Central Laborers' Pension Fund

P.O. Box 1267 • Jacksonville, Illinois 62651 • Phone 217-479-3600 • Fax 217-245-1293

http://www.central-laborers.com

April 29, 2022

TO: PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS AND UNIONS OF THE CENTRAL LABORERS' PENSION FUND

As Trustees of the Central Laborers' Pension Fund (the "Plan"), we are committed to keeping you informed of the Fund's financial health. This letter provides an update on the Plan's status and discusses two federally-mandated notices which are enclosed. The timing and content of these notices can be confusing, so we want to take the opportunity to give you some background on both of them.

2021 Annual Funding Notice

The **Pension Protection Act of 2006** (the "PPA") was enacted to improve the financial condition of, and provide transparency on, the financial state of pension funds. The PPA requires multiemployer pension funds like ours to have their financial status certified each year. Depending on the status, the plans are assigned one of the following categories:

Trustees of plans in the "Green Zone" are not required to take any action. Trustees of plans in the "Yellow," "Orange" or "Red" zones or in "critical and declining" status, however, are required by law to take corrective action to restore the financial health of their plans.

- **"Green Zone"** pension plans are in good financial health;
- **"Yellow Zone"** pension plans are considered "endangered";
- **"Orange Zone"** pension plans are considered "seriously endangered";
- **"Red Zone"** pension plans are considered "critical"; or
- Deeply troubled pension plans are considered "critical and declining."

The PPA also requires trustees of pension plans to comply with certain annual reporting requirements, including certifying their plan's financial condition. The attached 2021 Annual Funding Notice for the period from January 1, 2021 through December 31, 2021 (the "2021 plan year"), includes information regarding Plan assets and liabilities. This notice indicates that our Plan was in the "Yellow Zone" for the 2021 plan year, based on its financial condition as of January 1, 2021.

2022 Notice of Plan Status

As of January 1, 2022, the Plan was certified as being in endangered status ("Yellow Zone"). In accordance with the requirements of the PPA, the Trustees adopted a Funding Improvement Plan effective as of March 31, 2016 (which was revised on November 6, 2017 and July 20, 2020). Generally, the Funding Improvement Plan is the same as the most recent Rehabilitation Plan for participants covered by any of its Schedules. The purpose of the Funding Improvement Plan is to improve the financial status of the Plan over a ten-year period beginning January 1, 2019, by increasing the rate of employer contributions, changing benefits, or both.

In Closing

Improving the Plan's funded status is our top priority, and we are committed to taking necessary action to ensure that you will receive the benefits under the Plan for which you are eligible when you retire. We will continue to monitor the financial markets closely and manage the Plan in a manner that will preserve its fiscal health. Please take some time to review the enclosed notices. If you have any questions, please contact Mr. Kenton Day, Executive Director, Central Laborers' Pension Fund, in writing, at P.O. Box 1267, Jacksonville, Illinois, 62651-1267, 217-479-3600.

Sincerely,

The Board of Trustees

ANNUAL FUNDING NOTICE
FOR
CENTRAL LABORERS' PENSION FUND

Introduction

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

	2021 Plan Year	**2020 Plan Year**	**2019 Plan Year**
Valuation Date	***January 1, 2021***	***January 1, 2020***	***January 1, 2019***
Funded Percentage	71.1%	67.1%	65.3%
Value of Assets	$1,123,329,771	$1,065,080,332	$1,030,093,087
Value of Liabilities	$1,579,884,107	$1,586,436,532	$1,578,017,255

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, 2021	**December 31, 2020**	**December 31, 2019**
Fair Market Value of Assets	$1,303,830,880*	$1,146,248,361	$1,076,672,284

**Preliminary*

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%. A plan is in "critical" status if the funded percentage is less than 65% (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's actuary certified that the Plan was in "endangered" status for the 2021 Plan Year because the Plan had a funded percentage of less than 80% as of January 1, 2021.

In an effort to improve the Plan's funding situation, the Trustees adopted a Funding Improvement Plan ("FIP"), with different Preferred and Default Schedules ("FIP Schedules") for employers covered by different schedules of the previous Rehabilitation Plan, beginning January 1, 2016. The benchmarks of the FIP are:

(i) to increase the Plan's funded percentage so that the funded percentage as of the end of the funding improvement period equals or exceeds the sum of the funded percentage as of the beginning of the 2016 Plan Year (January 1 – December 31, 2016), plus 33 percent of the difference between 100 percent and such funded percentage (for the 2016 Plan Year); and

(ii) to avoid an accumulated funding deficiency for the 2028 Plan Year, the last year of the funding improvement period.

The FIP's benchmarks are expected to be achieved with the FIP Schedules. The preferred schedules maintain the benefit provisions in effect in 2016 and require increases in future supplemental contributions. The default schedules eliminate future benefit accruals and require a lesser increase in the future supplemental contributions.

You may obtain a copy of the FIP and FIP Schedules (including any updates, amendments or other modifications) and the actuarial and financial data that demonstrate the actions taken by the Plan toward fiscal improvement by contacting the Plan Administrator (see "Where to Get More Information" at the end of this notice).

As the Plan is in endangered status for the Plan Year ending December 31, 2022, a separate Notice of Plan Status is mailed together with this notice.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 16,203. Of this number, 5,119 were current employees, 7,466 were retired and receiving benefits, and 3,618 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's funding policy is to receive contributions made by employers pursuant to collective bargaining agreements with unions that represent the Plan's participants, which together with the investment earnings, are projected to fund the pension benefits described in the applicable plan documents in accordance with applicable law.

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 delegates to various investment managers the authority to invest the assets of the Plan as required to achieve the long-range and short-term needs of the Plan in accordance with the applicable provisions of ERISA. The primary objectives of the investment policy are (i) to earn the highest possible total return consistent with risk prudent to the cash flow requirements of the Plan and (ii) to create a stream of investment returns to ensure the adequate funding of actuarially determined benefits through contributions and professional management of Plan assets.

In accordance with the Plan's investment policy, as of the end of the 2021 Plan Year, the Plan's assets were allocated among the following categories of investments. These allocations are percentages of total assets:

	Asset Allocations	**Percentage**
1.	Cash (interest bearing and non-interest bearing)	1.1%
2.	U.S. Government securities	6.9%
3.	Corporate debt instruments (other than employer securities): • Preferred • All other	 0.0% 7.0%
4.	Corporate stocks (other than employer securities): • Preferred • All other	 0.0% 42.0%
5.	Partnership/joint venture interests	31.5%
6.	Real estate (other than employer real property)	0.0%
7.	Loans (other than to participants)	0.2%
8.	Participant loans	0.0%
9.	Value of interest in common/collective trusts	3.5%
10.	Value of interest in pooled separate accounts	7.2%
11.	Value of interest in master trust investment accounts	0.0%
12.	Value of interest in 103-12 investment entities	0.0%
13.	Value of interest in registered investment companies (e.g., mutual funds)	0.0%
14.	Value of funds held in insurance co. general account (unallocated contracts)	0.0%
15.	Employer-related investments: • Employer Securities • Employer real property	 0.0% 0.0%
16.	Buildings and other property used in plan operation	0.0%
17.	Other	0.6%

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts and master trust investment accounts – contact Mr. Kenton Day, Executive Director of Central Laborers' Pension Fund, at the address shown at the end of this notice.

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 Executive Director of the Plan. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may get information about your accrued benefit by contacting Mr. Kenton Day, Executive Director of Central Laborers' Pension Fund, at the address shown at the end of this notice.

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 the PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

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

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

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

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbgc.gov/multiemployer, or call PBGC toll-free at 800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 800-877-8339 and ask to be connected to 800-400-7242).

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:

Mr. Kenton Day
Executive Director
Central Laborers' Pension Fund
P.O. Box 1267
Jacksonville, IL 62651-1267
217-479-3600

Additional information regarding the Fund (e.g., the Fund's summary plan description, prior Funding Improvement Plans and/or Rehabilitation Plans, and other required statutory notices) may be obtained from the Fund's website (www.central-laborers.com).

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Board of Trustees of Central Laborers' Pension Fund and 37-6052379.

CENTRAL LABORERS' PENSION FUND
NOTICE OF PLAN STATUS (Yellow Zone)

April 29, 2022

To Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The US Congress enacted the Pension Protection Act (the "PPA") of 2006 and also the Multiemployer Pension Reform Act of 2014 ("MPRA"), in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. PPA implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan's "financial health" with participants and others related to the plan.

Many of PPA's safeguard provisions relate to funding, which, in simplest terms, is how much money a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, PPA requires that a pension plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal classifications ("zone status"), were established. Plans that are in "endangered," "seriously endangered", or "critical" status must notify all plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the plan's financial health.

PPA's zone status rules were modified by MPRA, enacted on December 16, 2014. MPRA, among other changes, added a new zone status for deeply troubled pension plans called "critical and declining." Additional measures to improve funding shortfalls are available to "critical and declining" plans.

Plan's Status – Yellow Zone

On March 31, 2022, the Central Laborers' Pension Fund (the "Plan") was certified by its actuary that the Plan is in "endangered" status (also known as the "Yellow Zone") for the Plan year beginning January 1, 2022 ("2022 Plan year"). This is based on the actuary's determination that the Plan is projected to be less than 80% funded as of January 1, 2022.

Funding Improvement Plan

The PPA requires pension plans in endangered or seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The Trustees of the Plan adopted a Funding Improvement Plan ("FIP") effective March 31, 2016 (which was revised on November 6, 2017 and July 20, 2020). The goal of this FIP was to increase the Plan's funded percentage by at least 33% of the difference between the funded percentage as of January 1, 2016, and 100% by the end of the funding improvement period (i.e., 73.1% as of December 31, 2028), and to avoid a funding deficiency by the end of the funding improvement period. The Plan's actuary has estimated that the Plan's funded percentage, as of January 1, 2022, was 76.3%. The FIP generally requires the same contribution rate increases that were required by the most recent Rehabilitation Plan, except in cases where the employer did not elect a schedule of that Rehabilitation Plan. The required contribution rate increases for those employers were slightly higher. The Appendix to the FIP specifies the applicable contribution rate increases depending on the FIP Schedule that is applicable to an employer.

It is important to note that this Plan Status is based on financial reports from January 1, 2022. Due to the continuing Coronavirus pandemic, market conditions may have changed significantly since that time. The Plan's actuarial projections are not based on the daily ebbs and flows of the market, but on the annual market values locked in on the last day of each calendar year. It is too early to predict how the market will perform over the next several months. Your Trustees are monitoring the situation closely and will update you if there is any change required for the FIP.

What’s Next

Since the Plan’s financial condition generally changes with changes in the economy, PPA requires that the Plan’s funding status be reviewed and certified annually. Any necessary changes will be communicated to all affected individuals and/or parties. This means that you will receive a notice like this each year until the Plan is no longer in the Yellow Zone.

We understand that legally required notices like this one can create concern about the Plan’s future. While the “endangered” status (or “Yellow Zone”) classification is required to be used by law, we are working with our actuaries and consultants to continue to review the Plan’s condition and address its issues. We will continue to take actions necessary to improve the Plan’s financial condition.

For more information about this notice or the Plan in general, please contact in writing the Plan’s Executive Director, Mr. Kenton Day, at P.O. Box 1267, Jacksonville, Illinois, 62651-1267, 217-479-3600.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.