

**Annual Funding Notice  
For  
Northeast Carpenters 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, 2020 and ending December 31, 2020 (“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.

<b>Funded Percentage</b>			
	2020 Plan Year	2019 Plan Year	2018 Plan Year
Valuation Date	1/1/2020	1/1/2019	1/1/2018
Funded Percentage	75.61%	74.94%	76.56%
Value of Assets	\$2,683,450,800	\$2,577,047,906	\$2,523,424,474
Value of Liabilities	\$3,549,092,632	\$3,438,680,002	\$3,296,200,227

**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.

	12/31/2020	12/31/2019	12/31/2018
Fair Market Value of Assets	\$1,657,255,418 – NJ <u>\$1,320,133,117 – NY</u> \$2,977,388,535 - Total	\$2,820,841,783	\$2,419,706,374

\* Based on preliminary financial information following the transfer of assets of former Albany and Empire State Carpenters pension plans to the North Atlantic Carpenters Pension Plan effective December 31, 2020, representing approximately 46.0% of the Fund’s total assets (NJ and Empire) at market value and 47.2% of the Fund’s liabilities. The estimated funded percentage as of January 1, 2021 for the participants remaining with the Northeast Carpenters Pension Fund is 81.3%.

**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 unless it is projected to be above 80 percent funded within 10 years without making any changes to employer contributions or member benefits. 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.

If the Plan is in endangered, critical or critical and declining status for the plan year ending 12/31/2021, separate notification of that status has been or will be provided.

### **Participant Information**

The total number of participants and beneficiaries covered by the Plan on the valuation date was 36,187. Of this number, 10,834 were current employees, 16,787 were retired and receiving benefits, and 8,566 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 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 ERISA and the Internal Revenue Code. 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 Plan's Trustees develop and implement the funding policy and monitor the funding level with the assistance of the Plan's enrolled actuary and the Plan's investment advisor.

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 has been adopted by the Board of Trustees with the advice of the Plan's investment consultant. It is intended to generate returns that equal or exceed the Plan's actuarial assumed rate of return and to control risk. Based on the advice of the investment consultant, the Trustees have diversified the Plan's investments with allocations to a number of different asset classes.

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:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	1.50%
2. U.S. Government securities	4.30%
3. Corporate debt instruments (other than employer securities):	
Preferred	2.50%
All other	5.80%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	21.70%
5. Partnership/joint venture interests	9.30%
6. Real estate (other than employer real property)	1.70%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trusts	39.90%
10. Value of interest in pooled separate accounts	2.10%

11. Value of interest in 103-12 investment entities	10.70%
12. Value of interest in registered investment companies (e.g., mutual funds)	.50%
13. Value of funds held in insurance co. general account (unallocated contracts)	0.00%
14. Employer-related investments:	
Employer Securities	0.00%
Employer real property	0.00%
15. Buildings and other property used in plan operation	0.00%
16. Other	0.00%

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, master trust investment accounts, or 103-12 investment entities – contact the Fund Manager identified below under “Where to Get More Information.”

### **Events with 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 January 1, 2021 and ending on December 31, 2021, the Plan expects the following events to have such an effect:

Effective December 31, 2020, the portion of the Northeast Carpenters Pension Fund assets and liabilities associated with the former Albany and Empire State Carpenters pension plans were transferred to another multiemployer pension plan. The estimated effect of this transfer is a 46.0% reduction in market value of assets and 47.2% reduction in liabilities. As a result, the estimated funded percentage as of January 1, 2021 for the participants remaining with the Northeast Carpenters Pension Fund is 81.3%.

### **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](http://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.”

The Annual Report for the 2020 plan year will not be available until later in 2021.

### **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 ( $\$35.75 \times 10$ ).

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 ( $\$17.75 \times 10$ ).

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.pbtc.gov/multiemployer](http://www.pbtc.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 Mr. Peter Tonia, Funds Director, at (732) 417-3900, Raritan Center, PO Box 7818, Edison, NJ 08818. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 11-1991772.

### **Disclosure Statement and Disclaimer**

This notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of Plan liabilities, reported values of plan assets, and allocation of assets. However, actual results for the Plan Year may change and will not be considered final until filed with the Department of Labor as part of the Annual Report (i.e., the Form 5500).