modified conservative assumptions, including those impacting investment returns and hours worked. This approach will give the Pension Fund a better chance at meeting its goals of returning to the Green Zone and becoming 100% funded.

Going forward, Pension Fund leadership will be available to provide education and updates directly to you.

We have confidence that this strategic plan will work. As a Board of Trustees, we examined every scenario and involved all of our stakeholders to design and create the best possible plan to strengthen the Pension Fund for long-term success. We invite you to read the enclosed materials and we trust you will be supportive of our efforts.

Sincerely,

General President Williams – Union Co-Chairman

Jerry Haber – Employer Co-Chairman

REHABILITATION PLAN SUMMARY

STRATEGIC PLAN TO STRENGTHEN AND MODERNIZE THE IUPAT INDUSTRY PENSION FUND – FEBRUARY 2022 UPDATE

TO ALL PLAN PARTICIPANTS AND EMPLOYERS

Last December, you received a notice regarding the strategic plan the Board of Trustees have developed to strengthen the International Painters and Allied Trades Industry Pension Fund (the “Fund” or “Plan”) and make it successful and stable for the long term.

The Trustees developed this strategic plan after evaluating all the available options and discussing them with District Council and Local Union leaders. It balances the needs of all active members and retirees, and it also simplifies and modernizes the Plan’s benefit design.

The strategic plan has two important steps. The first step is to implement a new Variable Benefit Accrual Rate (“VBAR”) formula effective January 1, 2022. The second step is to elect to enter the Red Zone early and implement a new Rehabilitation Plan in 2022. This strategic plan is designed to enable the Fund to meet its funding requirements under law and, over time, return to the Green Zone and become fully funded.

On January 14, 2022, the Trustees formally elected to enter the Red Zone for 2022. The Trustees also formally adopted a rehabilitation plan as required under federal law (the “Rehabilitation Plan”). The Rehabilitation Plan replaces the Funding Improvement Plan which was originally adopted in 2009 and amended in 2017 (“FIP2”). This notice describes in more detail the decision to enter the Red Zone and the new Rehabilitation Plan.

WHAT’S IN THIS PACKET

This packet includes various notices and other documents related to the Pension Fund, its Red Zone status for 2022, and the Rehabilitation Plan:

- **Summary Notice.** This document is the “summary notice.” It provides an overview of both the broader strategic plan and describes the new Rehabilitation Plan adopted by the Trustees and how it changes your benefits going forward. This document also provides a summary of the other notices included in this packet.
- **Notice of Critical Status.** As required by federal law, this notice describes how the Fund was certified to be in the Orange Zone (“Seriously Endangered Status”) for 2022, but the Trustees exercised their legal option to enter the Red Zone (“Critical Status”) early for 2022.
- **Annual Funding Notice.** As required by federal law, this notice reports the funded status, asset values, and other information for the Fund. Note that this notice pertains to the plan year ending December 31, 2021, and it does not reflect the fact that the Fund has entered the Red Zone for 2022 or the new Rehabilitation Plan adopted by the Trustees.
- **Rehabilitation Plan.** For your reference, this packet includes a copy of the official Rehabilitation Plan adopted by the Trustees.

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The following are the sections for the rest of this summary notice. The summary notice first provides a refresher on the overall strategic plan. It then provides an overview of the Rehabilitation Plan before explaining each of the benefit changes.

The summary notice also explains the content of the two notices included in this packet that you are required to receive by federal law: the Notice of Critical Status and the Annual Funding Notice. It also reminds you of your rights under the Employee Retirement Income Security Act of 1974 (“ERISA”).

Finally, the summary notice tells you about next steps in the implementation of the Rehabilitation Plan and how to contact the Fund Administrator for more information.

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STRATEGIC PLAN

Step 1: New Variable Benefit Accrual Rate Formula

As described in the notice you received in December 2021, the first step in the strategic plan was to implement a new Variable Benefit Accrual Rate (“VBAR”) formula, which defines how you earn benefits under the Plan. Please refer to the December notice for more information on how the VBAR formula works, as well as for examples on how it will affect you.

UPDATES FOR 2022. There are two important updates regarding the VBAR formula that were not included in the notice you received last December:

- **Higher accrual rate for 2023.** Due to another strong investment return in 2021, the three-year average return for 2019 through 2021 will be at least 10.0%. As a result, the VBAR formula will provide an accrual rate for 2023 higher than the baseline rate: 1.05% of contributions if you have more than 9,000 Hours, or 0.80% for your first 9,000 Hours.
- **Higher accrual rates under Alternate Schedule 2.** The Rehabilitation Plan provides three Schedules of benefits and contributions, and each bargaining unit must adopt one of these Schedules. As described in more detail later, Alternate Schedule 2 provides more generous benefits, including higher accrual rates under the VBAR formula. This Schedule also requires increases in contribution rates to pay for the more generous benefits.

Step 2: Enter the Red Zone Early

The second step in the strategic plan is to enter the Red Zone early in 2022 and adopt a new Rehabilitation Plan. By entering the Red Zone early, the Trustees can begin to take corrective action in 2022 rather than waiting a few years when the Fund would have been in worse shape.

The Trustees have formally elected to enter the Red Zone for 2022, and they have also adopted a new Rehabilitation Plan. The following section provides an overview of the new Rehabilitation Plan. Later, this summary notice provides more information on the decision by the Trustees to enter the Red Zone early (see the section titled “Notice of Critical Status”).

Continued on the following page.

REHABILITATION PLAN – OVERVIEW

As described below, the Rehabilitation Plan includes three **Schedules** of contributions and benefits. These Schedules are designed to enable the Pension Fund to emerge from the Red Zone at the end of a ten-year **Rehabilitation Period**, which begins January 1, 2025 and ends December 31, 2034. In other words, the Rehabilitation Plan targets emergence from the Red Zone in 2035, with the Pension Fund approaching 100% funding a few years after that.

If actual experience turns out to be more favorable than the assumptions used in developing the Rehabilitation Plan, the Fund will reach these targets faster. Similarly, if actual experience turns out to be worse than assumed, the Fund will take longer to emerge from the Red Zone.

Three Schedules

As noted above, the Rehabilitation Plan includes three Schedules of benefits and contributions. The bargaining parties – in other words, your Local Union or District Council and your employer or employer association – must adopt one of these Schedules through collective bargaining.

- **Default Schedule.** This Schedule includes changes to benefits and does not require any further contribution rate increases above the rates required under FIP2. As required under federal law, the Default Schedule will be automatically imposed if the bargaining parties do not adopt one of the other Schedules within 180 days after the applicable collective bargaining agreement expires.
- **Alternate Schedule 1.** Alternate Schedule 1 provides the same accrual rate as the Default Schedule but provides greater Early Retirement benefits. This Schedule requires a contribution rate increase of at least 10% over the rate in effect on January 1, 2022, no later than January 1, 2025.
- **Alternate Schedule 2.** This Schedule provides a higher accrual rate and more generous Early Retirement and Special Early Retirement benefits than the Default Schedule. This Schedule requires a contribution rate increase of at least 20% above the rate in effect on January 1, 2022, no later than January 1, 2025. For the higher accrual rate to apply before January 1, 2025, the contribution rate must be increased by at least 8% above the rate in effect on January 1, 2022.

As described above, the two Alternate Schedules provide more generous benefits than the Default Schedule, but they also require contribution rate increases. In other words, your bargaining unit can decide to pay for more generous benefits under one of the two Alternate Schedules by agreeing to increases in contribution rates. If your bargaining unit does not formally adopt one of the Alternate Schedules and agree to the required contribution rates, the Default Schedule will apply to you.

In order to be covered under one of the Alternate Schedules, your bargaining unit must update the applicable collective bargaining agreement, in writing and under the applicable time frames to (1) affirmatively adopt that Schedule and (2) agree to include the required contribution rate increases under that Schedule no later than January 1, 2025. Again, if your bargaining unit does not formally adopt one of the Alternate Schedules and agree to the required contribution rates, the Default Schedule will apply to you.

Please keep these points in mind as you read the new rules contained in this notice.

The above points are only a summary of the three Schedules under the Rehabilitation Plan. Please refer to the Rehabilitation Plan for a complete description of the rules the bargaining parties must follow to formally adopt either of the Alternate Schedules and the contribution rate increases they require.

Annual Updates

The Rehabilitation Plan and each of the three Schedules are designed to enable the Pension Fund to emerge from the Red Zone by 2035. Each year, as required by law, the Fund's actuary will certify whether or not the Fund is making scheduled progress in meeting the requirements of the Rehabilitation Plan. The first actuarial certification on whether the Fund is making scheduled progress will not occur until after January 1, 2025, when the "Rehabilitation Period" begins.

Also as required by law, the Trustees will review the Rehabilitation Plan each year and update the Schedules as needed. These updates may include further changes to adjustable benefits, the rate of future benefit accruals, or contribution rates.

Changes to Benefits

The rest of this notice describes the benefit changes under the Rehabilitation Plan in detail. As you review this notice, it is important to keep the following points in mind:

- **No change to benefits already in payment status.** If you are already receiving benefits from the Fund, your benefits are protected and will not change.
- **No reduction in Accrued Benefits.** The Accrued Benefit you have earned as of December 31, 2021 will not be reduced. Your Accrued Benefit is payable at your Normal Retirement Age, which is age 65.
- **Restrictions on level income and lump sums.** Effective immediately, the Fund cannot pay Social Security level income annuities or lump sums. This restriction applies to you if the Fund Administrator has not already received your pension application.
- **New retirement rules effective April 1, 2022.** Early Retirement and Special Early Retirement rules are dependent on the Schedule adopted by your bargaining unit. Other rules, such as Disability Retirement, Deferred Vested Retirement, and optional forms of payment are the same for everyone regardless of their Schedule. These new rules will apply beginning April 1, 2022.
- **Simplified Early Retirement and Special Early Retirement rules.** Under FIP2, one set of rules applied to benefits you earned through December 31, 2017, and another set of rules applies to benefits you earned beginning January 1, 2018. Going forward, a single set of rules will apply to your entire benefit under the Plan.
- **Protections if you are already eligible.** If you are currently eligible for Special Early Retirement, you will be protected in your right to receive your benefit, without reduction, as early as age 55. Note, however, that Special Early Retirement prior to age 55 will no longer be permitted beginning April 1, 2022.

- **Additional protections through December 31, 2024.** If you are not currently eligible for Early Retirement or Special Early Retirement under FIP2, you can earn eligibility if you meet the applicable total Benefit Hours requirement by December 31, 2024. If you earn eligibility by December 31, 2024, you will be protected in that eligibility even if you retire on or after January 1, 2025, and regardless of the Schedule adopted by your bargaining unit.
- **Protections end on January 1, 2025.** Beginning January 1, 2025, the Early Retirement and Special Early Retirement rules that apply to you will depend on the Schedule adopted by your bargaining unit. The Default Schedule will automatically apply unless your bargaining unit affirmatively adopts one of Alternate Schedules and the required contribution rate increases on or before January 1, 2025. (Again, if you earned a protection by December 31, 2024, you will remain protected after that date.)
- **Higher accrual rates under Alternate Schedule 2.** If your bargaining unit adopts Alternate Schedule 2, your baseline accrual rate under the VBAR formula will be 1.00% of contributions (0.75% for the first 9,000 Hours). Otherwise, your baseline accrual rate will remain at 0.85% of contributions (0.65% for the first 9,000 Hours).
- **No change to Active Employee rules.** The same as under the old rules, you must be an Active Employee to be eligible for Early Retirement, Special Early Retirement, and Disability Retirement. To be an Active Employee, you must have completed at least 450 Benefit Hours in the last three plan years.
- **No Deferred Vested Retirement before age 65.** The Rehabilitation Plan eliminates Deferred Vested Retirement prior to age 65. In other words, if you are not an Active Employee, you must wait until age 65 to receive your benefit.
- **Simplified Disability Retirement rules.** The Rehabilitation Plan changes how the Disability benefit is calculated. The new calculation will never provide a lesser benefit than the old formula, and in many cases, it will provide a greater benefit. The Rehabilitation Plan also makes it easier to qualify for a Disability benefit.
- **Five-year guarantee is optional.** The Rehabilitation Plan removes the five-year guarantee from the normal form of payment. You can still elect to receive life annuity with five years (60 months) of payments guaranteed, but the amount of your benefit will be actuarially adjusted to take into account the value of the guarantee.

Please review the rest of this notice for more information on benefit changes under the Rehabilitation Plan. Please also refer to the Summary Plan Description (“SPD”) for a complete explanation of the rules under the Plan. The Trustees will provide you with a new SPD reflecting the rules of the Rehabilitation Plan in the future.

If you are thinking about retiring soon, please be sure to read this notice carefully. Then, please contact the Fund Administrator. We will be happy to discuss your options and answer any questions you may have, so you can make the best decision for yourself and your family.

Compliance

The Rehabilitation Plan deems all collective bargaining agreements and participation agreements that were compliant with FIP2 to also be in compliance with the Rehabilitation Plan. The vast majority of employers are already compliant with FIP2 and are therefore considered to be compliant with the Rehabilitation Plan.

The Rehabilitation Plan imposes a contribution surcharge on non-compliant employers. The Rehabilitation Plan also extends the benefit penalties under FIP2 that applied to participants of non-compliant employers. Most notably, if you are employed by a non-compliant employer, you will not accrue any benefits during the non-compliant period and/or as otherwise provided by applicable law.

Please refer to the Rehabilitation Plan for more information on the rules and penalties that apply to non-compliant employers.

Special Rules

The Rehabilitation Plan includes rules that apply in special situations, such as the process for new employers and bargaining units joining the Pension Fund, what happens with groups that merger into the Pension Fund, and when contributions are made as a percentage of salary or wages rather on an hourly basis. Please refer to the Rehabilitation Plan for more information on these special rules.

IMPORTANT DATES

The following are important dates to keep in mind regarding changes in benefits under the Rehabilitation Plan.

February 11, 2022

Because the Pension Fund is in the Red Zone, it is prohibited by federal law from paying lump sums and certain other forms of benefits like Social Security level income annuities. Therefore, effective immediately, the Fund will no longer offer these forms of payment.

These restrictions apply to all future pension applications. These restrictions will not apply to you, however, if you have already submitted your pension application *and* the Fund Administrator has received it by February 11, 2022.

April 1, 2022

As described throughout this notice the Rehabilitation Plan includes changes to “adjustable benefits,” including Early Retirement, Special Early Retirement, Disability Retirement, and Deferred Vested Retirement. Normal Retirement benefits and benefits already in payment status are protected and cannot be changed by the Rehabilitation Plan.

The changes to adjustable benefits are effective April 1, 2022. In other words, if the Fund Administrator receives your pension application by April 1, 2022, the old rules for Early

Retirement, Special Early Retirement, Disability Retirement, and Deferred Vested Retirement will apply to you. Otherwise, the new rules under this Rehabilitation Plan will apply.

January 1, 2025

This notice describes how certain protections apply to Early Retirement and Special Early Retirement rules through December 31, 2024. The Trustees put these protections in place for Participants who are already eligible for enhanced Early Retirement or Special Early Retirement, or who are close to gaining eligibility. Because of these protections, the Early Retirement and Special Early Retirement rules are effectively the same for everyone through December 31, 2024.

Beginning January 1, 2025, the Early Retirement and Special Early Retirement rules that apply to you will depend on the Schedule adopted by your bargaining unit. If your bargaining unit has adopted one of the Alternate Schedules, the required contribution rate increase must take effect no later than January 1, 2025. (Again, if you earn protections by December 31, 2024, they will continue to apply to you even after that date, regardless of the Schedule that applies to you.)

As noted earlier, January 1, 2025 also represents the beginning of the Rehabilitation Period, which runs for ten years through December 31, 2034.

LEVEL INCOME AND LUMP SUMS

Because the Pension Fund is in the Red Zone, it is prohibited by federal law from paying lump sums and certain other forms of benefits like Social Security level income annuities.

Social Security Level Income Option

Under the Social Security Level Income option, your benefit is adjusted to provide a higher amount before your Social Security retirement age and a lower amount after that. The total retirement income from the Plan and Social Security is intended to remain approximately level before and after Social Security retirement age.

Effective immediately, the Level Income option is no longer available for new retirements. Level income benefits already being paid will continue.

Partial Lump Sum Option

Under the Partial Lump Sum option, you could elect to receive a partial lump sum of not less than \$500 and not more than \$2,500 with your first monthly benefit. The remaining monthly payments are actuarially adjusted to reflect the value of your partial lump sum.

Effective immediately, the Partial Lump Sum option is no longer available for new retirements. Partial lump sum payments that have already been made will not be affected.

Pre-Retirement Surviving Spouse Lump Sum

If you are married, are vested under the Plan, and die before receiving your pension, your surviving spouse is entitled to a death benefit. The amount of the death benefit is equal to the surviving spouse portion of the 50% Joint and Survivor annuity.

Before the Fund entered the Red Zone, your surviving spouse could have elected to receive a partial lump sum equal to 50% of the employer contributions made on your behalf as of the date of your death. The remaining value of the death benefit, if any, was payable to as an actuarially-equivalent annuity for the lifetime of your surviving spouse.

Effective immediately, the partial lump sum option will not be available to surviving spouses. In other words, the pre-retirement surviving spouse benefit will be paid only as a monthly annuity over your spouse's lifetime.

Pre-Retirement Lump Sum Death Benefit

If you are unmarried, vested under the Plan, and die before receiving your pension, your designated non-spousal beneficiary is entitled to a death benefit. In order to qualify for a non-spousal pre-retirement death benefit, you must have at least 9,000 Benefit Hours and be an Active Employee. The death benefit is equal to 50% of the employer contributions made on your behalf as of the date of your death.

Before the Fund entered the Red Zone, the death benefit was paid to your non-spousal beneficiary as a lump sum.

Effective immediately, the death benefit will be payable as a monthly annuity over the lifetime of your non-spousal beneficiary. The amount of the monthly annuity will be determined on an actuarially-equivalent basis.

EARLY RETIREMENT

You are eligible for Early Retirement if you retire as an Active Employee, you are at least age 55 but not age 65, and you have completed at least 18,000 Benefit Hours. The Rehabilitation Plan does not change these eligibility requirements. Recall that in order to qualify as an Active Employee, you must have completed at least 450 Hours in the last three plan years.

The amount of your Early Retirement Benefit is equal to the amount of your Accrued Benefit, with a reduction for each month that you receive your benefit before age 65. (The next section in this notice describes the Special Early Retirement Benefit, which is payable without reduction.)

Under the old rules, different Early Retirement reductions applied to different portions of your benefit. For the benefit you earned through December 31, 2017, the reduction was 3% per year (0.25% per month) that you retire before age 65. For the benefit you earned on or after January 1, 2018, the reduction was 3% per year only if you had completed at least 45,000 Benefit Hours. Otherwise, the reduction was 6% per year (0.5% per month).

Under the Rehabilitation Plan, the same Early Retirement reduction will apply to your entire benefit. The same Early Retirement reductions will apply to everyone through December 31, 2024. Beginning January 1, 2025, your Early Retirement reduction will depend on the Schedule adopted by your bargaining unit and whether or not you have completed at least 45,000 Benefit Hours by December 31, 2024.

Retirements Through December 31, 2024

The same Early Retirement reductions apply to everyone through a protection period that ends on December 31, 2024. If you retire as an Active Employee before December 31, 2024 and you have completed at least 45,000 Benefit Hours, your Early Retirement reduction will be 3% per year (0.25% per month) that you retire before age 65. If you have not completed at least 45,000 Benefit Hours, your reduction will be 6% per year (0.5% per month).

Note that these Early Retirement reductions are the same as those that applied to benefits earned on or after January 1, 2018 under the old rules.

Retirements Beginning January 1, 2025

If you have completed at least 45,000 Benefit Hours by December 31, 2024, your Early Retirement reduction will be 3% per year (0.25% per month) that you retire before age 65. You will be **protected** in this reduction, regardless of the Schedule adopted by your bargaining unit.

If you have not completed at least 45,000 Benefit Hours by December 31, 2024, you are not protected, and your Early Retirement reduction will depend on the Schedule adopted by your bargaining unit.

- **Alternate Schedules.** If your bargaining unit has adopted either Alternate Schedule 1 or Alternate Schedule 2, and you have completed at least 45,000 Benefit Hours, your Early Retirement reduction will be 3% per year (0.25% per month) that you retire before age 65. If you have not completed at least 45,000 Benefit Hours, your reduction will be 6% per year (0.5% per month).
- **Default Schedule.** If your bargaining unit has not adopted one of the two Alternate Schedules, you are covered under the Default Schedule. Your Early Retirement reduction will be 6% per year (0.5% per month) that you retire before age 65, regardless of how many total Benefit Hours you have completed.

As described earlier, in order to be covered under one of the Alternate Schedules, your bargaining unit must affirmatively adopt that Schedule in writing in the applicable collective bargaining agreement under applicable time frames and agree to include the required contribution rate increases under that Schedule no later than January 1, 2025. Otherwise, you will be covered under the Default Schedule.

Example 1

Suppose you have already completed at least 45,000 Benefit Hours. Under the new rules, your Early Retirement reduction will be 3% per year that you retire before age 65. Because you have already completed 45,000 Benefit Hours, you are protected in the 3% reduction, regardless of the Schedule adopted by your bargaining unit.

Example 2

Suppose you have completed 40,000 Benefit Hours. If you retire before completing 45,000 total Benefit Hours, your Early Retirement reduction will be 6% per year. If you complete at least 45,000 total Benefit Hours on or before December 31, 2024, your Early Retirement reduction

will be 3% per year. You will be protected in the 3% reduction, regardless of the Schedule adopted by your bargaining unit.

Example 3

Suppose you have not completed at least 45,000 Benefit Hours by December 31, 2024. If you later complete at least 45,000 total Benefit Hours, your Early Retirement reduction will depend on the Schedule adopted by your bargaining unit. If you are covered under Alternate Schedule 1 or Alternate Schedule 2, your Early Retirement reduction will be 3% per year. If you are covered under the Default Schedule, your reduction will be 6% per year.

Example 4

The following example shows how the Early Retirement Benefit is calculated under the new rules. This example assumes your Accrued Benefit is \$2,000.00 per month, that you have completed at least 45,000 Benefit Hours, and you retire at age 55 as an Active Employee.

This example also assumes that you did not complete at least 45,000 Benefit Hours by December 31, 2024, meaning you are not protected in the 3% Early Retirement reduction.

Early Retirement Benefit	Default Schedule	Alternate Schedule 1 or Alternate Schedule 2
Accrued Benefit	\$2,000.00	\$2,000.00
Early Retirement Reduction	6% per year	3% per year
Early Retirement Factor at Age 55	0.4000	0.7000
Early Retirement Benefit	\$800.00	\$1,400.00

As shown above, under the Default Schedule, your Early Retirement reduction would be 6% per year. If you retire at age 55, that would be 10 years before age 65, meaning your total reduction would be 60% (6% x 10 years). In other words, your Early Retirement Benefit would be 40% of your Accrued Benefit, or \$800.00.

Under either of the Alternate Schedules, your Early Retirement reduction would be 3% per year. If you retire at age 55, your total reduction would be 30% (3% x 10 years). In other words, your Early Retirement Benefit would be 70% of your Accrued Benefit, or \$1,400.00.

SPECIAL EARLY RETIREMENT

You are eligible for Special Early Retirement if you retire as an Active Employee (at least 450 Hours in the last three plan years) before age 65, and you have attained a specified age and completed a specified number of Benefit Hours.

Under the old rules, the rules for determining the amount of the Special Early Retirement Benefit were different for benefits earned through December 31, 2017 versus benefits earned on or after January 1, 2018. Benefits you earned through December 31, 2017 were payable without reduction: upon completion of 60,000 Benefit Hours (at any age); at age 55 with 54,000 Benefit Hours; or at age 62 with 45,000 Benefit Hours.

Under the old rules, benefits you earned on or after January 1, 2018 were payable without reduction only: at age 55 with 60,000 Benefit Hours; at age 60 with 54,000 Benefit Hours; or at age 62 with 45,000 Benefit Hours. If you did not meet one of these conditions, this portion of your benefit was reduced by 3% per year that you retired before age 65.

Under the Rehabilitation Plan, the same Special Early Retirement reduction will apply to your entire benefit. The same Special Early Retirement rules will apply to everyone through December 31, 2024. Beginning January 1, 2025, the Special Early Retirement rules that apply to you will depend on the Schedule adopted by your bargaining unit and whether or not you have completed at least a certain level of Benefit Hours by December 31, 2024.

Retirements Through December 31, 2024

The same Special Early Retirement rules apply to everyone through a protection period that ends on December 31, 2024. If you retire as an Active Employee before December 31, 2024, you will be eligible to receive your benefit without reduction if you have attained:

- Age 55 with at least 60,000 Benefit Hours;
- Age 60 with at least 54,000 Benefit Hours; or
- Age 62 with at least 45,000 Benefit Hours.

Note that these requirements to receive an unreduced Special Early Retirement Benefit are the same as those that applied to benefits earned on or after January 1, 2018 under the old rules.

Retirements Beginning January 1, 2025

If you have completed at least 60,000 Benefit Hours by December 31, 2024, you will be eligible to receive an unreduced Special Early Retirement Benefit on or after age 55. Similarly, if you have completed at least 54,000 Benefit Hours by December 31, 2024, you will be eligible to receive an unreduced Special Early Retirement Benefit on or after age 60.

If you meet one of these tests by December 31, 2024, you will be **protected** in that Special Early Retirement eligibility, even if you retire on or after January 1, 2025, and regardless of the Schedule adopted by your bargaining unit.

If you did not qualify for either of these protections by December 31, 2024, your eligibility for Special Early Retirement will depend on the Schedule adopted by your bargaining unit:

- **Alternate Schedule 2.** If your bargaining unit has adopted Alternate Schedule 2, Special Early Retirement will be available to you at:
 - Age 55 with at least 60,000 Benefit Hours;
 - Age 60 with at least 54,000 Benefit Hours; or
 - Age 62 with at least 45,000 Benefit Hours.
- **Default Schedule and Alternate Schedule 1.** If your bargaining unit has not adopted Alternate Schedule 2, Special Early Retirement will be available to you at:
 - Age 58 with at least 60,000 Benefit Hours; or
 - Age 62 with at least 45,000 Benefit Hours.

Note that under the Rehabilitation Plan, the earliest you can receive a Special Early Retirement benefit is at age 55. Effective April 1, 2022, the Rehabilitation Plan eliminates the ability to receive a Special Early Retirement benefit before age 55.

Also note that, in order to be covered under Alternate Schedule 2, your bargaining unit must affirmatively adopt that Schedule and agree to the required contribution rate increases under that Schedule no later than January 1, 2025.

Example 1

Suppose you have already completed at least 60,000 Benefit Hours. Under the new rules, you are protected in your ability to receive an unreduced Special Early Retirement Benefit as early as age 55. This protection applies regardless of the Schedule adopted by your bargaining unit. Effective April 1, 2022, however, you will no longer be allowed to receive your benefit before age 55.

Example 2

Suppose you have completed at least 54,000 Benefit Hours but fewer than 60,000 Benefit Hours. Under the new rules, you are protected in your ability to receive an unreduced Special Early Retirement Benefit as early as age 60. In addition, if you complete at least 60,000 total Benefit Hours on or before December 31, 2024, you will be protected in your ability to receive an unreduced Special Early Retirement Benefit as early as age 55, regardless of the Schedule adopted by your bargaining unit.

Example 3

Suppose you have not completed at least 60,000 total Benefit Hours by December 31, 2024. If you later complete at least 60,000 total Benefit Hours, the age at which you can receive an unreduced Special Early Retirement Benefit will depend on the Schedule adopted by your bargaining unit. If you are covered under Alternate Schedule 2, you will be eligible to receive a Special Early Retirement Benefit as early as age 55. Otherwise, if you are covered under the Default Schedule or Alternate Schedule 1, the earliest you will be able to receive a Special Early Retirement Benefit is age 58.

Example 4

Suppose you have completed at least 45,000 Benefit Hours but fewer than 54,000 Benefit Hours. Under the new rules, you will be eligible to receive an unreduced Special Early Retirement benefit at age 62, regardless of the Schedule adopted by your bargaining unit. In addition, if you complete at least 54,000 total Benefit Hours on or before December 31, 2024, you will be protected in your ability to receive an unreduced Special Early Retirement Benefit as early as age 60.

Example 5

Suppose you have not completed at least 54,000 total Benefit Hours by December 31, 2024. If you later complete at least 54,000 total Benefit Hours, in order to receive an unreduced Special Early Retirement Benefit on or after age 60, you must be covered under Alternate Schedule 2. Otherwise, if you are covered under the Default Schedule or Alternate Schedule 1, the earliest you will be able to receive a Special Early Retirement Benefit is age 62.

VARIABLE ACCRUAL RATES

The new Variable Benefit Accrual Rate (“VBAR”) formula applies effective January 1, 2022. Under the new VBAR formula, the monthly accrual rate will vary each year based on the three-year average return on the fair market value of Plan assets. Under the new VBAR formula, you will earn benefits at a higher rate after you have completed at least 9,000 total Benefit Hours. And, importantly, under the new VBAR formula, there will never be another zero accrual year.

Under the new VBAR formula, the “baseline” monthly accrual rate applies when the three-year average return on Plan assets is at least 5.0% and less than 10.0%. The baseline accrual rate is 0.85% of contributions if you have completed more than 9,000 total Benefit Hours and 0.65% of contributions if you have not yet completed more than 9,000 total Benefit Hours. It is important to keep in mind that Benefit Hours you have already earned will count toward the 9,000 total. You will not be starting over under the new VBAR formula.

Your accrual rate may be higher or lower than the baseline rate, depending on the three-year average return on the fair market value of Plan assets. Plan asset returns are affected by the stock market, bond interest rates, and other investments. The VBAR formula will never result in a zero accrual, even if the three-year average return on Plan assets is negative.

Changes Under the Rehabilitation Plan

The Rehabilitation Plan provides higher accrual rates under the VBAR formula if you are covered under **Alternate Schedule 2**. Otherwise, if you are covered under the Default Schedule or the Alternate Schedule 1, the **standard accrual rates** that originally took effect January 1, 2022 will continue to apply to you. The standard accrual rates also apply to you if your bargaining unit has yet to formally adopt a Schedule.

In order to be covered under Alternate Schedule 2, your bargaining unit must affirmatively adopt that Schedule and agree to the required contribution rate increases under that Schedule. Once your bargaining unit has taken these actions and the required contribution rates are being made, you will begin to earn benefits at the higher accrual rate under Alternate Schedule 2.

The table below shows the standard variable accrual rates under the Default Schedule and Alternate Schedule 1, as well as the higher variable accrual rates under Alternate Schedule 2.

Variable Accrual Rates under Rehabilitation Plan
Monthly Accrual Rate as a Percentage of Employer Contributions

Accrual Rate Tier	Three-Year Average Return on Plan Assets	Standard Accrual Rates		Alternate Schedule 2 Accrual Rates	
		First 9,000 Hours	After First 9,000 Hours	First 9,000 Hours	After First 9,000 Hours
Maximum	15.0% and up	1.00%	1.30%	1.15%	1.50%
	10.0% to 14.9%	0.80%	1.05%	0.95%	1.25%
Baseline	5.0% to 9.9%	0.65%	0.85%	0.75%	1.00%
	0.0% to 4.9%	0.50%	0.65%	0.60%	0.75%
Minimum	Below 0.0%	0.35%	0.45%	0.40%	0.50%

In order for the higher accrual rates to apply, your bargaining unit must affirmatively adopt Alternate Schedule 2 as well as the required 20% increase in the contribution rate no later than January 1, 2025. In addition, for the higher accrual rate to apply before January 1, 2025, your bargaining unit must also adopt an 8% increase in the contribution rate. (The total contribution rate increase required as of January 1, 2025 is still 20%.)

Additional Notes

Note that there is a one-year lag between the three-year average return and the accrual rate for the year. For example:

- The accrual rate for the 2022 plan year is based on the three-year average return for the 2018, 2019, and 2020 plan years. We already know this three-year average return is 6.4%, meaning the baseline accrual rate applies for 2022.
- The accrual rate for 2023 will be based on the three-year average return for 2019, 2020, and 2021. Given the continued strong investment returns for 2021, we also know the three-year average will be above 10%, meaning next higher level of accrual rates will apply for 2023.

Also note that your Benefit Hours as of the last day of the plan year are used to figure whether you meet the 9,000 hour total. For example, if you are covered under the Default Schedule and you have 9,000 Benefit Hours as of December 31 of a given plan year, your baseline accrual rate will be 0.65% for the entire plan year. If you have 9,001 Benefit Hours as of December 31 of a given plan year, your baseline accrual rate will be 0.85% for the entire plan year.

Please see the notice you received in December 2021 for general information on how the VBAR formula works.

Example: Alternate Schedule 2

Below is a hypothetical example of accrual rates. The example assumes that you have already completed at least 9,000 Benefit Hours, that you will earn an additional 2,000 Benefit Hours in each future plan year, and that your contribution rate as of January 1, 2022 is \$6.00 per hour.

In this example, your bargaining unit opens its collective bargaining agreement during 2022 and adopts Alternate Schedule 2. The new collective bargaining agreement provides contribution rates of \$6.50 as of January 1, 2023, \$6.85 as of January 1, 2024, \$7.20 as of January 1, 2025, and \$7.30 as of January 1, 2026.

Example: Accrual Rates under Alternate Schedule 2

Plan Year	Contribution Rate at January 1	Contributions (2,000 Hours)	Applicable Schedule	Accrual Rate	Benefit Accrual
2022	\$6.00	\$12,000	N/A	0.85%	\$102.00
2023	\$6.50	\$13,000	Alternate 2	1.25%	\$162.50
2024	\$6.85	\$13,700	Alternate 2	1.00%	\$137.00
2025	\$7.20	\$14,400	Alternate 2	1.00%	\$144.00
2026	\$7.30	\$14,600	Alternate 2	1.00%	\$146.00

In this example, you are covered under Alternate Schedule 2 because your bargaining unit has affirmatively adopted that Schedule, and the contribution rate as of January 1, 2025 is at least 20% higher than the rate in effect on January 1, 2022.

The contribution rate needed to qualify for the higher accrual rates under Alternate Schedule 2 is 8% above the rate in effect on January 1, 2022. Your contribution rate for 2022 does not satisfy this requirement, so the standard accrual rate will still apply for that year. Your contribution rate as of January 1, 2023 does meet this requirement, so you will begin to earn benefits at the Alternate Schedule 2 accrual rates beginning on that date.

Also note that the baseline VBAR accrual rate applies for the 2022 plan year, because the three-year average return for 2018-2020 was between 5.0% and 9.9%. The accrual rate for the 2023 plan year is based on the level higher than the baseline, because the three-year average return for 2019-2021 is at least 10.0%.

For simplicity, the example assumes the baseline accrual rates will apply in all future plan years after 2023.

Example: Default Schedule

Below is a second hypothetical example of accrual rates. As with the first example, this example assumes that you have already completed at least 9,000 Benefit Hours, you earn an additional 2,000 Benefit Hours in each future plan year, and your contribution rate as of January 1, 2022 is \$6.00 per hour.

In this example, your collective bargaining agreement expires during 2022. The new agreement does not adopt either Alternate Schedule 1 or Alternate Schedule 2, but it provides contribution rates of \$6.10 as of January 1, 2023, \$6.20 as of January 1, 2024, \$6.30 as of January 1, 2025, and \$6.40 as of January 1, 2026.

In this scenario, you would be covered under the Default Schedule because your bargaining unit did not affirmatively adopt either of the Alternate Schedules. While you will continue to earn benefits at the standard accrual rates (rather than the higher rates under Alternate Schedule 2), the dollar amount of your benefit accrual will increase as your contribution rate increases.

Example: Accrual Rates under Default Schedule

Plan Year	Contribution Rate at January 1	Contributions (2,000 Hours)	Applicable Schedule	Accrual Rate	Benefit Accrual
2022	\$6.00	\$12,000	N/A	0.85%	\$102.00
2023	\$6.10	\$12,200	Default	1.05%	\$128.10
2024	\$6.20	\$12,400	Default	0.85%	\$105.40
2025	\$6.30	\$12,600	Default	0.85%	\$107.10
2026	\$6.40	\$12,800	Default	0.85%	\$108.80

As with the first example, the baseline VBAR accrual rate applies for the 2022 plan year, because the three-year average return for 2018-2020 was between 5.0% and 9.9%. The accrual rate for the 2023 plan year is based on the level higher than the baseline, because the three-

year average return for 2019-2021 is at least 10.0%. For simplicity, this example assumes the baseline accrual rates will apply in all future plan years after 2023.

DISABILITY RETIREMENT

As described below, the Rehabilitation Plan makes changes to the eligibility requirements for a Disability Retirement benefit, as well as to the calculation of the benefit amount. These changes are effective April 1, 2022 and apply to everyone, regardless of the Schedule adopted by their bargaining unit.

Eligibility Requirements

You are eligible for Disability Retirement if you become totally and permanently disabled prior to age 65 and meet certain other eligibility requirements:

- You are an Active Employee on the onset of total and permanent disability as determined by the Social Security Administration;
- You have not yet attained age 65 at the onset of total and permanent disability;
- You have completed at least 18,000 Benefit Hours before the onset of total and permanent disability;
- You have completed at least 1,800 Benefit Hours based on actual Employer Contributions (not past service); and
- You never performed any work in Noncovered Employment

Under the old rules, in order to be eligible for Disability Retirement, you also were required to have completed at least 1,000 hours in Covered Employment during the two calendar years prior to the year in which the onset of total and permanent disability occurred. The Rehabilitation Plan eliminates this 1,000 hour requirement. All other eligibility requirements remain in effect.

Disability Pension Amount

Under the old rules, the amount of your Disability Pension is equal to 110% of the greater of your Early Retirement Benefit or Special Early Retirement Benefit, but not more than your Accrued Benefit. For this purpose, if you are younger than age 55 at the time your Disability Pension begins, the amount of your benefit will be determined as if you are age 55.

The Rehabilitation Plan changes the way the Disability Pension is calculated:

- If you have completed at least 54,000 Benefit Hours, the amount of your Disability Pension is equal to your Accrued Benefit, without reduction.
- If you have not completed at least 54,000 Benefit Hours, the amount of your Disability Pension is equal to 110% of your Accrued Benefit, reduced by 3% per year (0.25% per month) that the benefit begins before age 65, but not more than your Accrued Benefit. For this purpose, if you are younger than age 55 at the time your Disability Pension begins, the amount of your benefit will be determined as if you are age 55.

Note that under the new rules, the amount of the Disability Pension is calculated independently of the Early Retirement and Special Early Retirement benefits. Also note that the new calculation will never result in a lesser Disability Pension amount than under the old rules, and in some cases, it will result in a greater benefit.

Example

The following example shows how the Disability Pension is calculated under the Rehabilitation Plan. This example assumes your Accrued Benefit is \$2,000.00 per month, that you meet the eligibility requirements for Disability Retirement, and you become totally and permanently disabled prior to age 55.

Example: Disability Pension

Accrued Benefit	\$2,000.00
Reduction prior to Age 65	3% per year
Reduction Factor at Age 55	0.7000
Reduced Accrued Benefit	\$1,400.00
Increase in Disability Pension	10%
Disability Pension	\$1,540.00

In this example, because you become totally and permanently disabled before age 55, the reduction in your Disability Pension is determined as if you are age 55. A reduction of 3% per year for the 10 years from age 55 to age 65 means your reduced benefit is 70% of the total, or \$1,400.00. As a final step, your Disability Pension increases this amount by 10%, making the amount payable \$1,540.00.

Note that this example assumes that you have not completed 54,000 Benefit Hours. As noted above, if you have completed at least 54,000 Benefit Hours, the amount of your Disability Pension is equal to your Accrued Benefit, without reduction.

DEFERRED VESTED RETIREMENT

In order to be an Active Employee, you must have completed at least 450 Benefit Hours in the last three plan years. If you do not qualify as an Active Employee, you are not eligible for Early Retirement, Special Early Retirement, or Disability Retirement.

Under old rules, if you were not an Active Employee and you had not yet attained age 65, you were eligible only for a Deferred Vested Early Retirement Benefit. This benefit was reduced by 6% per year (0.5% per month) that you retire earlier than age 65.

Under the Rehabilitation Plan, if you are not an Active Employee, you are not permitted to receive your benefit prior to age 65. Effectively, the Rehabilitation Plan eliminates the Deferred Vested Early Retirement Benefit, meaning you must instead qualify for a Normal Retirement Benefit if you do not qualify as an Active Employee.

Continued on the following page.

OPTIONAL FORMS OF PAYMENT

The Plan offers several forms of payment for your pension. When you submit your pension application, you will be asked to choose the form under which you want your pension to be paid. You cannot change your election after you retire, even if your circumstances change.

Normal Forms

If you are married at the time of retirement, your normal form of payment is the **50% Joint and Surviving Spouse Benefit**. If you wish to elect a different form of payment, your spouse must consent to the election. The Rehabilitation Plan does not change your normal form of payment if you are married.

Under the old rules, if you were not married at the time of your retirement, your normal form of payment was the **Normal Five Year Guaranteed** benefit. Under this form of payment, your pension was guaranteed for 5 years (60 months) after your retirement, continuing for the rest of your lifetime thereafter. If you died before receiving 60 monthly payments, payments would have continued to your designated beneficiary until a total of 60 monthly payments had been made.

Under the Rehabilitation Plan, if you are not married at the time of your retirement, your normal form of payment is now the **Normal Single Life** benefit. Under this form of payment, your pension is payable for your lifetime with no guarantee on the number of payments.

Optional Forms

The following are the optional forms of payment available under the Rehabilitation Plan. As described earlier, the Social Security Level Income and Partial Lump Sum options are no longer available. The Rehabilitation Plan adds the Single Life Pension as a new optional form.

- Single Life Pension (Normal Single Life)
- 100%, 75%, or 50% Joint and Survivor
- 100%, 75%, or 50% Joint and Survivor with Pop-Up
- Guaranteed Five Year or Ten Year Pension

Under the old rules, all forms of payment were actuarially equivalent to the Normal Five Year Guarantee (Guaranteed Five Year Pension). Under the Rehabilitation Plan, all forms of payment are actuarially equivalent to the Normal Single Life (Single Life Annuity) form of payment.

Joint and Survivor

The Joint and Survivor option provides you with an actuarially adjusted benefit for your lifetime. If you die before your designated beneficiary, your beneficiary will receive a lifetime benefit equal to 100%, 75%, or 50% of the benefit that was payable when you were alive.

The actuarial adjustment depends on the survivor percentage you chose, your age at retirement, and the age difference between you and your beneficiary. The table below shows sample actuarial adjustment factors for the Joint and Survivor option.

Sample Adjustment Factors: Joint and Survivor

Age at Benefit Commencement		Adjustment Factors for Different Survivor Percentages		
Participant	Beneficiary	100%	75%	50%
65	65	0.850	0.883	0.919
65	60	0.814	0.853	0.897
60	60	0.876	0.904	0.934
60	55	0.848	0.882	0.918
55	55	0.901	0.924	0.948
55	50	0.880	0.907	0.936

As an example, suppose your Normal Retirement pension is \$2,000.00 payable as a Single Life Pension. You and your beneficiary are both age 65, and you wish to elect a 50% Joint and Survivor benefit. The amount of your elected benefit would be \$1,838.00 ($\$2,000.00 \times 0.919$). This amount is payable for your lifetime. If you die before your beneficiary, 50% of that amount, or \$919.00, will continue for their lifetime.

Joint and Survivor with Pop-Up

Like the Joint and Survivor option, the Joint and Survivor with Pop-Up option provides you with an actuarially adjusted benefit for your lifetime. If you die before your designated beneficiary, your beneficiary will receive a lifetime benefit equal to 100%, 75%, or 50% of the benefit that was payable when you were alive. Under the Pop-Up option, however, if your designated beneficiary dies before you do, your pension will increase to the amount that it would have been if you had not chosen the Joint and Survivor option.

The actuarial adjustment depends on the beneficiary percentage you chose, your age at retirement, and the age difference between you and your beneficiary. The table below shows sample actuarial adjustment factors for the Joint and Survivor with Pop-Up option.

Sample Adjustment Factors: Joint and Survivor with Pop-Up

Age at Benefit Commencement		Adjustment Factors for Different Survivor Percentages		
Participant	Beneficiary	100%	75%	50%
65	65	0.823	0.861	0.903
65	60	0.794	0.837	0.885
60	60	0.859	0.890	0.924
60	55	0.835	0.871	0.910
55	55	0.891	0.916	0.942
55	50	0.872	0.901	0.932

As an example, suppose your Normal Retirement pension is \$2,000.00 payable as a Single Life Pension. You and your beneficiary are both age 65, and you wish to elect a 50% Joint and Survivor with Pop-Up benefit. The amount of your elected benefit would be \$1,806.00 ($\$2,000.00 \times 0.903$) and is payable while both you and your beneficiary are alive.

If you die before your beneficiary, a benefit of \$903.00 ($\$1,806.00 \times 50\%$) will continue for their lifetime. If your beneficiary dies before you do, the benefit will “pop up” to the full amount prior to adjustment, or \$2,000.00 and will continue for your lifetime.

Five-Year Guaranteed and Ten-Year Guaranteed

Under the Rehabilitation Plan, the new normal form for unmarried participants is the Single Life Pension. This amount is payable for your lifetime. When you die, the payments end.

The Plan offers optional forms of payment that also pay benefits for your lifetime, but guarantee payments for either 5 years (60 months) or 10 years (120 months). If you die before the guaranteed number of payments have been made, payments continue to your designated beneficiary until the total number of guaranteed payments has been made. This option is not available with a Disability Pension or if your monthly benefit is less than \$20.00.

The amount of the benefits payable under these optional forms is actuarially adjusted to reflect the value of the guarantee. The actuarial adjustment depends on the length of the guarantee (either 5 years or 10 years) and your age at retirement. The table below shows sample actuarial adjustment factors for the Five-Year Guaranteed and Ten-Year Guaranteed options.

Sample Adjustment Factors: Five-Year Guarantee and Ten-Year Guarantee

Participant Age at Benefit Commencement	Adjustment Factors	
	Five-Year Guarantee	Ten-Year Guarantee
70	0.971	0.904
65	0.984	0.943
60	0.992	0.968
55	0.996	0.984

As an example, if your Normal Retirement pension is \$2,000.00 payable as a Single Life Pension and you are age 65, the amount of your Five-Year Guarantee pension would be \$1,968.00 ($\$2,000.00 \times 0.984$). This amount is payable for your lifetime. If you die within 5 years after you retire, this amount will continue to your designated beneficiary until a total of 60 payments have been made.

Continued on the following page.

NOTICE OF CRITICAL STATUS

Included in this packet is the **Notice of Critical Status**, which the Trustees are required to provide you under federal law. The following is a summary of the official notice.

The Fund was once again certified by its actuary to be in the Orange Zone (Seriously Endangered Status) for 2022 and projected to enter the Red Zone (Critical Status) in the next few years. Because the Fund was projected to enter the Red Zone within the next five years, the Trustees had the option to elect to enter the Red Zone early.

On January 14, 2022, the Trustees formally elected to enter the Red Zone for 2022. The Trustees have also adopted the new Rehabilitation Plan, several months ahead of the timeline required by law. The new Rehabilitation Plan replaces FIP2, effective immediately.

Zone Status Rules

Under the Pension Protection Act of 2006 (PPA), a multiemployer plan is in the so-called Green Zone if it is at least 80% funded *and* it has no funding deficiency projected in the next seven years. A funding deficiency occurs when contributions made to the plan fall short of the minimum requirements set under federal law.

A plan is in the Yellow Zone (Endangered Status) if it is *either* under 80% funded *or* has a projected funding deficiency in the next seven years. A plan is in the Orange Zone if *both* of these conditions are met. A plan is in the Red Zone if it has a projected funding deficiency in the next four of five plan years. A Plan is in Critical and Declining Status if it is in the Red Zone and also projected to become insolvent (in other words, run out of money) in the next 15 or 20 years.

Under a special rule, the trustees of a multiemployer plan that is projected to enter the Red Zone within the next five years may elect to enter the Red Zone immediately.

Red Zone for 2022

As of January 1, 2022, the Pension Fund was 66% funded, and it had a projected funding deficiency in the plan year ending December 31, 2026. Even though the Pension Fund has a projected funding deficiency, it is projected to remain solvent in all future years. Therefore, under PPA rules, the Fund is considered to be in the Orange Zone for 2022.

The Pension Fund was also projected to enter the Red Zone the following year, in 2023. As a result, the Trustees had the option to elect to enter the Red Zone for 2022. The Trustees formally exercised this option on January 14, 2022.

Keep in mind that the Pension Fund is never projected to run out of money and not be able to pay benefits. Therefore, even though the Pension Fund is in the Red Zone for 2022, it is *not* in Critical and Declining Status.

Rehabilitation Plan

Under PPA rules, the only way the Trustees can significantly change the trajectory of the Pension Fund is to enter the Red Zone and adopt a Rehabilitation Plan. The Rehabilitation Plan

the Trustees adopted on January 14, 2022 does just that – it enables the Pension Fund to emerge from the Red Zone by 2035 and to approach 100% a few years after that.

As described in more detail later in this summary notice, the Rehabilitation Plan includes changes to “adjustable benefits,” including Early Retirement, Special Early Retirement, Disability Retirement, and Deferred Vested Retirement. Normal Retirement benefits and benefits already in payment status are protected and cannot be changed by the Rehabilitation Plan.

As required by federal law, the Rehabilitation Plan also prohibits lump sum payments and Social Security level income annuities while the Fund is in the Red Zone.

ANNUAL FUNDING NOTICE

Also included in this packet is the **Annual Funding Notice**, which the Trustees are required to provide you under federal law. The following is a summary of the official notice.

The Annual Funding Notice looks back at the Fund’s status for the 2021 plan year. It follows a format specified by the U.S. Department of Labor and provides information on the Fund’s assets, funding levels, participant counts, and funding and investment policies. It also explains the federal legislation that applies to multiemployer pension plans like ours.

It is important to keep in mind that because this notice looks back at the 2021 plan year; it does not reflect the strategic plan that the Trustees are implementing, including the new Rehabilitation Plan. It also does not reflect the Fund’s future funding status.

ERISA RIGHTS

Participant Rights and Remedies

As a participant in the Pension Fund, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). These rights apply to all pension plans, including the Pension Fund. Under ERISA:

- You have the right to examine, without charge, at the Fund Office and at other specified locations, such as worksites and Union halls, all Plan documents including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- You have the right to receive, upon written request to the Fund Office, copies of documents governing the operation of the Pension Fund, copies of the latest annual report (Form 5500), copies of periodic actuarial reports and financial reports, as described above, and updated Summary Plan Description. The Fund Office may make a reasonable charge for the copies.
- You have a right to receive a summary of the Pension Fund’s annual financial report. By law, the Fund Office must provide you with a copy of this report every year.
- You have a right to obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age (age 65 or, if later, your age on the 5th anniversary of your participation). If you are eligible for a pension, this statement will tell you what your benefits would be at Normal Retirement Age if you stop working now. If you do not have a right to a

pension now, the statement will tell you how many more years you will have to work to become entitled. You may ask for this statement in writing. The Fund Office must provide the statement free of charge once every 3 years. The Fund Office will provide this information, to the extent it is able, based on readily available computer records. The statements are based on available computer records and are always subject to verification and correction at retirement and for correct information that is received at any time.

To ensure that your records are accurate and up to date, you should keep the Fund Office advised of any changes to your marital status or mailing address.

Prudent Actions by Plan Fiduciaries

In addition to outlining your rights as a Plan participant, ERISA imposes duties upon the people who are responsible for the administration of the Pension Fund. The people who administer your plan are called fiduciaries. They have a duty to do their job prudently and in the interest of all Plan participants and beneficiaries. No one – neither your employer nor any other person – may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a retirement benefit is denied in whole or in part, you have the right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan to provide the materials and have a responsible fiduciary pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the responsible fiduciary. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court.

If you believe that the Plan fiduciaries have misused the Plan's money, or that you have been discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor. You may also file suit in a Federal court. If you are successful, the court may order the person you have sued to pay court costs and legal fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Fund Office. If you have any questions about your rights under ERISA or if you need assistance in obtaining documents from the Plan, you should contact the nearest office of the Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also

obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

WHAT'S NEXT

The notice you received in December 2021 provided an overview of the strategic plan to implement the new Variable Benefit Accrual Rate ("VBAR") formula and enter the Red Zone early. That notice also detailed how the new VBAR formula works.

This notice provides you with more information on the decision made by the Trustees to enter the Red Zone early. This notice also describes the rules under the new Rehabilitation Plan and how it changes benefits going forward.

Please keep this notice, along with the December 2021 notice and the 2021 edition of the Summary Plan Description ("SPD"), to understand how the rules under the Plan work together. The Trustees will send you a new SPD once it has been updated to incorporate all of the recent changes to Plan benefits.

The Trustees will keep you updated on the implementation of the new Rehabilitation Plan, with additional communications, town halls, videos, and more. The Trustees will also keep you updated on the projected financial health of the Pension Fund and its progress toward emerging from the Red Zone.

Please visit the Pension Fund website for new information as it becomes available.

www.iupatpension.org

QUESTIONS?

If you have questions, please contact the Industry Pension Fund Administrator at 410-564-5500, pension@iupat.org, or 7234 Parkway Drive, Hanover, MD 21076.

This notice concerning pension rights under the International Painters and Allied Trades Industry Pension Fund represents a Summary of Material Modifications and supplements the 2021 edition of the Summary Plan Description. This notice is also issued in accordance with sections 204(h) and 305(e)(8)(C) of the Employee Retirement Income Security Act ("ERISA") regarding the elimination or significant reduction to early retirement benefits or retirement-type subsidies and changes to adjustable benefits, respectively. Please read this notice carefully.

This communication is intended only to provide highlights of benefit changes that will become effective during 2022. In the event of any inconsistency between this communication and the official Plan documents, the terms of the official Plan documents, as interpreted by the Board of Trustees in its sole discretion, will control. The Board of Trustees reserves the right to amend, modify or terminate this Plan at any time.

Notice of Critical Status
International Painters & Allied Trades Industry Pension Plan
EIN: 52-6073909 / PN: 001
February 2022

Under the requirements of the Pension Protection Act (“PPA”) of 2006, this notice is to inform you that, on January 14, 2022, the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor, that the International Painters & Allied Trades Industry Pension Plan (the “Plan”) was in seriously endangered status for the Plan Year beginning January 1, 2022. In addition, this notice informs you that, as permitted under the Multiemployer Pension Reform Act of 2014 (“MPRA”), the Board of Trustees has elected for the Plan to be in critical status for the current Plan Year beginning January 1, 2022. Federal law requires that you receive this notice.

Seriously Endangered Status. The Plan was considered to be in seriously endangered status under PPA because it has funding problems. More specifically, the Plan’s actuary determined that the Plan has a funded percentage below 80% and is projected to have an accumulated funding deficiency for the Plan Year beginning January 1, 2027.

Election to be in Critical Status. The Plan’s actuary also determined that the Plan is projected to be in critical status in the next five plan years. Therefore, under MPRA, the Trustees had the option to elect for the Plan to be in critical status in the current Plan Year. Under PPA, plans in critical status have additional tools to take remedial action that are not available to plans in endangered status. In order to take advantage of these tools, the Trustees have elected to be in critical status for the current Plan Year, beginning January 1, 2022.

Rehabilitation Plan. Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. This is the first year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. As a part of this mailing, you are being notified that the Plan is reducing or eliminating adjustable benefits. You are also being notified that as of February 11, 2022, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant’s basic benefit payable at Normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after February 11, 2022.

Adjustable Benefits. The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- 60-month payment guarantees;
- Disability benefits (if not in pay status);
- Special Early and Early retirement benefit subsidy; and
- Benefit payment options other than a qualified joint and survivor annuity (QJSA).

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 is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. As outlined in the Rehabilitation Plan, surcharges will not apply to agreements that the Trustees deem to be in compliance with one of the Rehabilitation Plan Schedules.

Where to Get More Information. For more information about this Notice, you may contact the Fund Administrator, Terry Nelson at 410-564-5500, pension@iupat.org or 7234 Parkway Drive, Hanover, MD 21076. You have a right to receive a copy of the Rehabilitation Plan from the Plan.

Annual Funding Notice
International Painters & Allied Trades Industry Pension Plan
EIN: 52-6073909 / PN: 001
February 2022

Introduction

This notice includes important information about the funding status of your multiemployer pension plan, the International Painters & Allied Trades Industry 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 January 1, 2021 and ending December 31, 2021 (“Plan Year”).

How Well Funded Is Your Plan

The law requires the administrator of the Plan to disclose how well the Plan is funded by using a measure called the “funded percentage.” The Plan divides the plan’s 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 beginning of 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			
Valuation Date	January 1, 2021	January 1, 2020	January 1, 2019
Funded Percentage	67.2%	63.7%	62.1%
Value of Assets	\$3,779,626,154	\$3,577,803,045	\$3,414,777,098
Value of Liabilities	\$5,624,084,460	\$5,615,597,273	\$5,497,065,501

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 following chart 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 three preceding plan years.

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Fair Market Value of Assets	\$4,139,000,000*	\$3,817,785,369	\$3,610,439,628	\$3,185,362,036

* Estimated. Final audited information is not yet available.

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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 in seriously endangered status in the Plan Year ending December 31, 2021 because the Plan's funded percentage for 2021 was less than 80% and a funding deficiency was projected to occur within six years. In an effort to improve the Plan's funding situation, the Trustees adopted a Funding Improvement Plan (FIP) on April 2, 2009 which is effective from January 1, 2012 through December 31, 2026 or until the Plan is no longer in seriously endangered or endangered status.

Updates for 2022

The Plan was again certified to be in seriously endangered status for the plan year beginning January 1, 2022. Because the Plan was also projected to enter critical status within the next five plan years, the Trustees had the option to elect to enter critical status for the current plan year. The Trustees made this election, which means the Plan is in critical status for the plan year beginning January 1, 2022 and ending December 31, 2022. The Plan is not in critical and declining status, because it is not projected to become insolvent.

The Trustees made the election to be in critical status in order to take advantage of additional tools that will help restore plan funding. Because the Plan is in critical status, the Trustees were required to adopt a rehabilitation plan designed to enable the Plan to emerge from critical status at the end of a ten-year rehabilitation period. The Trustees have already adopted a Rehabilitation Plan, which replaces the old FIP effective immediately.

For more information on the Plan entering critical status and the new Rehabilitation Plan, please see the other documents included in the same packet as this notice: the Notice of Critical Status, the Rehabilitation Plan, and the Rehabilitation Plan Summary.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 90,621. Of this number, 39,638 were current employees, 31,143 were retired and receiving benefits, and 19,840 were retired or no longer working for a participating employer and have a right to future benefits.

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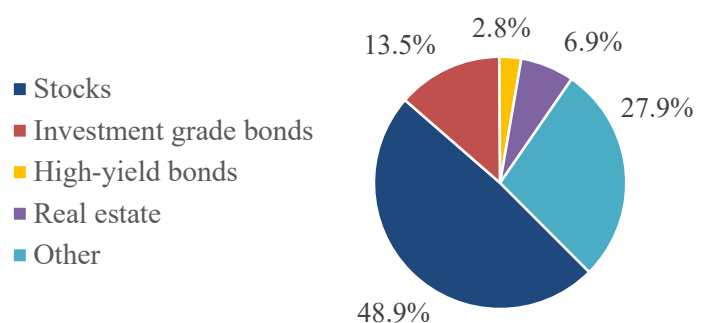
Funding & Investment Policies

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 is to set benefits based on expected contributions made pursuant to collective bargaining agreements in effect and to modify required contributions when necessary to maintain or improve the plan's funding level.

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 that the investments are to be managed with the primary focus being preservation of capital. Emphasis will be placed on participation with the fixed income, equity and alternatives in line with broad market averages during times of rising markets and preservation of capital during periods of market contraction. Additionally, it is the Plan’s desire to earn total returns (income plus capital gains) in excess of major indices of each asset class over a typical market cycle by utilizing the services of investment managers.

Under the plan’s investment policy, assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets, as shown in the table and the pie chart below.

<u>Asset Allocations</u>	<u>Percentage</u>
Stocks	48.9%
Investment grade bonds	13.5%
High-yield bonds	2.8%
Real estate	6.9%
Other	27.9%
Total	100.0%



For information about the Plan's investment in any of the following types of investments - common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the Fund Administrator, at 7234 Parkway Drive, Hanover, MD 21076, 410-564-5500, pension@iupat.org.

Events Having a Material Effect on Assets or Liabilities

By law, this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan.

Last year’s notice described how the effects of the COVID-19 pandemic may be significant, but how the effects on the Plan are not yet known. The Trustees continue to monitor the pandemic’s

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impact on financial markets and the overall economy, which may affect both contribution levels and investment returns for the Plan.

Last year's notice also commented on how relief provisions under the American Rescue Plan Act of 2021, which was passed in March of 2021 in response to the pandemic and provided certain types of relief to multiemployer pension plans. The Plan is not eligible for "special financial assistance" under the Act because it is not projected to become insolvent. Furthermore, after reviewing the available options, the Trustees have decided not to elect the temporary funding relief provisions under the Act, either because the Plan is not eligible or because it would not materially affect the Plan's future funding requirements.

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. You may obtain a copy of the Plan's annual report by making a written request to the Fund Administrator or obtain the basic Form 5500 and certain schedules from the Plan's website at <https://iupat.org/member-information/pension>.

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.

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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 $\$24.75$ ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

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 $\$6.75$ ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

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 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 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 Terry Nelson, Fund Administrator, at 7234 Parkway Drive, Hanover, MD 21076, 410-564-5500, pension@iupat.org. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is 52-6073909.

Rehabilitation Plan

International Painters and Allied Trades Industry Pension Fund

EIN 52-6073909, Plan Number 001

Adopted January 14, 2022

Introduction

The Board of Trustees have elected to designate the International Painters and Allied Trades Industry Pension Fund (the “Pension Fund” or “Plan”) to be in critical status for the plan year beginning January 1, 2022. As a result, the Trustees are required under the Pension Protection Act of 2006 (“PPA”) to adopt a Rehabilitation Plan designed to restore the financial health of the Pension Fund.

The new Rehabilitation Plan replaces the old Funding Improvement Plan that applied when the Pension Fund was in endangered or seriously endangered status. The latest update to the Funding Improvement Plan, called “FIP2,” was effective January 1, 2018.

Under PPA, the Rehabilitation Plan must consist of one or more Schedules of reductions in the rate of future benefit accruals, reductions in adjustable benefits, increases in employer contribution rates, as well as other measures, designed to enable the Pension Fund to emerge from critical status by the end of a ten-year Rehabilitation Period. After adopting the Rehabilitation Plan, the Board of Trustees must provide the Schedules to the bargaining parties, in other words, to the participating Employers and the Local Unions and District Councils.

Capitalized terms in this Rehabilitation Plan have the same meaning as under the Plan itself.

Overview of the Rehabilitation Plan

The Rehabilitation Plan is designed to enable the Pension Fund to emerge from critical status by the end of the ten-year Rehabilitation Period beginning January 1, 2025 and ending on December 31, 2034. The beginning of this period is determined based on the timing of the expiration of collective bargaining agreements currently in effect.¹

The Rehabilitation Plan adopted by the Board of Trustees includes three Schedules² of benefit changes and required contribution rates designed to enable the Pension Fund emerge from

¹ Technically, the determination of the beginning of the Rehabilitation Period is based on the expiration of collective bargaining agreements in effect on March 31, 2022, the due date for the initial certification of critical status.

² These Schedules apply to the general Participant population. Special Schedules apply to Participants who are employees of a Local Union or District Council, or who are General Officers Staff. The special Schedules take into account the salary-based contributions for these Participants as well as funding requirements for benefits earned before merging into the Pension Fund. The special Schedules are described in appendices to this Rehabilitation Plan.

critical status by the end of the Rehabilitation Period. The bargaining parties must select one of these three Schedules through the process of collective bargaining.

The three Schedules are as follows:

- *Default Schedule.* The Default Schedule includes modifications to benefits and does not require any further contribution rate increases in excess of FIP2 rates. As required under federal law, the Default Schedule will be automatically imposed if the bargaining parties fail to adopt one of the Alternate Schedules within 180 days after expiration of the applicable collective bargaining agreement.
- *Alternate Schedule 1.* This Schedule provides more generous Early Retirement benefits than the Default Schedule. Otherwise, this Schedule provides the same benefits as under the Default Schedule. This Schedule requires a contribution rate increase of at least 10% over the rate in effect on January 1, 2022 no later than January 1, 2025.
- *Alternate Schedule 2.* This Schedule provides a higher accrual rate and more generous Early Retirement and Special Early Retirement benefits than the Default Schedule. This Schedule requires a contribution rate increase of at least 20% above the rate in effect on January 1, 2022 no later than January 1, 2025. For the higher accrual rate to apply before January 1, 2025, the contribution rate must be increased by at least 8% above the rate in effect on January 1, 2022. (See the later examples on how these increases work together.)

The required contribution rate increases under the two Alternate Schedules are determined based on the rate in effect as of January 1, 2022: the “2022 Base Rate.” To conform to either of the Alternate Schedules, the bargaining parties must update the applicable collective bargaining agreement to affirmatively reference and accept that Alternate Schedule, as well as to provide the required contribution rates under that Schedule by January 1, 2025.

The Rehabilitation Plan changes Deferred Vested Retirement rules and optional forms of payment that apply universally to all Participants, regardless of the Schedule adopted by the bargaining parties. The Rehabilitation Plan also changes Disability Pension rules for all Participants, so the amount of the Disability Retirement Benefit is determined independently of the Early Retirement and Special Early Retirement rules.

Finally, the Rehabilitation Plan provides certain protections related to Early Retirement and Special Early Retirement rules. Notably, Participants who attain the required total number of Benefits Hours by December 31, 2024 will retain eligibility for enhanced Early Retirement or Special Early Retirement benefits, regardless of the Schedule that applies to them.

Required Contribution Rates

Consistent with FIP2, each of the Schedules under the Rehabilitation Plan requires contribution rates that are at least 50% above the rate as of January 1, 2012: the “FIP2 Rate.” The Alternate

Schedules also require contribution rate increases over the 2022 Base Rate. As described later in this document, the benefit accrual rate depends on the Schedule adopted by the bargaining parties. Additional contribution rate increases beyond those described below are not required, but they will result in additional benefit accruals.

Default Schedule	The contribution rate must not be less than the 2022 Base Rate, and it must also not be less than the FIP2 Rate. Further increases to the contribution rate are not required. If the contribution rate is less than the 2022 Base Rate or the FIP2 Rate, the collective bargaining agreement does not conform to the Rehabilitation Plan.
Alternate Schedule 1	The contribution rate must conform to the requirements of the Default Schedule. In addition, by January 1, 2025, the contribution rate must be at least 10% above the 2022 Base Rate.
Alternate Schedule 2	The contribution rate must conform to the requirements of the Default Schedule. In addition, by January 1, 2025, the contribution rate must be at least 20% above the 2022 Base Rate. In order for the higher accrual rates under this Schedule to apply prior to January 1, 2025, the contribution rate must be at least 8% above the 2022 Base Rate.

In order for the bargaining parties to adopt either of the Alternate Schedules, they must update their collective bargaining agreement to affirmatively reference and accept that Alternate Schedule, as well as provide for the contribution rates required under that Schedule. Otherwise, the Trustees will consider the Default Schedule to apply to that agreement. For more information, see the later section on the “Implementation of Schedules.”

Rehabilitation Plan Contribution Surcharge

Under federal law, the Pension Fund must impose a surcharge on employer contributions made under collective bargaining agreements that do not conform to one of the Schedules under the Rehabilitation Plan. The surcharges shall apply 30 days after the employer has been notified by the Board of Trustees that the Pension Fund is in critical status and that the surcharge is in effect. The Board of Trustees intends to fully comply with the statutory requirements regarding the contribution surcharge.

Initially, the surcharge is 5% of contributions, effective for covered work performed from March 1, 2022 through December 31, 2022. The surcharge will increase to 10% of contributions for covered work performed on or after January 1, 2023.

The surcharge will terminate 180 days following the expiration of the applicable collective bargaining agreement or the date the Bargaining Parties adopt a Schedule under the Rehabilitation Plan, whichever occurs first. As required under federal law, if the bargaining parties fail to adopt a Schedule under the Rehabilitation Plan within 180 days following the

expiration of the applicable collective bargaining agreement, the Trustees will automatically impose the Default Schedule on that agreement.

Deemed Compliance

The surcharge will not apply to any collective bargaining agreement that is compliant with the Rehabilitation Plan. Furthermore, the Trustees deem that any collective bargaining agreement to be compliant with the Rehabilitation Plan if it already requires contributions at a rate that is at least 50% above the rate that was in effect on January 1, 2012. (This contribution requirement is consistent with the Default Schedule under the Rehabilitation Plan.)

In other words, contribution surcharges will not apply to agreements that are compliant with FIP2, as the Trustees deem these agreements to be compliant with the Rehabilitation Plan.

Employers Not Compliant with FIP2

Under FIP2, employers under collective bargaining agreements that did not provide contribution rates at least 50% above the rate that was in effect on January 1, 2012 were subject to a supplemental contribution requirement. These non-compliant employers were required to make contributions at a rate not less than the hourly rate in effect as of April 1, 2017, plus a supplemental contribution of 9.5% of this rate.

Under the Rehabilitation Plan, the surcharge will be automatically applied to these non-compliant employers. The amount of the surcharge will be determined based on the employer's total contribution rate as of January 1, 2022, including the 9.5% supplemental contribution.

Application of Surcharge

The Fund Administrator will automatically apply the surcharge to contributions paid by non-compliant employers. Non-compliant employers are those with contribution rates that are not at least 50% above the rate that was in effect on January 1, 2012.

Under federal law, the surcharge is due and payable at the same time as other contributions to the Plan. Failure to make a surcharge payment will be treated as a delinquent contribution. The surcharge is not benefit-bearing. In other words, the surcharge does not count in determining the amount of benefits earned under the Plan. The surcharge is also disregarded for purposes of determining employer withdrawal liability.

New Employers and Participant Groups

The Trustees encourage any prospective new employers or bargaining units to contact the Fund Administrator for more information on how to participate in the Pension Fund. The Trustees reserve the right to accept or reject any collective bargaining agreements or participation agreements that seek to provide participation in the Pension Fund.

The rules for contribution rates and surcharges described earlier apply only to bargaining units or Participant groups with an existing collective bargaining agreement or participation agreement that requires contributions to the Pension Fund and was in effect on or before January 1, 2022.

In the case of a new bargaining unit or Participant group with a collective bargaining agreement or participation agreement that requires contributions to the Pension Fund for the first time *after* January 1, 2022, contribution surcharges do not apply. In addition, the Trustees permit the bargaining parties to adopt Alternate Schedule 2, provided the new agreement satisfies the minimum contribution rate requirements described below.

General Rule

In the event that the new bargaining unit or Participant group is in a jurisdiction in which one or more existing agreements require contributions to the Pension Fund, the new agreement must provide for a contribution rate that is no less than the lowest contribution rate for the same or comparable covered work within the relevant jurisdiction.

In the event that the new bargaining unit or Participant group is in a jurisdiction in which there are no existing agreements that require contributions to the Pension Fund, the new agreement must provide for a contribution rate that is at least \$1.00 per hour (or weekly or monthly equivalent). Furthermore, the contribution rate must not be reduced while the Pension Fund remains in critical status.

Participation in another IUPAT Plan

Notwithstanding the foregoing, a special transition rule applies if the new bargaining unit or Participant group has an existing collective bargaining agreement or participation agreement that requires contributions to a local or regional retirement plan affiliated with the International Union of Painters and Allied Trades (“IUPAT”).³

In this case, the new agreement must provide for a contribution rate that is at least \$0.50 per hour (or weekly or monthly equivalent). Within 36 months of beginning participation in the Pension Fund, the contribution rate must be at least \$1.00 per hour (or weekly or monthly equivalent). The contribution rate must not be reduced while the Pension Fund remains in critical status.

This special rule applies only if the new bargaining unit or Participant group is in a jurisdiction in which there are no existing agreements that require contributions to the Pension Fund. Otherwise, the new agreement must provide for a contribution rate that is no less than the lowest contribution rate for the same or comparable covered work within the relevant jurisdiction.

³ Such an IUPAT-affiliated retirement plan may be a defined benefit plan or a defined contribution plan.

Restrictions on Lump Sums and Similar Benefits

While the Pension Fund is operating in critical status, it is prohibited from making certain types of payments such as lump sums and Social Security level income annuities. Each of the restrictions described below will continue until the Pension Fund emerges from critical status.

The restrictions described in this section are effective immediately and will apply to all applications that are received by the Fund Office after February 11, 2022, which is the anticipated date of the notice of the critical status for the 2022 plan year.

Benefits that are already in payment status are protected and are not subject to these restrictions.

Social Security Level Income

Prior to entering critical status, the Plan offered a Social Security Level Income option, both with and without joint and survivor coverage. Under the Level Income option, the Participant's benefit is adjusted to provide a higher benefit before Social Security retirement age, and a lower amount thereafter. The total retirement income from the Plan and Social Security is intended to remain approximately level before and after Social Security retirement age.

While the Plan is in critical status, it cannot pay benefits under the Social Security Level Income option. Effective immediately, this option will not be available for new retirements. Level Income benefits already in payment status will continue.

Partial Lump Sum

Prior to entering critical status, the Plan offered a Partial Lump Sum option under which Participant could elect to receive a partial lump sum of at least \$500 but not more than \$2,500 with the first monthly payment, with the ongoing monthly payments actuarially reduced to reflect the value of the partial lump sum.

While the Plan is in critical status, it cannot pay lump sums. Effective immediately, the Partial Lump Sum option will not be available for new retirements. There will be no adjustment to partial lump sums that have already been paid or to the ongoing monthly annuities.

Pre-Retirement Surviving Spouse Lump Sum

Prior to entering critical status, the Plan offered a Pre-Retirement Surviving Spouse Benefit under which the surviving spouse could elect to receive a lump sum payment equal to the Employer Contributions paid for work performed by the Participant as of their date of death. The remaining value of the Pre-Retirement Surviving Spouse Benefit, if any, would be paid as an equivalent monthly annuity over the spouse's lifetime.

While the Plan is in critical status, it cannot pay lump sums as part of the Pre-Retirement Surviving Spouse Benefit. Effective immediately, all future Pre-Retirement Surviving Spouse

Benefits will be paid as a monthly annuity over the spouse's lifetime. The amount of such annuity will be determined on an actuarially-equivalent basis.

Pre-Retirement Lump Sum Death Benefit

Prior to entering critical status, the Plan paid a Lump Sum Death Benefit to the Beneficiary of an unmarried Participant who died before retirement and met specified eligibility requirements. The Lump Sum Death Benefit is equal to 50% of the Employer Contributions paid for work performed by the Participant as of their date of death.

While the Plan is in critical status, it will pay the Pre-Retirement Death Benefit as a monthly annuity over the lifetime of the designated Beneficiary, rather than as a lump sum. The amount of the Pre-Retirement Death Benefit will be equal to 50% of the Employer Contributions paid for work performed by the Participant as of their date of death, converted to a monthly lifetime annuity on an actuarially equivalent basis.

If an eligible unmarried Participant has not designated a Beneficiary at the time of their pre-retirement death, the Pre-Retirement Death Benefit will be paid to the Participant's estate as an equivalent annuity over what would have been the Participant's lifetime, had the Participant not died.

Effective Dates for Benefit Changes

The Rehabilitation Plan makes many changes to "adjustable benefits," as permitted because the Pension Fund is in critical status. As described below, changes to Early Retirement and Special Early Retirement rules differ depending on the Schedule adopted by the bargaining parties. Changes to Deferred Vested Retirement rules and optional forms of payment are universal and apply regardless of the Schedule adopted by the bargaining parties.

All changes to adjustable benefits under the Rehabilitation Plan are effective April 1, 2022. They will apply to applications that are received by the Fund Office on or after that date.

Benefits that are already in payment status are protected and are not subject to these changes.

Universal Benefit Changes

The Rehabilitation Plan applies the following benefit changes universally, regardless of the Schedule adopted by the bargaining parties. In other words, these benefit changes apply to all three Schedules.

Disability Retirement Benefit

A Participant who is an Active Employee may receive a Disability Pension if they become totally and permanently disabled prior to age 65 and meet certain other eligibility requirements, as described below.

The Rehabilitation Plan makes minor changes to the eligibility requirements for receiving a Disability Pension. Specifically, it eliminates the requirement that the Participant must have completed at least 1,000 hours in covered employment during the two (2) calendar years prior to the year in which total and permanent disability occurred.

The Rehabilitation Plan also changes the manner in which the amount of the Disability Pension is calculated. Under the old Plan rules, the amount of the Disability Pension is based on the Early Retirement or Special Early Retirement benefit the Participant is otherwise been eligible to receive. Different rules applied depending on whether the benefit was earned before or after January 1, 2018. Under the Rehabilitation Plan, the Disability Pension is calculated independently from the Early Retirement or Special Early Retirement benefits. The same rules apply to the entire benefit, regardless of when it was earned.

Old Rule	<p><i>Eligibility:</i> Total and permanent disability by a Participant who meets the following requirements:</p> <ul style="list-style-type: none"> a. Is an Active Employee on the onset of total and permanent disability as determined by the Social Security Administration; b. Has not yet attained age 65 at the onset of total and permanent disability; c. Has completed at least 18,000 Benefit Hours before the onset of total and permanent disability; d. Has completed at least 1,800 Benefit Hours based on actual Employer Contributions (not past service); e. Has completed at least 1,000 hours in contributor Covered Employment during the 2 calendar years prior to the year in which the onset of total and permanent disability occurred; and f. Has never performed any work in Noncovered Employment <p><i>Amount:</i> The amount of the Disability Pension is equal to 110% of the greater of the Participant’s Early Retirement Benefit or Special Early Retirement Benefit, but not more than their Accrued Benefit. For this purpose, if the Participant is younger than age 55 at the time their Disability Pension begins, the amount of the benefit will be determined as if the Participant is age 55.</p>
New Rule	<p><i>Eligibility:</i> Total and permanent disability by a Participant who meets the following requirements:</p> <ul style="list-style-type: none"> a. Is an Active Employee on the onset of total and permanent disability as determined by the Social Security Administration; b. Has not yet attained age 65 at the onset of total and permanent disability; c. Has completed at least 18,000 Benefit Hours before the onset of total and permanent disability;

	<p>d. Has completed at least 1,800 Benefit Hours based on actual Employer Contributions (not past service);</p> <p>e. Has never performed any work in Noncovered Employment</p> <p><i>Amount:</i> The amount the Disability Pension is equal to 110% of the Participant's Accrued Benefit, reduced by 3% per year (0.25% per month) that the benefit begins before age 65, but not more than the Accrued Benefit. For this purpose, if the Participant is younger than age 55 at the time their Disability Pension begins, the amount of the benefit will be determined as if the Participant is age 55. If the Participant has completed at least 54,000 Hours, the amount of the Disability Pension is equal to the Participant's Accrued Benefit.</p>
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Deferred Vested Early Retirement Benefit

A Participant who is not an Active Employee may receive a Deferred Vested Normal Retirement Benefit or Deferred Vested Early Retirement Benefit. An Active Employee is a Participant who has earned at least 450 Benefit Hours during the three (3) prior plan years. The Rehabilitation Plan does not change the definition of Active Employee.

Under the Rehabilitation Plan, the Deferred Vested Early Retirement Benefit is eliminated. In other words, a Participant who is not an Active Employee cannot receive a benefit prior to attainment of age 65.

Old Rule	<p><i>Eligibility:</i> The Deferred Vested Early Retirement Benefit may be payable at any time on or after attainment of age 55 and prior to attainment of age 65.</p> <p><i>Amount:</i> The amount of the Deferred Vested Early Retirement Benefit is equal to the Accrued Benefit with a reduction for early retirement. The benefit is reduced by 6% per year (0.5% per month) that retirement begins before age 65.</p>
New Rule	<p><i>Eligibility:</i> The Deferred Vested Early Retirement Benefit may be payable at any time on or after attainment of age 65.</p> <p><i>Amount:</i> The amount of the Deferred Vested Early Retirement Benefit is equal to the Accrued Benefit.</p>

Optional Forms of Payment

When a Participant applies for retirement, they must choose a form of payment for their pension. The normal payment form depends on whether the Participant is married at retirement.

Under the old rules, all optional forms of payment are based on the value of a life annuity with 5 years (60 months) of payments guaranteed. Under the Rehabilitation Plan, all optional forms of payment are based on the value of a single life annuity with no guaranteed payments.

Old Rule	<p>The normal form for non-married Participants is the “Normal Five Year Guaranteed” payment form. Under this form of payment, the pension is guaranteed for 5 years (60 months) and paid for the rest of the Participant’s lifetime thereafter. If the Participant dies before receiving 60 monthly payments, the monthly payments continue to a designated Beneficiary until a total of 60 monthly payments have been made.</p> <p>All optional forms of payment are the actuarial equivalent to the Normal Five Year Guaranteed payment form.</p>
New Rule	<p>The normal form for non-married Participants is the “Normal Single Life” payment form. Under this form of payment, the pension is payable for the lifetime of the Participant, with no guarantee on the number of payments. A single life annuity with 5 years (60 months) guaranteed is available as an optional form of payment.</p> <p>All optional forms of payment are the actuarial equivalent to the Normal Single Life payment form.</p>

Early Retirement

A Participant is eligible for an Early Retirement Benefit if the Participant is an Active Employee, has attained age 55 but not age 65, and has completed at least 18,000 Benefit Hours. (As noted earlier, an Active Employee is Participant who has earned at least 450 Benefit Hours during the three (3) prior plan years.) The amount of the Early Retirement Benefit is equal to the Accrued Benefit with a reduction for early retirement.

Under the old rules, different Early Retirement Benefit rules apply depending on whether the benefit was earned before or after January 1, 2018. Under the Rehabilitation Plan, the same rules apply to the entire benefit, regardless of when it was earned.

Under the Rehabilitation Plan, more generous Early Retirement Benefit rules apply to Participants covered under either Alternate Schedule 1 or Alternate Schedule 2. The Rehabilitation Plan also provides these more generous rules to Participants covered under the Default Schedule who have completed at least 45,000 Benefit Hours by December 31, 2024.

Old Rule	<p><i>Eligibility:</i> Retirement as an Active Employee prior to age 65 but after completion of 18,000 Benefit Hours and attainment of age 55</p> <p><i>Amount:</i> The benefit is the sum of:</p> <ul style="list-style-type: none"> a. The Accrued Benefit for service earned before January 1, 2018, reduced by 3% per year (0.25% per month) that retirement begins before age 65; and b. The Accrued Benefit for service earned beginning January 1, 2018, reduced by 3% per year (0.25% per month) that retirement begins before age 65, if the Participant has completed at least 45,000 Benefit Hours; otherwise, the reduction is 6% per year (0.5%) per month.
New Rule	<p><i>Eligibility:</i> Retirement as an Active Employee prior to age 65 and after completion of 18,000 Benefit Hours and attainment of age 55</p> <p><i>Amount:</i> The Accrued Benefit shall be reduced by:</p> <ul style="list-style-type: none"> a. 6% per year (0.5% per month) that retirement begins before age 65; or b. 3% per year (0.25% per month) that retirement begins before age 65, provided that the Participant: <ul style="list-style-type: none"> i. Is covered under Alternate Schedule 1 or Alternate Schedule 2 and as completed at least 45,000 Benefit Hours; or ii. Has completed at least 45,000 Benefit Hours by December 31, 2024 and is covered under a valid Schedule.

Special Early Retirement

A Participant is eligible for a Special Early Retirement Benefit if they are an Active Employee and meet certain age and Benefits Hour requirements at the time of retirement. Under the old rules, different Special Early Retirement Benefit rules apply depending on whether the benefit was earned before or after January 1, 2018. Under the Rehabilitation Plan, the same rules apply to the entire benefit, regardless of when it was earned.

Under the Rehabilitation Plan, more generous Special Early Retirement Benefit rules apply to Participants covered under Alternate Schedule 2. The Rehabilitation Plan also provides these more generous rules to Participants who attain a certain number of Benefit Hours by December 31, 2024, regardless of their Schedule.

<p>Old Rule</p>	<p><i>Eligibility:</i> Retirement as an Active Employee prior to age 65 but after:</p> <ul style="list-style-type: none"> a. Completion of 60,000 Benefit Hours (at any age); b. Attainment of age 55 and completion of 54,000 Benefit Hours; or c. Attainment of age 62 and completion of 45,000 Benefit Hours <p><i>Amount:</i> The benefit is the sum of:</p> <ul style="list-style-type: none"> a. The Accrued Benefit for service earned before January 1, 2018, payable without reduction; and b. The Accrued Benefit for service earned beginning January 1, 2018, payable without reduction if the Participant has attained: <ul style="list-style-type: none"> i. age 55 with at least 60,000 Benefit Hours, ii. age 60 with at least 54,000 Benefit Hours, or iii. age 62 with at least 45,000 Benefit Hours; <p>otherwise, the benefit is reduced by 3% per year (0.25% per month) that retirement begins before age 65.</p>
<p>New Rule</p>	<p><i>Eligibility:</i> Retirement as an Active Employee prior to age 65 but after:</p> <ul style="list-style-type: none"> a. The Participant is covered under either the Default Schedule or Alternate Schedule 1, and has attained: <ul style="list-style-type: none"> i. age 58 with at least 60,000 Benefit Hours; or ii. age 62 and with at least 45,000 Benefit Hours <p>- or -</p> <ul style="list-style-type: none"> b. The Participant is covered under Alternate Schedule 2, or has completed the required number of Benefit Hours by December 31, 2024 and is covered under a valid Schedule, and has attained: <ul style="list-style-type: none"> i. age 55 with at least 60,000 Benefit Hours; ii. age 60 with at least 54,000 Benefit Hours; or iii. age 62 with at least 45,000 Benefit Hours <p><i>Amount:</i> The Accrued Benefit, payable without reduction.</p>

Protections through December 31, 2024

As described above, more generous Early Retirement and Special Early Retirement rules apply to Participants who complete certain levels of Benefit Hours by December 31, 2024. Effectively, these protections mean the Early Retirement and Special Early Retirement rules are the same under all three Schedules until January 1, 2025. Beginning January 1, 2025, the two Alternate Schedules require contribution rate increases to pay for more generous Early Retirement and/or Special Early Retirement benefits.

Any Participant who earns protected status by December 31, 2024 will remain protected on and after January 1, 2025, provided that, at retirement, they meet the requirements of an Active Employee and remain covered under a valid Rehabilitation Plan Schedule.

The following examples illustrate how these protections apply. Each example assumes the Participant meets the requirements of an Active Employee and remains covered under a valid Rehabilitation Plan Schedule at the time of their retirement.

Example A

As of January 1, 2022, Participant A is age 50 and has completed 60,000 Benefit Hours. The Participant is therefore protected in their eligibility to receive a Special Early Retirement Benefit as early as age 55.

Example B

As of January 1, 2022, Participant B is age 50 and has completed 55,000 Benefit Hours.

The Participant is therefore protected in their eligibility to receive a Special Early Retirement Benefit at age 60 (which requires completion of 54,000 Benefit Hours). The Participant is also protected in their eligibility to receive an Early Retirement Benefit as early as age 55, with a reduction of 3% per year that payment precedes age 65 (which requires completion of 45,000 Benefit Hours).

If the Participant completes a total of 60,000 Benefit Hours by December 31, 2024, they will also be protected in their eligibility to receive a Special Early Retirement Benefit as early as age 55.

If the Participant does not complete a total of 60,000 Benefit Hours by December 31, 2024, they will not be protected in their eligibility to receive a Special Early Retirement Benefit at age 55. In order to be eligible to receive a Special Early Retirement Benefit at age 55, the Participant must (i) be covered under Alternate Schedule 2 and (ii) have completed at least 60,000 Benefit Hours at their retirement date.

Example C

As of January 1, 2022, Participant C has completed 40,000 Benefit Hours. The Participant therefore does not currently have any Early Retirement or Special Early Retirement protections.

If the Participant completes a total of 45,000 Benefit Hours by December 31, 2024, they will be protected in their eligibility to receive a Special Early Retirement Benefit at age 62. They will also be protected in their eligibility to receive an Early Retirement Benefit as early as age 55, with a reduction of 3% per year that payment precedes age 65.

Accrual Rate Formula

The formula for computing benefits earned in each plan year is based on a percentage of Employer Contributions. The accrual rate percentages have changed over the years.

Old Accrual Rate Formula Effective through December 31, 2021

Since January 1, 2006, the formula has applied different percentages to different portions of the contribution rate. The following accrual rates applied for service earned from January 1, 2013 through December 31, 2021:

- 0.5% x 2006 Base Rate
- 1.0% x Excess of 2009 Rate over 2006 Base Rate
- 0.0% x Excess over 2009 Rate, up to 135% of 2009 Rate
- 2.0% x Excess over 135% of 2009 Rate

The above formula applies only to plan years in which the investment return on the market value of assets for the second preceding plan year is zero or positive. If the investment return for the second preceding plan year is negative, the accrual for the plan year is zero. For example, the accrual for the 2020 plan year was zero, because the investment return for the 2018 plan year was negative.

New VBAR Formula Effective January 1, 2022

The Trustees amended the Plan to provide a new Variable Benefit Accrual Rate (VBAR) formula effective beginning on January 1, 2022. This amendment preceded and is separate from the Rehabilitation Plan. Under the new VBAR formula:

- The accrual rate is based on a percentage of Employer Contributions, with one accrual rate applying to all Employer Contributions in a given plan year.
- The accrual rate will vary each year based on the average of investment returns on the market value of assets for the three-year period ending with the second preceding plan year. The “baseline” accrual rate under this variable formula is 0.85% times Employer Contributions and will apply with the three-year average return is between 5.0% and 9.9%.
- A lower accrual rate will apply for the first 9,000 Benefit Hours a Participant earns, and a higher accrual rate will apply after that. For this purpose, Benefit Hours earned prior to January 1, 2022 will count in determining which accrual rate applies.
- A Participant must earn at least 450 Benefit Hours in a plan year to earn an accrual in that plan year. In other words, there is no accrual in a plan year in which a Participant earns fewer than 450 Benefit Hours. Once the Participant earns at least 450 Benefit Hours in a plan year, they get credit for all Benefit Hours in that plan year.

Rehabilitation Plan Changes

The Rehabilitation Plan makes further changes to the VBAR formula:

- The VBAR formula that was effective beginning January 1, 2022 will continue to apply under both the Default Schedule and Alternate Schedule 1.
- Higher accrual rates will apply under Alternate Schedule 2. In order for the higher accrual rates to apply, the bargaining parties must affirmatively adopt Alternate Schedule 2 and implement the required contribution rates under that Schedule. (See the example below for how the higher accrual rate will apply.)
- There is no longer a rule that the accrual rate is zero in the second plan year following a negative investment return.

The following table shows the accrual rates under the Rehabilitation Plan Schedules.

Variable Accrual Rate Formula

Monthly Accrual Rate as a Percentage of Employer Contributions

3-Year Average Investment Return on Market Value of Assets	Default Schedule and Alternate Schedule 1		Alternate Schedule 2	
	First 9,000 Benefit Hours	After 9,000 Benefit Hours	First 9,000 Benefit Hours	After 9,000 Benefit Hours
15.0% or Higher	1.00%	1.30%	1.15%	1.50%
10.0% up to 14.9%	0.80%	1.05%	0.95%	1.25%
5.0% up to 9.9% (Baseline)	0.65%	0.85%	0.75%	1.00%
0.0% up to 4.9%	0.50%	0.65%	0.60%	0.75%
Less than 0.0%	0.35%	0.45%	0.40%	0.50%

As shown above, a lower accrual rate applies for the first 9,000 Benefit Hours a Participant earns, and a higher accrual rate will apply after that. For this purpose, Benefit Hours earned prior to January 1, 2022 will count in determining which accrual rate applies. A Participant will receive the higher accrual rate for the entire plan year in which the Participant first earns more than 9,000 Benefit Hours.

Employers Not Compliant with FIP2

Under FIP2, employers under collective bargaining agreements that did not provide contribution rates at least 50% above the rate that was in effect on January 1, 2012 are considered non-compliant. These non-compliant employers are subject to a schedule that provided no future benefit accruals.⁴

Under the Rehabilitation Plan, Participants working under a collective bargaining agreement with an employer that is not compliant with FIP2 shall continue to accrue no future benefits under the Plan until the agreement is updated to conform to one of the Schedules under the Rehabilitation Plan.

Merger Agreements

If a merger agreement under the Plan requires supplemental contributions or contributions that are otherwise not benefit-bearing, those contributions shall continue to be not benefit-bearing under the Rehabilitation Plan and the new VBAR formula effective January 1, 2022.

Accrual Rates under Alternate Schedule 2

As described earlier, in order for Alternate Schedule 2 to apply, the bargaining parties must affirmatively adopt Alternate Schedule 2 in their collective bargaining agreement. The collective

⁴ Future benefit accruals ceased 180 days after the expiration of the applicable collective bargaining agreement in effect in 2017, but not later than December 31, 2021.

bargaining agreement must provide for a contribution rate that is at least 20% higher than the 2022 Base Rate, effective no later than January 1, 2025.

Furthermore, in order for the higher accrual rate under Alternate Schedule 2 to apply prior to January 1, 2025, the contribution rate must be at least 8% higher than the 2022 Base Rate, to pay for the cost of the higher accrual rate.

Example A

In 2022, the bargaining parties update their collective bargaining agreement to adopt Alternate Schedule 2. The agreement increases the contribution rate to 5% over the 2022 Base Rate, effective March 1, 2022. The rate further increases to 10% over the 2022 Base Rate effective January 1, 2023, to 15% over the 2022 Base Rate effective January 1, 2024, and to 20% over the 2022 Base Rate effective January 1, 2025.

This collective bargaining agreement meets the requirements for Alternate Schedule 2 because it affirmatively adopts that Schedule and increases the contribution rate to at least 20% over the 2022 Base Rate by January 1, 2025.

Furthermore, the higher accrual rates under Alternate Schedule 2 will apply to Employer Contributions and Benefit Hours beginning January 1, 2023. Under the agreement, that is the date at which the contribution rate is at least 8% higher than the 2022 Base Rate.

Example B

In 2022, the bargaining parties update their collective bargaining agreement to adopt Alternate Schedule 2. The agreement increases the contribution rate to 10% over the 2022 Base Rate effective March 1, 2022 and to 20% over the 2022 Base Rate effective March 1, 2024.

This collective bargaining agreement meets the requirements for Alternate Schedule 2 because it affirmatively adopts that Schedule and increases the contribution rate to at least 20% over the 2022 Base Rate on or before January 1, 2025.

Furthermore, the higher accrual rates under Alternate Schedule 2 will apply to Employer Contributions and Benefit Hours beginning March 1, 2022. Under the agreement, that is the date at which the contribution rate is at least 8% higher than the 2022 Base Rate.

Implementation of Schedules

Deemed Compliance

As previously noted, subject to the discretionary powers of the Trustees, the Trustees deem any collective bargaining agreements that already include contribution rates that are consistent with the requirements of FIP2 no later than December 31, 2021 to be in compliance with the Rehabilitation Plan.

Initial Schedule

The bargaining parties to any collective bargaining agreement providing for Employer Contributions to the Plan that is in effect as of January 1, 2022 (the first day of the initial critical year) must adopt either the Default Schedule or one of the Alternate Schedules after the expiration of the agreement. The bargaining parties may, at their discretion, reopen their collective bargaining agreement to elect one of the Schedules.

If the bargaining parties fail to adopt either of the two Alternate Schedules within 180 days after the expiration of their collective bargaining agreement, under federal law, the Trustees will automatically impose the Default Schedule on that agreement.

In order for the bargaining parties to adopt either of the Alternate Schedules, they must update their collective bargaining agreement to affirmatively reference and accept that Alternate Schedule, as well as provide for the contribution rates required under that Schedule. Otherwise, the Trustees will consider the Default Schedule to apply to that agreement.

New Participant Groups

As described earlier, in the case of a collective bargaining agreement that first provides for contributions to the Pension Fund *after* January 1, 2022, the bargaining parties may adopt Alternate Schedule 2, subject to the minimum contribution rate requirements described earlier in the section on “New Employers and Participant Groups.”

Subsequent Schedules

Once a collective bargaining agreement is updated to be consistent with one of the Schedules under the Rehabilitation Plan, the selected Schedule will continue to apply unless the bargaining parties affirmatively update the agreement to be consistent with a different Schedule.

Following the expiration of the agreement, the Trustees will impose the same Schedule under the expired agreement 180 days after the expiration of the agreement, if the bargaining parties have not affirmatively adopted a different Schedule. The imposed Schedule will include updates under the Rehabilitation Plan adopted by the Trustees (if any) in effect at that time.

Changing from Alternate Schedule to Default Schedule

The Trustees strongly discourage any bargaining parties that have adopted an Alternate Schedule to adopt the Default Schedule in a subsequent collective bargaining agreement. The Trustees advise any bargaining parties contemplating a change from an Alternate Schedule to the Default Schedule to contact the Fund Administrator prior to adopting such a change.

In the event that the bargaining parties adopt a change from an Alternate Schedule to the Default Schedule, the Trustees reserve the right to prescribe further changes to benefits, contribution rates, or both, on the applicable collective bargaining agreement.

Non-Bargained Participants

Notwithstanding anything contained in this Rehabilitation Plan, the same rules for a Schedule that applies to bargaining unit employees shall also apply to any non-bargaining unit employees who are employed by the same employer.

LUDC Participants and GO Staff

This Rehabilitation Plan includes special Schedules that apply only to Participants who are employees of Local Unions or District Councils (“LUDC Participants”) or who are General Officers and Staff (“GO Staff”). The special Schedules are designed to achieve the overall objectives of the Rehabilitation Plan, as well as to address the salary-based contributions for these Participants, satisfy the funding requirements for the benefits that were earned before being merged into the Pension Fund, and to provide a schedule of contributions and benefits that is fair and equitable. The special Schedules are described in Appendix A and Appendix B to this Rehabilitation Plan.

Coverage under Multiple Schedules

The Trustees recognize that it is possible for a Participant to have covered employment under multiple employers, and as a result, accrue benefits under more than one Schedule.

When a Participant is covered under more than one Schedule, their benefit accruals will be determined based on the specific Schedule that applies to their Employer Contributions and Benefit Hours. For example, if a Participant has covered employment under both Alternate Schedule 1 and Alternate Schedule 2, the Alternate Schedule 1 accrual rates will apply to Employer Contributions made under Alternate Schedule 1, and the Alternate Schedule 2 accrual rates will apply to Employer Contributions made under Alternate Schedule 2.

Furthermore, when a Participant is covered under more than one Schedule, their Early Retirement and Special Early Retirement rules will be based on the Schedule under which they had the most total contribution dollars from January 1, 2022 through their date of retirement. This determination shall disregard any Employer Contributions made under a collective bargaining agreement that, at that the time of the contribution, had not adopted a Schedule.

Objectives and Annual Standards

The Rehabilitation Period is the ten-year period beginning on January 1, 2025 and ending on December 31, 2034. This period is determined based on the timing of the expiration of collective bargaining agreements in effect on March 31, 2022, the due date for the initial certification of critical status. The Rehabilitation Plan consists of measures designed to enable the Pension Fund to emerge from critical status by the end of the ten-year Rehabilitation Period. In other words, the goal of the Rehabilitation Plan is for the Pension Fund to no longer be in critical status by January 1, 2035. The Rehabilitation Plan is also designed to have the Pension Fund on the path toward attaining a funded percentage of 100 percent soon after it emerges from critical status.

Under PPA, the Rehabilitation Plan must provide annual standards for meeting its requirements. The annual standards for the Rehabilitation Plan are, for each year from January 1, 2025 through the end of the Rehabilitation Period, that the Pension Fund is projected to emerge from critical status by January 1, 2035. The annual standards under the Rehabilitation Plan are based on reasonable actuarial assumptions, including assumed rates of investment returns on Plan assets and assumed covered employment levels for the duration of the Rehabilitation Period.

Actual Pension Fund experience will certainly differ from these assumptions. If actual experience is more favorable than the assumptions, the Pension Fund may emerge from critical status earlier than January 1, 2035. If actual experience is less favorable, the Trustees may need to update the Rehabilitation Plan, as described below.

Annual Updates

As required by PPA, the Pension Fund's actuary will certify its status each year. After the Rehabilitation Period has begun, and while the Pension Fund remains in critical status, the actuary will also certify whether or not the Pension Fund is making scheduled progress in meeting the requirements of the Rehabilitation Plan.

As also required by PPA, the Trustees will review the Rehabilitation Plan each year and update the Schedules as needed. The Trustees will provide the bargaining parties with any updates to the Schedules, which may include further changes to adjustable benefits, the rate of future benefit accruals, contribution rates, or both.

A Schedule provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement. Furthermore, that collective bargaining agreement shall be deemed to be consistent with the Rehabilitation Plan, even if the Schedules are updated during the term of the agreement. However, a collective bargaining agreement that is renewed or extended must include terms consistent with one of the Schedules in effect at the time of the renewal or extension in order to be considered in compliance with the Rehabilitation Plan.

Trustee Authority

The Board of Trustees has the sole and absolute discretion to determine from time to time whether, given the financial condition of the Plan, to further reduce adjustable or non-protected benefits of any Participant or Beneficiary, Spouse and Alternate Payee in accordance with Section 432(e)(8)(A)(iii) of the Internal Revenue Code.

The Board of Trustees shall have the sole, absolute and unlimited power and authority to administer the Rehabilitation Plan and Schedules, interpret the Rehabilitation Plan and Schedules, and apply the Rehabilitation Plan and Schedules to specific factual situations. The exercise of such power and authority by the Board of Trustees shall be final and binding on all

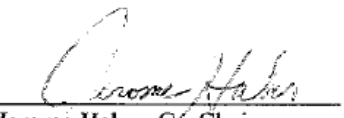
parties, subject to any appeal procedures in the Plan and shall be given the fullest deference allowed by applicable law.

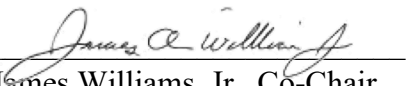
Adoption and Signature

Witness our signatures, pursuant to authority granted by the full Board of Trustees, to memorialize our action and the prior resolutions of the Trustees to adopt this Rehabilitation Plan, effective as of January 14, 2022.

EMPLOYER TRUSTEES

UNION TRUSTEES

By: 
Jerome Haber, Co-Chair
Date: 2/3/2022

By: 
James Williams, Jr., Co-Chair
Date: 2/4/22