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SOUTHWEST CARPENTERS PENSION TRUST

2022 ANNUAL FUNDING NOTICE

Introduction

This notice includes important funding information about the Southwest Carpenters Pension Plan and Trust ("the Plan"). Although not applicable to the Plan, in order to meet legal requirements, this notice also provides a summary of federal rules governing insolvent plans and 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 is required by federal law.

This notice is for the plan year beginning January 1, 2022 and ending December 31, 2022 ("Plan Year").

How Well Funded Is Your Plan

The law requires the administrator of the plan to tell you how well the plan is funded by using a measure called the "funded percentage." This percentage is obtained by dividing the Plan's assets by its liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. 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			
	2022 Plan Year	2021 Plan Year	2020 Plan Year
Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
Funded Percentage	103.6%	100.3%	90.3%
Value of Assets	$6,302,841,743	$5,801,292,583	$4,659,796,777
Value of Liabilities	$6,083,244,029	$5,783,776,549	$5,162,955,904

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, which represent a snapshot of the market price of the underlying assets on a given measurement date and can be very volatile. Actuarial values represent smoothed out values of the underlying assets in the Plan and 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 shown on the next page are market values and are measured on the last day of the plan year, December 31, 2022, which corresponds to the actuarial report issued for the January 1, 2023 Valuation Date.

The chart also includes the year-end fair 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	$5,989,876,234*	$6,676,653,494	$5,801,292,583

**12/31/2022 audited results are not available at this time. The value listed above represents the Plan's best estimate of assets.*

<u>Endangered, Critical, or Critical and Declining Status</u>

Under federal pension law, a plan generally is in "endangered" status if the 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.

For the 2023 Plan Year, the actuary has also certified the Plan as neither being in endangered, critical nor critical and declining status (the Plan is in the "green zone").

<u>Participant Information</u>

The total number of participants in the Plan as of the Plan's Valuation Date was 75,251. Of this number, 29,166 were active participants; 26,691 were retired or separated from service and receiving benefits; and, 19,394 were retired or separated from service and entitled to future benefits.

<u>Funding & Investment Policies</u>

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 fund the Plan through a combination of contributions received from contributing employers and investment income generated by the Plan's investments. The funding level is designed to comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended and the Internal Revenue Code of 1986, as amended. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by contributing employers for federal income tax purposes. The Trustees develop and implement the funding policy and monitor the funding level with the assistance of the Plan's actuary.

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 states that investments shall be made solely in the interest of the participants and beneficiaries and for the exclusive purposes of providing their benefits and defraying the reasonable expenses of administering the Plan. Plan assets shall be invested with the care, skill, prudence, and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would use in the investment of a Plan of like character and with like aims. Investments shall be diversified so as to minimize the risk of large losses, unless under particular circumstances it is clearly prudent not to do so. Investment decisions shall be made taking into consideration both risk and return, where risk is measured on an overall basis and not how it relates to each particular investment. The Plan shall maintain adequate liquidity to service its obligations.

As of December 31, 2022, the Trustees have adopted the following guidelines for asset allocation targets and ranges:

Asset Class	Minimum	Target	Maximum
Core Fixed Income	13.0%	18.0%	28.0%
High Yield Fixed Income	0.0%	2.0%	5.0%
Private Debt	0.0%	10.0%	15.0%
Domestic Public Equity	37.5%	42.5%	52.5%
Private Equity	0.0%	10.0%	15.0%
Real Estate	5.0%	10.0%	15.0%
Infrastructure	0.0%	7.5%	12.5%

In accordance with 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
1. Interest-bearing cash*	$ 178,498,312	2.98
2. U.S. government securities	555,261,527	9.27
3. Corporate debt instruments (other than employer securities):		
Preferred		0.00
All other	708,602,358	11.83
4. Corporate stocks (other than employer securities):		
Preferred		0.00
All other		0.00
5. Partnership/joint venture interests	1,328,554,549	22.18
6. Real estate (other than employer real property)	489,372,888	8.17
7. Loans (other than to participants)		0.00
8. Value of interest in common/collective trusts	2,729,586,600	45.57
9. Buildings and other property used in plan operation		0.00
10. Other		0.00
*includes accrued interest, receivables, payables, STIF, and money market		
TOTAL	$5,989,876,234	100.00%

Note: The fair market value of plan assets as of December 31, 2022 is preliminary and is subject to change upon completion of the audited financial statements. For information about the Plan's investment in common/collective trusts, please contact the plan administrator using the contact information provided at the end of the notice.

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 assets or liabilities. This is because such events can significantly impact the funding condition of a plan. On December 31, 2022, the Retirement Plan of the Washington-Idaho-Montana Carpenters-Employers Retirement Trust merged into the Southwest Carpenters Pension Trust. The merger involved an estimated $290 million in liabilities and $264 million in assets. Given the relative size of the liabilities and assets, the merger did not have a material effect on the Plan's assets, liabilities, or funded percentage.

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. You may also obtain a copy of the Plan's annual report by making a written request to the plan administrator. A labor organization representing plan participants and beneficiaries and any employer that has an obligation to contribute to the plan may request a copy of the Annual Report. A labor organization and employer must also submit a written request to the plan administrator. Please note that the Plan's annual report for the 2022 Plan Year will not be available for review until mid-October 2023. 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

The rules applicable to this notice require that a description be provided of the law that is applicable to plans that are in serious financial difficulty. The Plan is not in financial difficulty and therefore the following explanation does not apply to the Plan.

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.

A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, 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 notification of the insolvency to participants, 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 as a result of the insolvency, 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 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. *Thus, the PBGC only guarantees a portion of the monthly benefit accrued under this Plan. The current monthly accrual rate under this Plan is $200 per month if you worked 1,800 or more hours in covered employment in a calendar year and have an average contribution rate of at least $5.00 per hour.*

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of $600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($600/10), which equals $60. The guaranteed amount for a $60 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

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

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

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

Southwest Carpenters Pension Trust
533 S. Fremont Ave.
Los Angeles, CA 90071
(800) 293-1370
www.carpenterssw.org

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 95-6042875.

Aviso a los participantes que hablan Español: Si tiene alguna pregunta tocante este aviso, por favor de comunicarse con la Oficina Administrativa al (213) 386-8590 o (800) 293-1370, donde habrá varios representantes bilingües que le ayudarán.