

Annual Funding Notice
for
Local Union No. 9, I.B.E.W. and Outside Contractors Pension Plan

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (the "Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning November 1, 2018 and ending October 31, 2019 ("Plan Year").

How Well Funded Is Your Plan?

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the "funded percentage." The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
	2018 Plan Year	2017 Plan Year	2016 Plan Year
Valuation Date	November 1, 2018	November 1, 2017	November 1, 2016
Funded Percentage	113.2%	119.6% ¹	121.9% ²
Value of Assets	\$216,697,520	\$201,227,616	\$181,842,707
Value of Liabilities	\$191,392,659	\$168,189,830	\$149,145,488

¹ The present value of accumulated plan benefits as of November 1, 2017 does not reflect the Plan Amendment effective May 1, 2018, since it was adopted and effective after the November 1, 2017 valuation date. If the Plan Amendment had been reflected, the funded percentage would have been 110.4% as of November 1, 2017.

² The present value of accumulated plan benefits as of November 1, 2016 does not reflect the Plan Amendment effective January 1, 2017, since it was adopted and effective after the November 1, 2016 valuation date. If the Plan Amendment had been reflected, the funded percentage would have been 112.3% as of November 1, 2016.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are “actuarial values.” Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan’s assets for each of the two preceding plan years.

	October 31, 2019	October 31, 2018	October 31, 2017
Fair Market Value of Assets	\$233,170,058*	\$212,939,234	\$203,853,046

*The fair market of the Plan’s assets as of October 31, 2019 is based on the information available to the Plan as of the date of this notice, and may change when final asset numbers are available.

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in “endangered” status if its funded percentage is less than 80 percent. A plan is in “critical” status if the funded percentage is less than 65 percent (other factors may also apply). A plan is in “critical and declining” status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

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

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 1,781. Of this number, 1,066 were active participants, 409 were retired and receiving benefits, and 306 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that

represent the Plan’s participants. The Plan seeks to maintain a balance such that Plan resources will fund Plan obligations. Over time, in response to investment returns and other factors, the Plan may request that the bargaining parties allocate additional contributions, or the Plan may make adjustments to benefits.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to invest plan assets in a diversified manner seeking to achieve real asset growth over time while protecting the assets from undue volatility; the Plan has target allocations among asset categories of 14% (+/- 4%) domestic large cap equities, 8.5% (+/- 3%) domestic mid cap equities, 5% (+/- 2%) domestic small cap equities, 10% (+/- 3%) international equities, 2.5% (+/- 1%) equity long/short, 23% (+/- 5%) domestic core plus fixed income, 10% (+/- 2%) alternative fixed income, 5% (+/- 2%) direct lending, 12% (+/- 3%) real estate equity, 5% (+/- 2%) opportunistic strategies, and 5% (+/- 2%) global tactical asset allocation. The asset mix is designed to provide a high likelihood of achieving a real (in excess of inflation) rate of return of 6.0% per year over long periods of time.

Under the Plan’s investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
Corporate common stocks (other than employer securities)	5.3
Real estate (other than employer real property)	10.2
Value of interest in common/collective trusts	30.4
Value of interest in registered investment companies (e.g., mutual funds)	29.3
Limited Partnerships	22.8
Other: Cash	2.0

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 *Rita Becker, Fund Administrator, Local Union No. 9, I.B.E.W. and Outside Contractors Pension Fund, 18670 Graphics Drive, Suite 201, Tinley Park, Illinois 60477.*

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. For the plan year beginning on November 1, 2019 and ending on October 31, 2020, the Plan expects the following events to have such an effect. Effective April 1, 2020, the benefit accrual rate for active participants will increase from \$96 to \$102 per pension credit for all service, with a proportionate increase to the pensions’ and beneficiaries’ benefit amounts.

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 N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see "Benefit Payments Guaranteed by the PBGC," below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$600/10$), which equals \$60. The guaranteed amount for a \$60 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), 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 a plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbgc.gov/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 the individual below.

Ms. Rita Becker
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Tinley Park, IL 60477
(708) 449-9004

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 51-6077720.