PENSION PLAN UPDATE

From the Board of Trustees
Alaska Plumbing and Pipefitting Industry Pension Plan

April 18, 2023

Enclosed is the annual required notice designed to share information with you about the financial health of the Plan. This cover letter is intended to provide you with more up-to-date information.

2022 experience

Last year was a challenging year for the financial markets – in fact, it was the worst year for equities and bonds combined in over a century. As a result, the Plan's investments ended the year with an estimated return of about -11%. As shown on the Notice, the Plan's market value of assets is estimated to have decreased from about $236 million to about $193 million during 2022. The Plan's hours continue to be lower than our historical average.

Plan's funding level

The enclosed Annual Funding Notice shows the Plan's funded percentage over the last few years. It is important to know that these numbers use an asset value called the "actuarial value of assets," which is used for minimum funding under IRS rules. This value spreads losses over a number of years rather than recognizing them all in the year they happen. The most recent funded percentage in the Notice is also at the *beginning* of the year that just ended – so it's more than a year out of date. The table below shows the Plan's funded percentages on a *market value* basis for past few years, as well as the estimated funded percentage as of January 1, 2023.

Market Value Funded Percentage				
January 1, 2019	January 1, 2020	January 1, 2021	January 1, 2022	**January 1, 2023 (estimated)**
56%	63%	58%	56%	**46%**

Our Zone and Special Financial Assistance

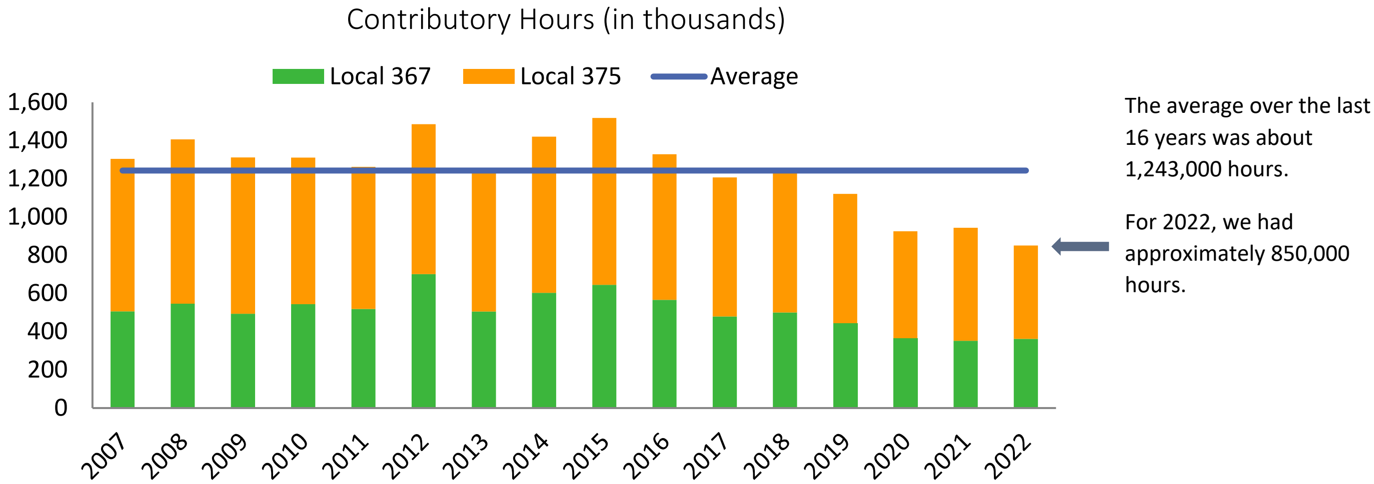
Despite taking immediate measures with the rehabilitation plan in 2019, the funding level has continued to decline due to unfavorable experience. The Plan will be **Critical and Declining for 2023**, which means the Plan is projected to run out of money to pay benefits in the next 20 years. However, the Plan is eligible to apply for Special Financial Assistance (SFA) under the American Rescue Plan Act of 2021. We are currently on the waitlist to apply with about 100 other plans.

- SFA is intended to allow plans to pay benefits through 2051 based on certain assumptions about the future.
- Amount is subject to review and approval – **we are applying for over $100 million**.
- SFA is not a loan — the Plan does not have to pay the assistance back.
- SFA comes with some restrictions, including:
    - Plan will be Critical through 2051 regardless of emerging experience
    - Plan is prohibited from using Critical and Declining tool which allows reduction in accrued benefits
    - Certain restrictions on benefit increases and contribution decreases
- Benefits remain unchanged.

While SFA does not completely fix the Plan's long-term outlook, it puts the Plan in a much better spot that is potentially solvable over time. The Trustees will continue to review the rehabilitation plan annually, with the goal of improving the Plan's long-term solvency.

Every hour worked helps

The level of hours worked under the Plan are very important to the long-term outlook of the Plan. A big part of the declining funded percentage is due to the recent decline in hours. The Plan's contributions are currently not sufficient to eliminate the Plan's underfunding. If we receive SFA, the Plan's solvency will largely depend on our future hours, in addition to investment returns.



What does the future hold?

The future health of the Plan depends largely on things outside the Trustees control: the amount of Special Financial Assistance we receive, hours worked, and investment returns. The Trustees work to aid the Plan in every way they can, including:

- Ensuring compliance with collective bargaining agreements and legal requirements.
- Reducing expenses where possible. For example, actions taken by Trustees over the last few years have cut the Plan's investment expenses by over half.
- Utilizing tools available, such as applying for Special Financial Assistance.

The Trustees will continue to make decisions with a goal of providing meaningful benefits without taking undue risk, so that you can have a secure and dignified retirement. We will continue to keep you updated on the Plan's situation as events unfold.

Questions

If you have any questions, please contact the Administration Office:

Labor Trust Services, Inc.
375 W 36th Avenue, Suite 200
Anchorage, Alaska 99503
(907) 561-5119 Toll Free (800) 325-6532

Alaska Plumbing and Pipefitting Industry Pension Fund

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Administered by
Labor Trust Services, Inc.

April 18, 2023

ANNUAL FUNDING NOTICE

FOR THE ALASKA PLUMBING AND PIPEFITTING INDUSTRY 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.

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. Your 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			
	2022	**2021**	**2020**
Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
Funded Percentage	54%	57%	63%
Value of Assets	$226,049,299	$227,146,236	$227,177,134
Value of Liabilities	$418,972,235	$400,826,936	$361,397,420

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.

	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Fair Market Value of Assets	$193,400,000	$236,174,112	$232,911,329

The December 31, 2022 fair market value of assets is an estimate based on unaudited financial information available at the time this notice was prepared. The final audited information on the Plan's assets at December 31, 2022 will be reported on the Plan's Form 5500 for 2022 filed with the U.S. Department of Labor later this year.

Endangered, Critical, or Critical and Declining Status

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

The Plan was in critical status for the Plan Year ending December 31, 2022. The plan was considered to be in critical status because it has funding problems or liquidity problems, or both. More specifically, the Plan was in critical status in the prior plan year and had a projected accumulated funding deficiency in the next 10 plan years.

In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan in April 2019 that: reduced certain "adjustable benefits," including early retirement benefits, death benefits, guarantee periods, and optional forms of benefit; and increased, over a fifteen year period of time, the Plan's contribution rates. As required under the Pension Protection Act, the Trustees review the Rehabilitation Plan annually. As part of the 2021 review, the Trustees found the fifteen-year schedule of contribution increases to be incompatible with the current economic climate. It its place, they adopted a single increase and will consider further increases each year. A notice describing these changes in greater detail was mailed to all participants. You may obtain a copy of the rehabilitation plan, any update to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the plan administrator. Your plan administrator is identified below under "Where To Get More Information About Your Plan."

Notification about the Plan's status for the 2023 plan year is provided in a separate notice.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Plan's valuation date was 1,746. Of this number, 534 were current employees, 815 were retired and receiving benefits, and 397 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to confirm that the minimum funding requirements of ERISA are being satisfied and to determine that

anticipated employer contributions will not exceed the amounts deductible under the Internal Revenue Code. Each employer makes contributions monthly pursuant to collective bargaining agreements.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy for the Alaska Plumbing and Pipefitting Industry Pension Plan is to obtain a rate of return consistent with the conservation of the Fund's principal. The Fund's assets shall be invested prudently in high-quality investments with due regard for the preservation of capital, diversification, and liquidity. In addition, investments shall be made in accordance with fiduciary standards of ERISA and any applicable plan provisions.

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
Stocks	39.5%
Investment grade debt instruments	26.9%
High-yield debt instruments	2.8%
Real estate	9.5%
Other	21.3%

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 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under a plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Plan 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 About Your Plan," below.

Where to Get More Information

For more information about this Notice, you may contact the Plan's administrator at:

Labor Trust Services, Inc.
P.O. Box 93870
Anchorage, AK 99509-3870
(907) 561-5119 or (800) 325-6532

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is the Board of Trustees of the Alaska Plumbing and Pipefitting Industry Pension Plan and 52-6103810.

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