MICHIGAN BAC PENSION PLAN

Actuarial Valuation Report
For Plan Year Commencing
May 1, 2023

United Actuarial Services, Inc.
Actuaries and Consultants

February 29, 2024

Board of Trustees
Michigan BAC Pension Plan

Dear Trustees:

We have been retained by the Board of Trustees of the Michigan BAC Pension Plan to perform annual actuarial valuations of the pension plan. This report presents the results of our actuarial valuation for the plan year beginning May 1, 2023. The valuation results contained herein are based on current plan provisions summarized in Appendix A, the actuarial assumptions and methods listed in Appendix B and on financial statements audited by Benda, Grace, Stulz & Company, P.C. Participant data was provided by TIC International Corporation. While we have reviewed the data for reasonableness in accordance with Actuarial Standards of Practice No. 23, we have not audited it. The data was relied on as being both accurate and comprehensive.

This report has been prepared in order to (1) assist the Trustees in evaluating the current actuarial position of the plan, (2) determine the minimum required and maximum deductible contribution amounts under Internal Revenue Code §431 and §404, (3) provide the fund's auditor with information necessary to comply with Accounting Standards Codification 960, and (4) document the plan's certified status under Internal Revenue Code §432 for the current year and provide the basis to certify such status for the subsequent year. In addition, information contained in this report will be used to prepare Schedule MB of Form 5500 that is filed annually with the IRS and could be used to calculate employer withdrawal liability. We are not responsible for the use of, or reliance upon, this report for any other purpose.

We have prepared this report in accordance with generally accepted actuarial principles and practices and have performed such tests as we considered necessary to assure the accuracy of the results. The results have been determined on the basis of actuarial assumptions that, in my opinion, are appropriate for the purposes of this report, are individually reasonable and in combination represent my best estimate of anticipated experience under the plan. Actuarial assumptions may be changed from previous valuations due to changes in mandated requirements, plan experience resulting in changes in expectations about the future, and/or other factors. An assumption change does not indicate that prior assumptions were unreasonable when made. For purposes of current liability calculations, assumptions are prescribed by regulation or statute. By relying on this valuation report, the Trustees confirm they have accepted the assumptions contained in the report.

The results are based on my best interpretation of existing laws and regulations and are subject to revision based on future regulatory or other guidance.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions or applicable law.

United Actuarial Services, Inc. does not provide, nor charge for, investment, tax or legal advice. None of the comments made herein should be construed as constituting such advice. I am not aware of any direct or material indirect financial interest or relationship that could create a conflict of interest that would impair the objectivity of our work.

The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. I am available to respond to any questions you may have about this report.

UNITED ACTUARIAL SERVICES, INC.

Enrolled Actuary

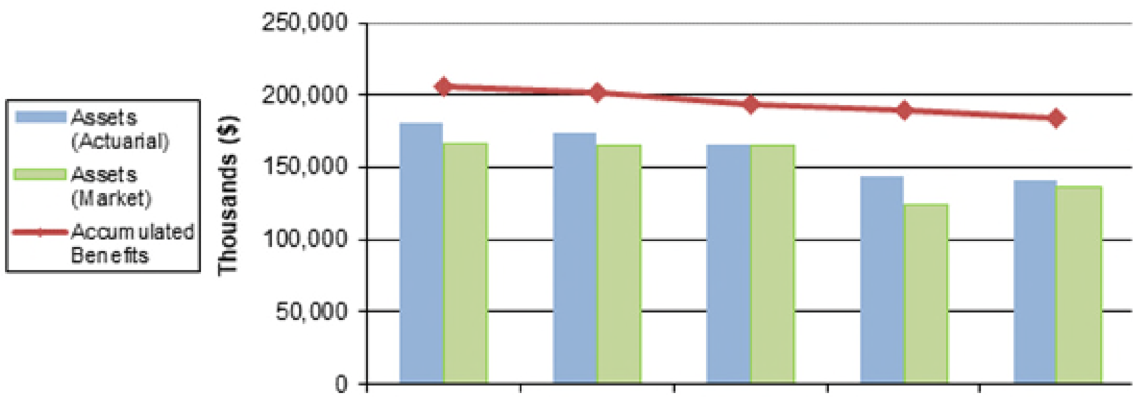
Angela Jeff

Angela L. Jeffries, FCA, EA, MAAA
Consulting Actuary

PART I: SUMMARY OF RESULTS

5 - YEAR SUMMARY OF VALUATION RESULTS

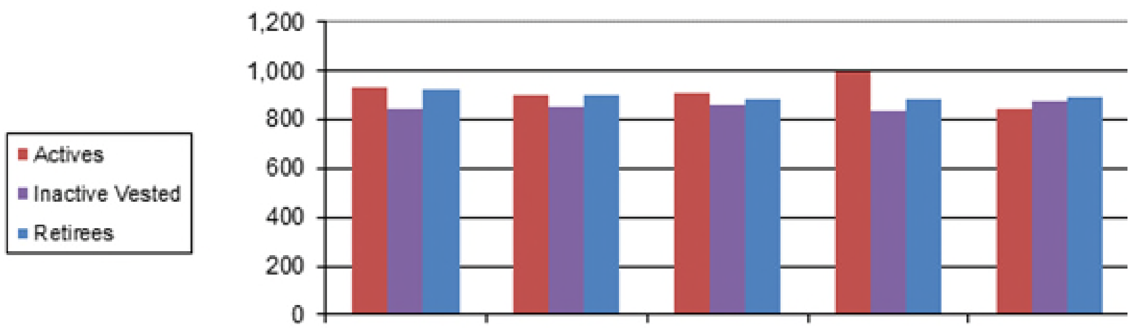
Actuarial Study as of May 1,	*2023*	*2022*	*2021*	*2020*	*2019*
PPA funded status	Safe	Safe	Safe	Endngrd	Endngrd
Improvements restricted*	No	No	No	Yes	Yes
Funded ratio					
Valuation report (AVA)	87.6%	86.7%	85.4%	75.7%	76.7%
Valuation report (MVA)	80.6%	82.1%	85.4%	65.7%	74.4%
PPA certification (AVA)	87.3%	87.1%	83.9%	76.1%	76.6%
Proj. year of insolvency	None	None	None	None	None
Credit balance ($ 000)	28,044	23,589	19,077	18,077	16,219
Date of first projected funding deficiency**					
Valuation report	None	None	None	None	None
PPA certification	None	None	None	4/30/31	None
Net investment return					
On market value	1.83%	0.53%	34.19%	-8.12%	2.32%
On actuarial value	4.70%	6.11%	16.46%	2.46%	5.44%
Asset values ($ 000)					
Market	166,333	165,326	165,528	124,525	136,638
Actuarial	180,685	174,525	165,528	143,385	140,991
Accum. ben. ($ 000)	206,343	201,371	193,779	189,407	183,738



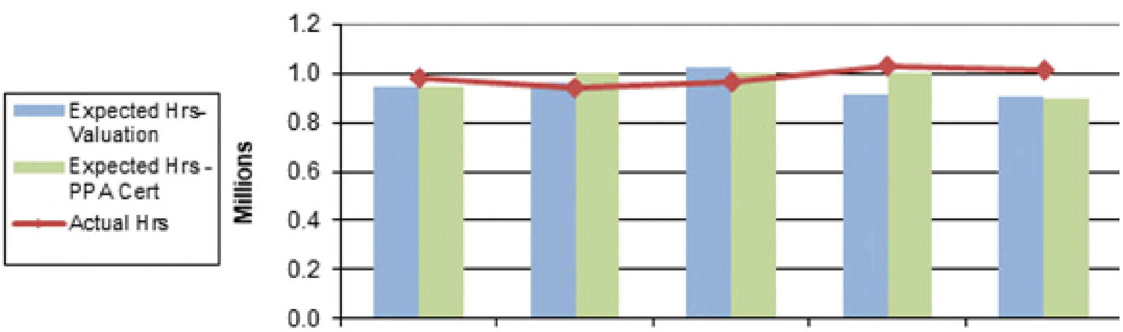
* Past benefit improvement restrictions were due to fund being in endangered status.
** Valuation report projected deficiency dates reflect future contribution rate increases as specified in each year's applicable Funding Improvement Plan; PPA certification includes no future increases.

5 - YEAR SUMMARY OF DEMOGRAPHICS

Actuarial Study as of May 1,	*2023*	*2022*	*2021*	*2020*	*2019*
Participant counts					
Active	930	900	909	994	844
Inactive vested	841	852	859	838	878
Receiving benefits	922	899	885	888	893
Total	2,693	2,651	2,653	2,720	2,615
Average entry age	30.4	30.0	29.4	30.3	29.5
Average attained age	42.3	42.7	42.6	43.2	43.5



Hours worked in prior plan year (thousands)					
Expected hours valuation	946	965	1,025	916	906
Expected hours PPA cert	950	1,000	1,000	1,000	900
Actual hours worked	980	946	968	1,034	1,018



CHANGES FROM PRIOR STUDY

Changes in Plan Provisions

The plan provisions underlying this valuation are the same as those valued last year.

Changes in Actuarial Assumptions and Methods

The actuarial assumptions and methods used in this valuation differ from those used in the prior valuation in the following respects:

- The adjustment factor applied to the PRI-2012 Blue Collar Mortality Table for males was changed from 105% to 110%. The adjustment factor applied to the PRI-2012 Blue Collar Mortality Table for females was changed from 100% to 105%. This change was made to more closely match projected deaths to actual post-retirement death experience.

- We changed the assumed hourly contribution rates to reflect the most recent plan year's individual averages.

- The assumed operational expenses were increased from $486,875 to $510,000 for the 2023-24 plan year. The assumed annual increase remains at 2.5%. This reflects our best estimate of future expenses based on recent plan experience and expected inflationary increases.

- The current liability interest rate was changed from 1.90% to 2.32%. The new rate is within established statutory guidelines.

Additionally, the projection assumptions used in this valuation differ from those used in the prior valuation in the following respects:

- The future return on fund assets <u>used for projection purposes</u> was increased from 6.75% to 7.50% for the first 10 years. The long-term return on fund assets for projection purposes and the ERISA rate of return assumption used to value liabilities remains at 7.50%. This provides our best estimate of the future rate of net investment return based on the Plan's current investment policy, asset allocation and a survey of capital market assumptions.

- The 2024 increase of the PBGC premium to $37 per participant is now reflected <u>for projection purposes</u>. (The 2031 increase of the PBGC premium to $52 per participant was already included in last year's projections.)

HISTORY OF MAJOR ASSUMPTIONS

Assumption	Actuarial Study as of May 1, 2023	2022	2021	2020	2019
Future rate of net investment return	7.50%	7.50%	7.50%	7.50%	7.50%
Mortality table	PRI-2012	PRI-2012	PRI-2012	PRI-2012	RP2006
Adjustment	110%M/ 105% F	105%M/ 100% F	105%M/ 95% F	105%M/ 95% F	105%
Projection scale	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018
Future expenses					
Initial year	$510,000	$475,000	$475,000	$475,000	$475,000
Annual increase	2.50%	2.50%	n/a	n/a	n/a
Average future hourly contribution rate*					
Tier A	$8.91	$9.14	$9.13	$8.93	$8.68
Tier B	1.71	1.49	1.10	0.79	0.30
Total	$10.62	$10.63	$10.23	$9.72	$8.98
Average future annual hours					
Vested	1,450	1,450	1,450	1,450	1,450
Non-vested	650	650	650	600	600
Assumptions used for projections					
Return, first 10 years	7.50%	6.75%	6.75%	6.75%	6.75%
Annual hours (000)	950	950	1,000	1,000	1,000

* Actual average derived from application of assumptions specified in Appendix B.

EXPERIENCE VS. ASSUMPTIONS

Comparing the prior year's experience to assumptions provides indications as to why overall results may differ from those expected

Actuarial assumptions are used to project certain future events related to the pension plan (e.g. deaths, withdrawals, investment income, expenses, etc.). While actual results for a single plan year will rarely match expected experience, it is intended that the assumptions will provide a reasonable long term estimate of developing experience.

The following table provides a comparison of expected outcomes for the prior plan year with the actual experience observed during the same period. This display may provide insight as to why the plan's overall actuarial position may be different from expected.

Plan Year Ending April 30, 2023	*Expected*	*Actual*
Decrements		
Terminations		199
less*: Rehires*		73
Terminations (net of rehires)	130.0	126
Active retirements	28.6	25
Active disabilities	2.2	2
Pre-retirement deaths	7.3	6
Post-retirement deaths	39.4	39
Monthly benefits of deceased retirees	$ 29,523	$ 20,130
Financial assumptions		
Rate of net investment return on actuarial value	7.50%	4.70%
Administrative expenses	$ 475,000	$ 555,714
Other demographic assumptions		
Average retirement age from active (new retirees)	62.1	61.8
*Average retirement age from inactive (new retirees)**	62.7	63.8
Average entry age (new entrants)	30.0	33.9
Hours worked per vested active	1,450	1,455
Hours worked per non-vested active	650	604
Total hours worked (valuation assumption)	945,850	979,675
Total hours worked (PPA certification assumption)	950,000	979,675
Unfunded liability (gain)/loss		
(Gain)/loss due to asset experience		$ 4,852,768
(Gain)/loss due to liability experience		1,850,073
Total (gain)/loss		$ 6,702,841

* Expected average based on the average for the total group of participants.

PLAN MATURITY

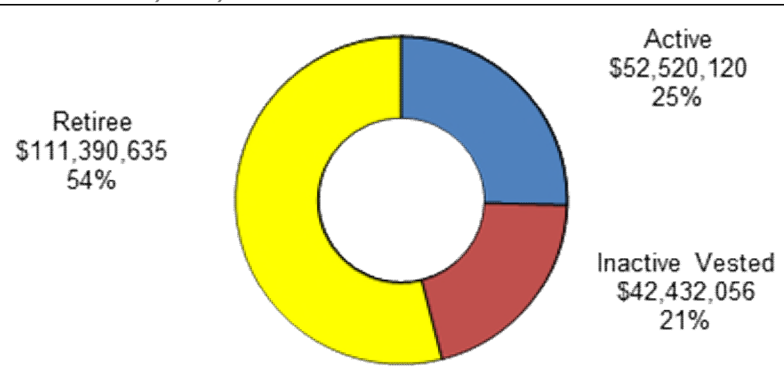
Measures of plan maturity can play a part in understanding risk and a plan's ability to recover from adverse experience

When a new pension plan is first established, its liabilities are typically limited to active plan participants. However, as people become vested and retire, a plan begins to develop liabilities attributable to nonactive participants (retirees and inactive vested participants). The process of adding nonactive liabilities (often referred to as "maturing") is a natural outgrowth of the operation of the plan. As a plan matures, its liabilities tend to balloon in relation to its contribution base, making it more difficult to correct for adverse outcomes by increasing contribution rates or reducing future benefit accruals.

Headcount ratios show the number of retiree or inactive participants supported by each active participant. While there is no hard and fast rule, we generally consider a plan to be mature if each active is supporting more than 1 retiree or more than 2 nonactives. A negative net cash flow (benefits payments and expenses greater than contributions) can also be an indicator of a mature plan. A negative cash flow, when expressed as a percentage of assets, in excess of the assumed rate of return on fund assets may not be sustainable in the long term.

Actuarial Study as of May 1,	*2023*	*2022*	*2021*	*2020*	*2019*
Retiree/active headcount ratio	0.99	1.00	0.97	0.89	1.06
Nonactive/active headcount ratio	1.90	1.95	1.92	1.74	2.10
Cash flow					
Contr.-ben.-exp. ($000)	(2,002)	(1,083)	(1,351)	(1,062)	(1,731)
Percent of assets	-1.20%	-0.65%	-0.82%	-0.85%	-1.27%

Liabilities of Actives, Retirees, and Inactive Vesteds
Total Liabilities: $206,342,811



UNFUNDED VESTED BENEFITS/EMPLOYER WITHDRAWAL LIABILITY

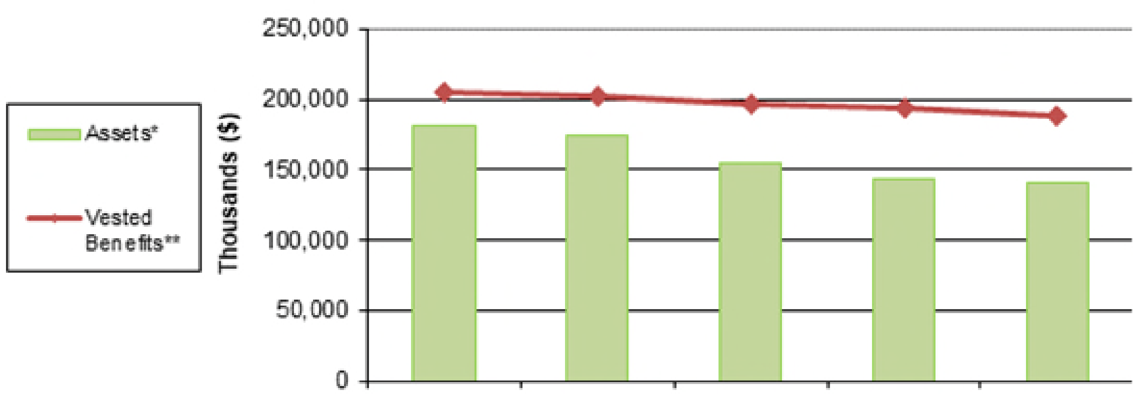
An employer withdrawing during the coming year may have withdrawal liability

The following table shows a history of the plan's unfunded vested benefits (UVB) required to compute a specific employer withdrawal liability under the presumptive method. If all unfunded vested benefits since the inception of the Multiemployer Pension Plan Amendments Act of 1980 (MPPAA) are zero ($0) or less, there will be no withdrawal liability assessed to a withdrawing employer. Otherwise, an employer may be assessed withdrawal liability payments pursuant to MPPAA. The display does not reflect adjustments for prior employer withdrawals.

In accordance with IRC Section 432(e)(9)(A) and PBGC Technical Update 10-3, the impact of reducing adjustable benefits is reflected by adding the unamortized portion of the value of affected benefits (VAB) to the most recent year's unfunded vested benefits pool. An employer who is assessed withdrawal liability will be assessed a portion of the UVB and the VAB.

Presumptive Method ($ 000)

April 30,	*2023*	*2022*	*2021*	*2020*	*2019*
Vested benefits interest	7.50%	7.50%	7.50%	7.50%	7.50%
Vested benefits	201,980	198,088	192,016	187,810	182,192
less: Asset value*	180,685	174,525	154,100	143,385	140,991
UVB	21,295	23,563	37,916	44,425	41,201
Unamortized VAB	3,747	4,432	5,070	5,664	6,215
UVB + VAB	25,042	27,995	42,986	50,089	47,416



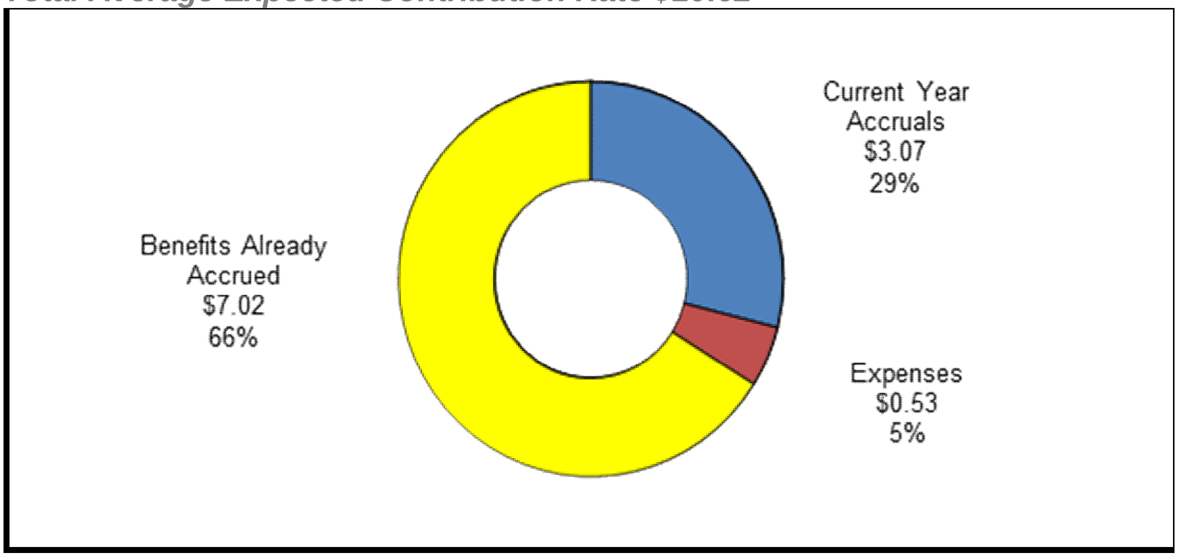
* Actuarial value
** Includes VAB

CONTRIBUTION ALLOCATION

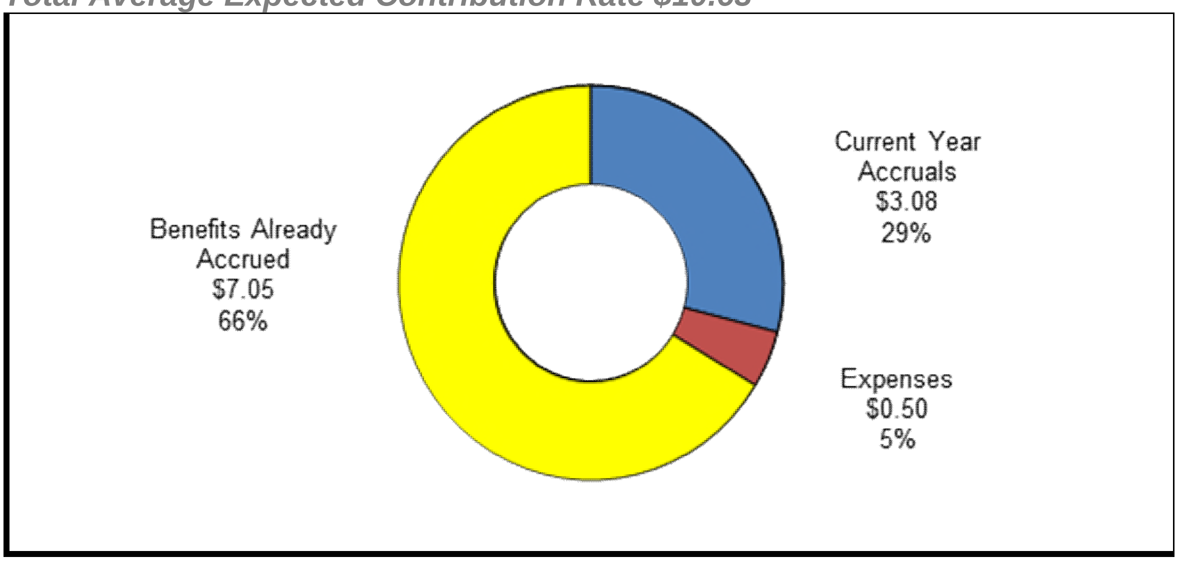
These graphs show how the contributions are being spent

The following allocation charts illustrate how the expected contribution rate for the coming plan year will be "spent" to pay for benefits being earned in the current year, plan expenses, and funding of past unfunded liabilities.

Contribution Allocation as of May 1, 2023
Total Average Expected Contribution Rate $10.62



Contribution Allocation as of May 1, 2022
Total Average Expected Contribution Rate $10.63



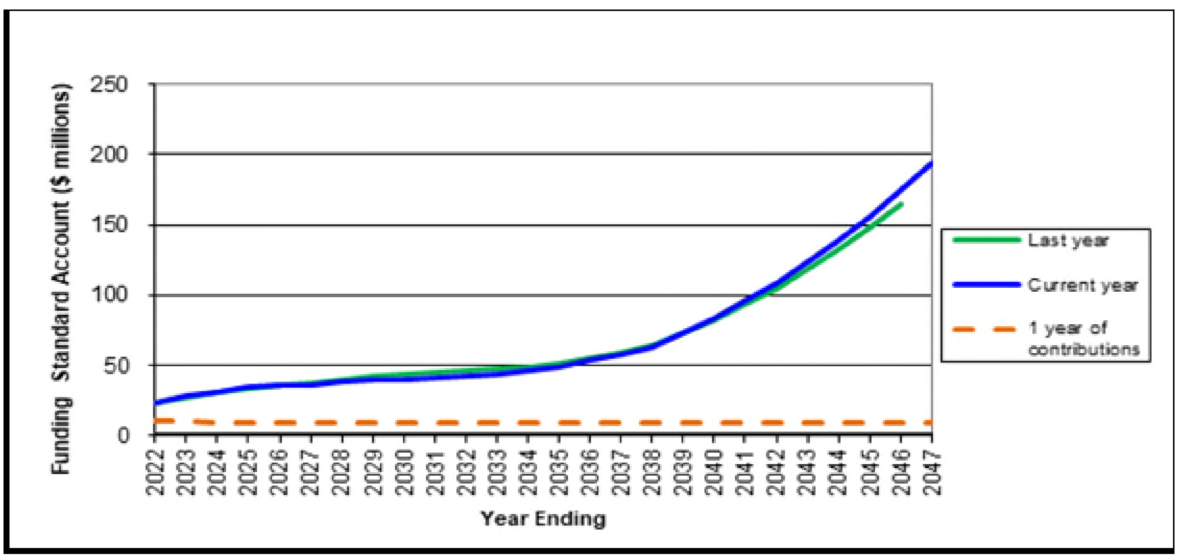
FUNDING STANDARD ACCOUNT PROJECTION

The funding standard account projection is a major driver of PPA status

The funding standard account (FSA) was established by ERISA as a means of determining compliance with minimum funding standards. The FSA is hypothetical in the sense that it does not represent actual assets held by a custodian. Rather, a positive FSA balance (called a "credit balance") means that the plan has exceeded minimum funding standards on a cumulative basis, while a negative balance (called a "funding deficiency") means that the plan has fallen short of such standards.

Actuaries must project the plan's FSA each year in order to determine PPA status. If a funding deficiency is projected in a future year, the plan could be forced into yellow (endangered) or red (critical) status depending how far into the future the first projected funding deficiency is. The plan's FSA projection appears below. These projections are based on the assumptions summarized in the "Actuarial Assumptions used for Projections" section of Appendix B.

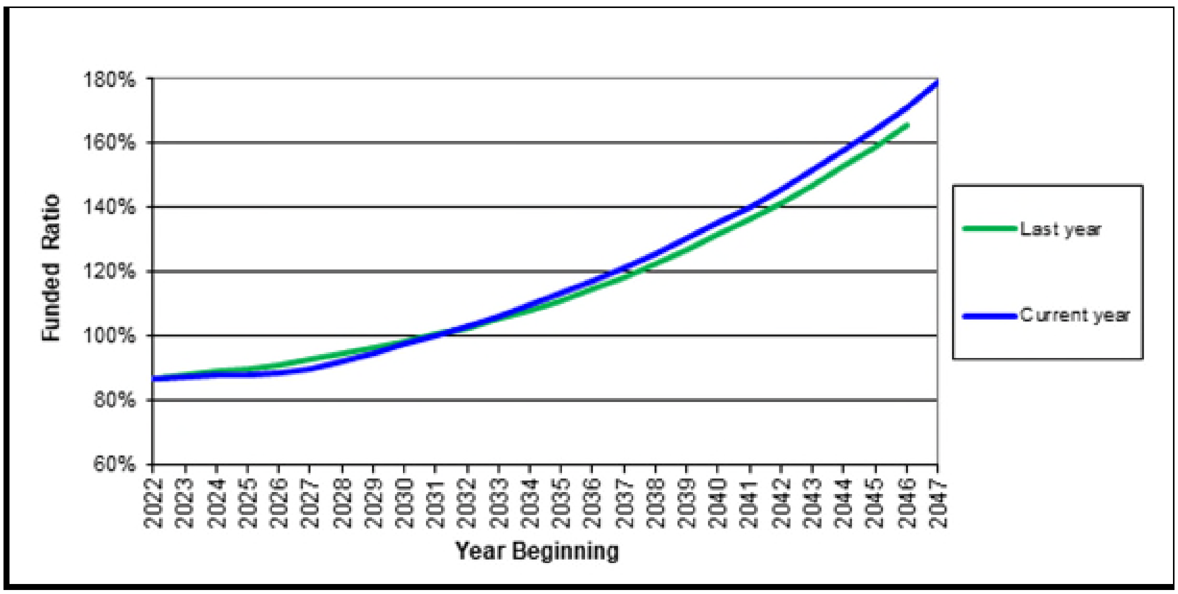
As a rule of thumb, UAS recommends in non-Critical status year that plans maintain a projected credit balance of at least one year's contributions (shown as an orange dotted line in the graph below) in each future year. Maintaining a "cushion" in the Funding Standard Account helps minimize the risk of a surprise funding deficiency at the end of a non-Critical status plan year. Such a deficiency could trigger an excise tax payable directly by employers. If the Plan is in Critical status at the start of plan year, it is protected from these excise taxes so long as scheduled progress has been satisfied in at least one of the past three plan years.



FUNDED RATIO PROJECTION

The plan's funded ratio is a major driver of PPA status

The funded ratio is defined as the actuarial value of plan assets divided by the plan's liabilities for accrued benefits. Along with the funding standard account projection, funded ratio is one of the two major drivers of PPA funded status. In order for a plan to enter the green zone (also called "safe" or "not endangered or critical") the funded ratio must be at least 80%. An insolvency, which is the plan year when the plan would run out of money, occurs if the funded ratio is projected to be 0%. In order for a plan to enter critical and declining status, an insolvency needs to be projected within 20 plan years of the PPA certification (it may need to be within 15 years under certain conditions). The projection of the funded ratio appears below. These projections are based on the assumptions summarized in the "Actuarial Assumptions used for Projections" section of Appendix B.

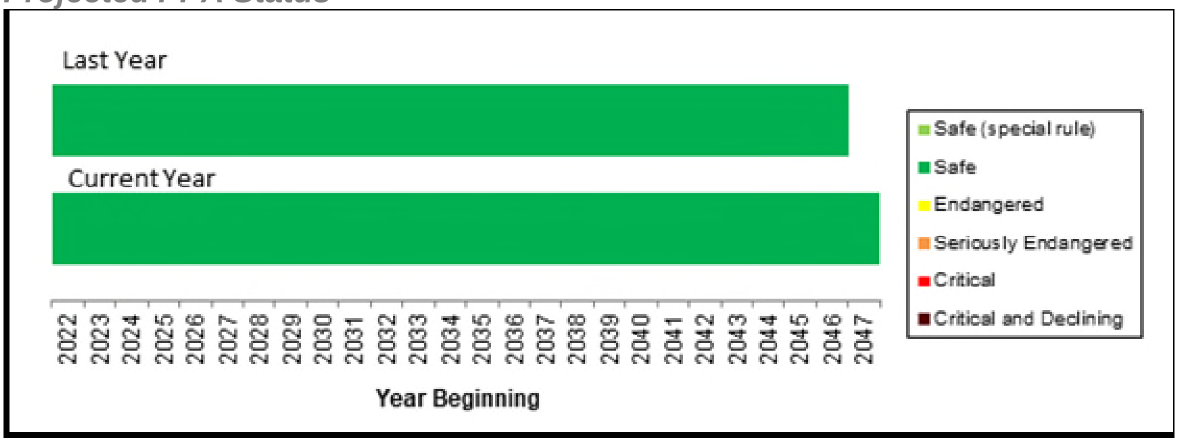


PPA STATUS PROJECTION

A plan that is not in green (i.e. safe) zone is subject to additional requirements and restrictions

The following graph shows the projection of PPA status based on the assumptions summarized in the "Actuarial Assumptions used for Projections" section of Appendix B. The projection is based on the current plan and does not assume any changes in plan provisions or contribution rates, even if the plan moves to a worse PPA zone.

Projected PPA Status

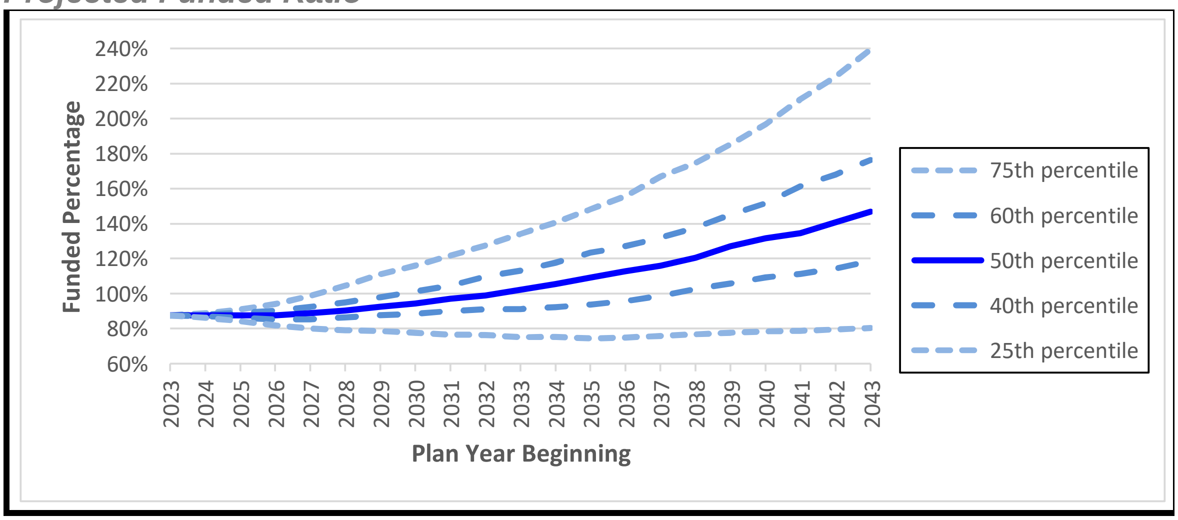


STOCHASTIC PROJECTIONS

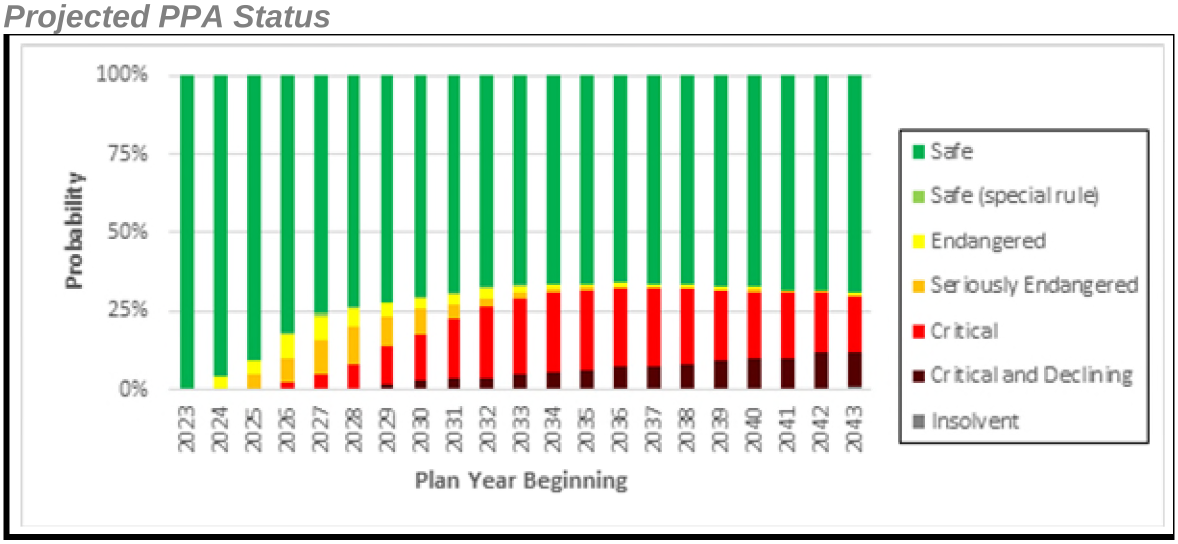
Stochastic projections show the probability of being in a certain status or having a certain funded ratio.

The stochastic projections below show the estimated probability of being in each status in each future year and the probability of being at a certain funded ratio based on the assumptions summarized in the "Actuarial Assumptions used for Projections" section of Appendix B. The projections are based on the current plan and do not assume any changes in plan provisions or contribution rates, even if the plan moves to a worse PPA zone. Distribution of returns are based on the mean and standard deviation of the Plan's investment portfolio. Mean for years 1-10 are based on short-term expectations, and years 11-20 are based upon long-term projections.

Projected Funded Ratio



Projected PPA Status



Sensitivity Analysis and Scenario/Stress Testing

Sensitivity analysis along with scenario and stress testing can help Trustees gauge a plan's key risks

Sensitivity analysis studies the funding impact to the plan when a given assumption changes. *Scenario testing* studies the funding impact from actual experience for one or more possible outcomes. *Stress testing* studies the funding impact from poor experience. The sensitivity analysis along with the scenario and stress testing below can be used to gauge a plan's key risks from investments and hours.

Currently, the plan is projected to be 100% funded by 2031, is projected to have no unfunded vested benefits in 2031, and is projected to have no funding deficiencies. In the table below we use these results to perform scenario and stress testing on the investment return assumption by assuming asset returns for the 2023-24 plan year of 17.00%, 7.50%, and -2.00%. The 7.50% return represents the assumed return on assets. The other two returns are 75% of one standard deviation from the expected return. Statistically, the return has about a 55% probability of being within this range for the year. We perform sensitivity analysis on the future hours assumption by showing the effect of varying it by ±10%. Lastly, we also show the minimum return in the 2023-24 plan year needed for the plan to project no deficiencies and the green zone in all future years.

Assumptions	Funding Stats	Scenario Testing: Return for 2023-24 PY then 7.50% thereafter			Minimum 2023-24 Return to Project Green in All Years*
		17.00%	7.50%	-2.00%	
10% Lower Hours 855,000 per year	100% Funded: No UVB/VAB: Proj. Deficiency:	2029 2029** None	2033 2032 None	2039 2038 None	-3%
Baseline Hours 950,000 per year	100% Funded: No UVB/VAB: Proj. Deficiency:	2028 2029** None	**2031** **2031** **None**	2036 2035 None	-8%
10% Higher Hours 1,045,000 per year	100% Funded: No UVB/VAB: Proj. Deficiency:	2028 2029** None	2030 2030 None	2034 2033 None	-12%

* Includes the use of the Safe Special rule.
** Minimum year of no UVB/VAB is 2029 due to the value of affected benefits (VAB) being fully amortized in 2029.

PART II: SUPPLEMENTAL STATISTICS

PARTICIPANT DATA RECONCILIATION

The participant data reconciliation table below provides information as to how the plan's covered population changed since the prior actuarial study. Such factors as the number of participants retiring, withdrawing and returning to work have an impact on the actuarial position of the pension fund.

Participants Valued As	Active	Inactive Vested	Receiving Benefits	Total Valued
May 1, 2022	900	852	899	2,651
Change due to:				
New hire	187	-	-	187
Rehire	73	(19)	-	54
Termination	(199)	30	-	(169)
Disablement	(2)	(3)	5	-
Retirement	(25)	(18)	43	-
Death	(4)	(2)	(39)	(45)
Cash out	-	-	-	-
New beneficiary	-	6	14	20
Certain pd. expired	-	-	-	-
*Data adjustment**	-	(5)	-	(5)
Net change	30	(11)	23	42
May 1, 2023	930	841	922	2,693

* Inactive vested data adjustment: Addition of 1 inactive vested who was previously assumed deceased; less 2 inactive vested who are over age 74 and now assumed to be deceased and 4 inactive vested who were confirmed to not actually be participants.

HOURS WORKED DURING PLAN YEAR

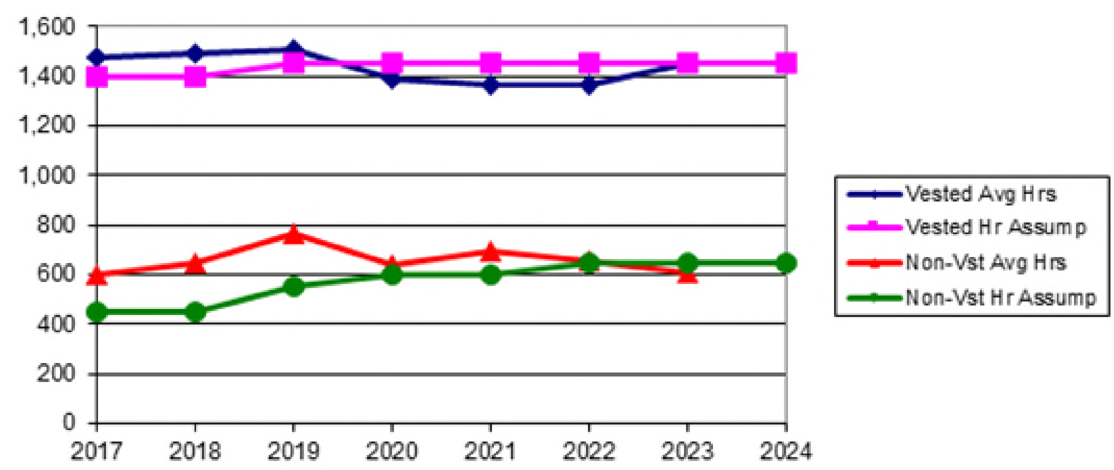
Hours Worked Per Participant

Plan Year Ending April 30, 2023	*Number*	*Hours Worked*	*Average Hours Worked*
Actives			
Vested	468	680,830	1,455
Non-vested, continuing	275	205,166	746
Non-vested, new entrant	187	73,839	395
Total active	930	959,835	1,032
Others	38	19,840	522
Total for plan year	968	979,675	1,012

History of Total Actual and Expected Hours Worked (Thousands)

Plan Year Ending April 30,	*2024*	*2023*	*2022*	*2021*	*2020*
Expected hours valuation	962	946	965	1,025	916
Expected hours PPA cert	950	950	1,000	1,000	1,000
Actual hours worked	n/a	980	946	968	1,034

History of Average Actual and Expected Hours Worked per Participant



CONTRIBUTIONS MADE DURING PLAN YEAR

Employer Contributions Reported in Employee Data

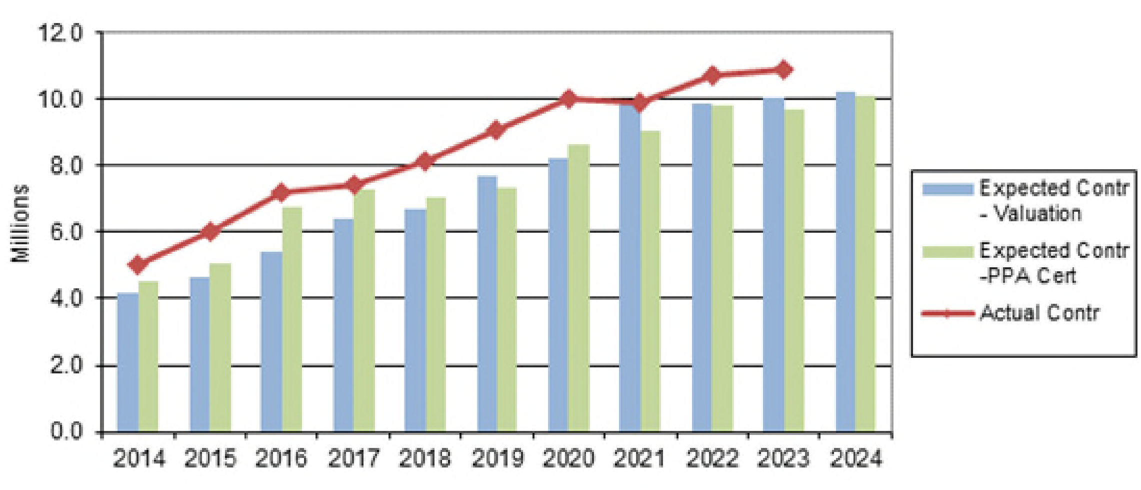
Plan Year Ending April 30, 2023	*Number*		*Contributions Reported*
Actives			
Vested	468	$	7,293,477
Non-vested, continuing	275		2,066,560
Non-vested, new entrant	187		564,802
Total valued as active	930		9,924,839
Others	38		212,784
Total for plan year	968	$	10,137,623

Average hourly contribution rate	$	10.35

Comparison with Audited Employer Contributions

Employer contributions reported in data	$	10,137,623
Total audited employer contributions	$	10,915,251
Percent reported		93%

History of Actual and Expected Total Contributions Received



ACTIVE INFORMATION

Active Participants by Age and Service as of May 1, 2023

Age	Years of Service										
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
< 25	11	65	8	-	-	-	-	-	-	-	84
25-29	2	64	25	-	-	-	-	-	-	-	91
30-34	9	73	24	8	1	-	-	-	-	-	115
35-39	5	56	15	10	8	1	-	-	-	-	95
40-44	3	47	21	10	15	17	2	-	-	-	115
45-49	3	30	12	12	23	14	17	1	-	-	112
50-54	5	34	9	5	21	12	17	10	3	-	116
55-59	-	25	9	5	8	28	22	18	14	1	130
60-64	-	5	5	-	4	8	7	4	2	1	36
65-69	1	1	-	3	3	1	-	-	1	1	11
70+	-	1	-	-	-	-	-	-	-	-	1
Totals	39	401	128	53	83	81	65	33	20	3	906
Unrecorded DOB	3	20	1	-	-	-	-	-	-	-	24
Total Active Lives	42	421	129	53	83	81	65	33	20	3	930

INACTIVE VESTED INFORMATION

Inactive Vested Participants by Age as of May 1, 2023

Age Group	Number	Estimated Monthly Deferred Vested Benefits*
< 30	4	$ 1,504
30-34	8	2,580
35-39	21	11,684
40-44	82	53,649
45-49	139	99,459
50-54	183	129,314
55-59	189	114,980
60-64	144	105,474
65-69	40	27,486
70+	31	27,057
Totals	841	573,187
Unrecorded birth date	-	-
Total inactive vested lives	841	$ 573,187

* Amount payable at assumed retirement age as used in the valuation process.

RETIREE INFORMATION

Benefits Being Paid by Form of Payment as of May 1, 2023

Form of Payment	Number	Monthly Benefits Being Paid* Total	Average	Smallest	Largest
Life only**	298	$ 350,204	$ 1,175	$ 37	$ 3,864
Joint & survivor	386	536,145	1,389	25	4,411
Disability	28	30,208	1,079	100	2,589
Beneficiaries	210	117,777	561	6	2,847
Totals	922	$ 1,034,334	$ 1,122	$ 6	$ 4,411

Retirees by Age and Form of Payment as of May 1, 2023

Age Group	Form of Benefits Being Paid* Life Only**	Joint & Survivor	Disability	Beneficiaries	Total
< 40	-	-	-	1	1
40-44	-	-	-	1	1
45-49	-	-	2	1	3
50-54	-	-	8	3	11
55-59	6	8	13	5	32
60-64	53	54	5	23	135
65-69	79	91	-	23	193
70-74	54	90	-	23	167
75-79	45	60	-	30	135
80-84	34	37	-	40	111
85-89	14	35	-	39	88
90-94	11	11	-	15	37
95+	2	-	-	6	8
Totals	298	386	28	210	922

* Includes $30,216 in benefits being paid to 77 participants that had accruals eligible to be paid at a different time. Retirees receiving two forms of benefits where only one was a Joint & Survivor form, have their combined benefit amount listed under Joint & Survivor.

** Includes retirees receiving life and certain benefits.

RETIREE INFORMATION (CONT.)

Age of Participants Retired During Last 5 Plan Years
(excludes beneficiaries and disability retirements)

Age at Retirement	Plan Year Ending April 30,				
	2023	2022	2021	2020	2019
< 54	-	-	-	-	-
54	-	-	1	-	-
55	-	-	-	-	-
56	1	2	1	2	3
57	1	1	-	-	1
58	2	5	2	-	1
59	2	-	3	3	1
60	6	5	4	4	3
61	3	9	1	1	1
62	7	2	3	2	1
63	5	2	3	1	1
64	4	2	-	2	2
65	8	3	11	4	6
66+	2	4	3	3	6
Totals	41	35	32	22	26
Average retirement age	62.6	61.9	62.6	62.5	63.2

PART III: ASSET INFORMATION

MARKET AND ACTUARIAL FUND VALUES

Asset information extracted from the fund's financial statements audited by Benda, Grace, Stulz & Company, P.C.

Market/Actuarial Value of Fund Investments as of April 30,	*2023*	*2022**	*2021*
Invested assets			
Common stocks	$ 31,503,029	$ 30,968,762	$ 33,332,847
Mutual funds	45,527,991	42,093,828	77,942,823
Limited partnership	34,227,378	35,833,070	37,502,881
Common/collective trust	20,399,414	20,464,536	1,493,008
103-12 investment entity	20,226,449	21,658,641	
Real estate fund	-	-	8,871,324
Exchange traded notes	5,456,486	5,024,028	4,282,715
Hedge fund of funds	5,386,276	5,471,715	
Other	2,639,478	2,225,694	1,715,650
	165,366,501	163,740,274	165,141,248
Net receivables**	966,192	1,586,032	386,966
Market value	$ 166,332,693	$ 165,326,306	$ 165,528,214
Fund assets - Actuarial value			
Market value	$ 166,332,693	$ 165,326,306	$ 165,528,214
less*: Deferred investment gains and (losses)****	(14,351,939)	(9,198,418)	-
Actuarial value	$ 180,684,632	$ 174,524,724	$ 165,528,214
Actuarial value as a percentage of market value	108.63%	105.56%	100.00%

* April 30, 2022 assets were revised to match the 2023 audit

** Equals receivables, less any liabilities

*** No deferred gains or losses in 2021 due to change in asset valuation method effective May 1, 2021

FLOW OF FUNDS

Asset information extracted from the fund's financial statements audited by Benda, Grace, Stulz & Company, P.C.

Plan Year Ending April 30,	*2023*	*2022*	*2021*
Market value at beginning of plan year	$ 165,326,306	$ 165,528,214	$ 124,525,241
Additions			
Employer contributions	10,915,251	10,712,304	9,906,131
*Net investment income**	3,008,005	876,166	42,349,335
Other income	125	4,555	4,394
	13,923,381	11,593,025	52,259,860
Deductions			
Benefits paid	12,361,280	11,364,580	10,784,151
*Net expenses**	555,714	430,353	472,736
	12,916,994	11,794,933	11,256,887
Net increase (decrease)	1,006,387	(201,908)	41,002,973
Adjustment	-	-	-
Market value at end of plan year	$ 166,332,693	$ 165,326,306	$ 165,528,214
Cash flow			
Contr.-ben.-exp.	(2,001,743)	(1,082,629)	(1,350,756)
Percent of assets	-1.20%	-0.65%	-0.82%
Estimated net investment return			
On market value	1.83%	0.53%	34.19%
On actuarial value	4.70%	6.11%	16.46%**

* Investment expenses have been offset against gross investment income
** Reflects change in asset valuation method effective May 1, 2021

INVESTMENT GAIN AND LOSS

Investment Gain or Loss
Plan Year Ending April 30, 2023

Expected market value at end of plan year		
Market value at beginning of plan year	$	165,326,306
Employer contributions and non-investment income		10,915,376
Benefits and expenses paid		(12,916,994)
Expected investment income (at 7.50% rate of return)		12,324,412
		175,649,100
Actual market value at end of plan year		166,332,693
less: Expected market value		175,649,100
Investment gain or (loss)	$	(9,316,407)

History of Gains and (Losses)

Plan Year Ending April 30,	Investment Gain or (Loss)	Amount Recognized This Year*
2023	$ (9,316,407)	$ (1,863,281)
2022	(11,498,022)	(2,299,604)
2021	33,060,430	-
2020	(21,265,813)	-
2019	(6,961,755)	-
Total	$ (15,981,567)	$ (4,162,885)

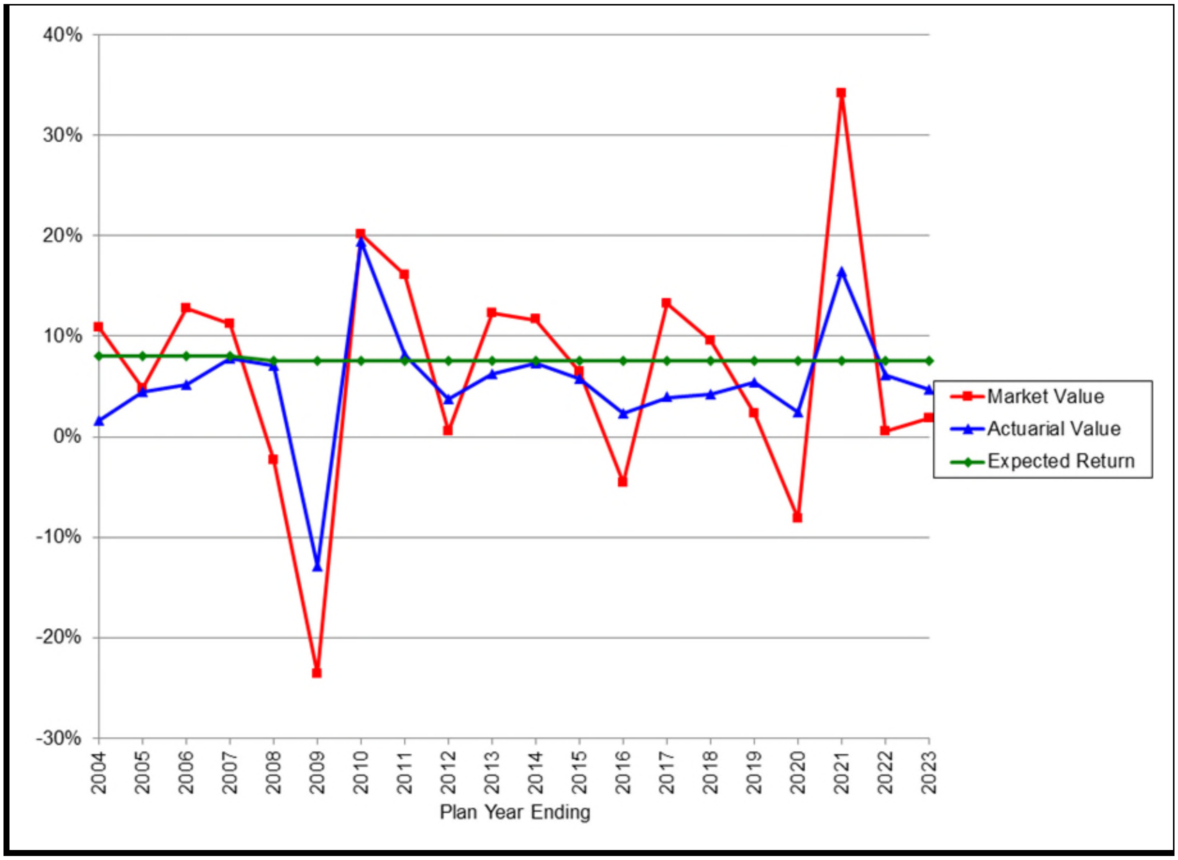
*Deferred Investment Gains and (Losses)**

Plan Year Ending April 30,	Amount of Gain or (Loss) Deferred as of April 30,			
	2023	2024	2025	2026
2023	$ (7,453,126)	$ (5,589,844)	$ (3,726,563)	$ (1,863,281)
2022	(6,898,813)	(4,599,209)	(2,299,604)	-
2021	-	-	-	-
2020	-	-	-	-
Totals	$ (14,351,939)	$ (10,189,053)	$ (6,026,167)	$ (1,863,281)

* Gains and losses prior to 2022 were fully recognized as of May 1, 2021 due to change in asset valuation method.

RATE OF RETURN ON FUND ASSETS

Historical Rates of Net Investment Return



The following table shows average rates of return over various periods calculated on a geometric average basis. These statistics may not be appropriate for evaluating a Plan's rate of return assumption as such assumption is forward-looking whereas the statistics are historical. Furthermore, these statistics do not reflect the internal rate of return actually experienced by the Fund over these periods.

Average Rates of Net Investment Return (geometric average)

	Return on Market Value Period Ending April 30,		Return on Actuarial Value Period Ending April 30,	
Period	2023	2022	2023	2022
One year	1.83%	0.53%	4.70%	6.11%
5 years	5.25%	6.81%	6.93%	6.83%
10 years	6.15%	7.20%	5.80%	5.95%
15 years	5.35%	5.06%	5.33%	5.49%
20 years	5.84%	5.57%	5.30%	5.13%

PART IV: ENROLLED ACTUARY'S REPORT

NORMAL COST/ACTUARIAL LIABILITY

Normal Cost as of May 1,	*2023*	*2022*
Benefit accruals	$ 2,848,801	$ 2,808,947
Anticipated administrative expenses (beg. of year)	491,566	457,831
Total normal cost	$ 3,340,367	$ 3,266,778

Unfunded Actuarial Liability as of May 1,	*2023*	*2022*
Actuarial liability		
Participants currently receiving benefits	$ 111,390,635	$ 104,803,550
Inactive vested participants	42,432,056	41,899,648
Active participants	52,520,120	54,667,924
	206,342,811	201,371,122
less: Fund assets (actuarial value)	180,684,632	174,524,724
Unfunded actuarial liability	$ 25,658,179	$ 26,846,398

ACTUARIAL LIABILITY RECONCILIATION/PROJECTION

Reconciliation of Unfunded Actuarial Liability

Expected unfunded actuarial liability as of April 30, 2023		
Unfunded actuarial liability as of May 1, 2022	$	26,846,398
Normal cost (including expenses)		3,266,778
Actual contributions		(10,915,251)
Interest to end of plan year		1,849,167
		21,047,092
Increase (decrease) due to:		
Experience (gain) or loss		6,702,841
Plan amendment		-
Change in actuarial assumptions		(2,091,754)
Change in actuarial method		-
Net increase (decrease)		4,611,087
Unfunded actuarial liability as of May 1, 2023	$	25,658,179

Projection of Actuarial Liability to Year End

Actuarial liability as of May 1, 2023	$	206,342,811
Expected increase (decrease) due to:		
Normal cost (excluding expenses)		2,848,801
Benefits paid		(14,081,224)
Interest on above		(314,386)
Interest on actuarial liability		15,475,711
Net expected increase (decrease)		3,928,902
Expected actuarial liability as of April 30, 2024	$	210,271,713

FUNDED RATIOS

Present Value of Accumulated Benefits/ Funded Ratios Actuarial Study as of May 1,		*2023*		*2022*
Present value of vested accumulated benefits				
Participants currently receiving benefits	$	111,390,635	$	104,803,550
Inactive vested participants		42,171,953		41,641,981
Active participants		48,417,205		50,656,105
Total		201,979,793		197,101,636
Nonvested accumulated benefits		4,363,018		4,269,486
Present value of all accumulated benefits	$	206,342,811	$	201,371,122
Market value of assets	$	166,332,693	$	165,326,306
Funded ratios (Market value)				
Vested benefits		82.4%		83.9%
All accumulated benefits		80.6%		82.1%
Actuarial value of assets	$	180,684,632	$	174,524,724
Funded ratios (Actuarial value used for PPA)				
Vested benefits		89.5%		88.5%
All accumulated benefits		87.6%		86.7%
Interest rate used to value benefits		7.50%		7.50%

FUNDING PERIOD

The funding period is the approximate number of years that would be required to completely fund the unfunded entry age normal actuarial liability if future plan experience occurs according to the assumptions. The funding period is an indicator of the long term financial soundness of the plan. Historically, funds often targeted a maximum funding period of up to 20 years. Today, asset losses are being paid off over a maximum of 15 years and are the primary driver for ERISA minimum funding. An ultimate target of no more than 10 years is recommended. A lower, more conservative funding period target can be chosen. As the funding period drops, the risk of having future funding issues also diminishes.

Funding Period Calculation *Actuarial Study as of May 1,*		*2023*		*2022*
Unfunded actuarial liability				
Actuarial liability	$	222,685,304	$	217,357,171
less: *Fund assets (actuarial value)*		180,684,632		174,524,724
		42,000,672		42,832,447
Funds available to amortize unfunded				
Anticipated contributions (beg. of yr.)		9,845,672		9,686,586
less: *Normal cost (including expenses)*		1,645,056		1,541,424
	$	8,200,616	$	8,145,162
Funding period (years)		7		7

CURRENT LIABILITY

Current Liability is determined in a manner similar to the value of accrued benefits, but using an interest rate assumption within an acceptable range determined by the IRS. The current liability is used in the determination of the maximum deductible employer contribution and full funding limit under the Internal Revenue Code. For plans in critical status, it may also be used to determine eligibility for financial assistance under the America Rescue Plan. This alternative measure of liabilities is also a "low default risk" measure. Such a measure could match a lower risk investment strategy, which would provide more benefit security if it can be adequately funded.

Current Liability as of May 1,		*2023*		*2022*
Vested current liability				
Participants currently receiving benefits	$	182,405,880	$	177,211,443
Inactive vested participants		95,318,271		102,713,481
Active participants		118,667,723		131,998,079
		396,391,874		411,923,003
Nonvested current liability				
Inactive vested participants		526,719		603,556
Active participants		11,240,502		12,140,303
		11,767,221		12,743,859
Total current liability	$	408,159,095	$	424,666,862
Market value of assets	$	166,332,693	$	165,326,306
Current liability funded ratio (Market value)		40.8%		38.9%
Interest rate used for current liability		2.32%		1.90%

Projection of Current Liability to Year End		
Current liability as of May 1, 2023	$	408,159,095
Expected increase (decrease) due to:		
Benefits accruing		8,363,077
Benefits paid		(14,081,224)
Interest on above		30,681
Interest on current liability		9,469,291
Net expected increase (decrease)		3,781,825
Expected current liability as of April 30, 2024	$	411,940,920

FUNDING STANDARD ACCOUNT

Funding Standard Account Plan Year Ending April 30,		*2024 (Projected)*		*2023 (Final)*
Charges				
Prior year funding deficiency	$	-	$	-
Normal cost (including expenses)		3,340,367		3,266,778
Amortization charges (see Appendix C)		11,258,838		10,579,579
Interest on above		1,094,941		1,038,475
Total charges		15,694,146		14,884,832
Credits				
Prior year credit balance		28,043,812		23,589,232
Employer contributions		10,092,710		10,915,251
Amortization credits (see Appendix C)		6,030,337		5,809,901
Interest on above		2,934,042		2,614,260
ERISA full funding credit		-		-
Total credits		47,100,901		42,928,644
Credit balance (credits less charges)	$	31,406,755	$	28,043,812

FULL FUNDING LIMIT

Projection of Assets for Full Funding Limit		*Market Value*		*Actuarial Value*
Asset value as of May 1, 2023	$	166,332,693	$	180,684,632
Expected increase (decrease) due to:				
Investment income		11,927,781		13,004,177
Benefits paid		(14,081,224)		(14,081,224)
Expenses		(510,000)		(510,000)
Net expected increase (decrease)		(2,663,443)		(1,587,047)
Expected value as of April 30, 2024*	$	163,669,250	$	179,097,585

* Ignoring expected employer contributions (as required by regulation).

Full Funding Limit as of April 30, 2024		*For Minimum Required*		*For Maximum Deductible*
ERISA full funding limit (not less than 0)				
Actuarial liability	$	210,271,713	$	210,271,713
less: *Assets (lesser of market or actuarial)*		163,669,250		163,669,250
plus: Credit balance (w/interest to year end)		30,147,098		n/a
		76,749,561		46,602,463
Full funding limit override (not less than 0)				
90% of current liability		370,746,828		370,746,828
less: *Assets (actuarial value)*		179,097,585		179,097,585
		191,649,243		191,649,243
Full funding limit (greater of ERISA limit and full funding override)	$	191,649,243	$	191,649,243

MINIMUM REQUIRED CONTRIBUTION AND FULL FUNDING CREDIT

Minimum Required Contribution Plan Year Beginning May 1, 2023

Minimum funding cost		
Normal cost (including expenses)	$	3,340,367
Net amortization of unfunded liabilities		5,228,501
Interest to end of plan year		642,662
		9,211,530
Full funding limit		191,649,243
Net charge to funding std. acct. (lesser of above)		9,211,530
less: *Credit balance with interest to year end*		30,147,098
Minimum Required Contribution (not less than 0)	$	-

Full Funding Credit to Funding Standard Account Plan Year Ending April 30, 2024

Full funding credit (not less than 0)		
Minimum funding cost (n.c., amort., int.)	$	9,211,530
less: *full funding limit*		191,649,243
	$	-

MAXIMUM DEDUCTIBLE CONTRIBUTION

The maximum amount of tax-deductible employer contributions made to a pension plan is determined in accordance with Section 404(a) of the Internal Revenue Code. For a multiemployer pension plan, Section 413(b)(7) of the Internal Revenue Code and IRS Announcement 98-1 provide that, if anticipated employer contributions are less than the deductible limit for a plan year, then all employer contributions paid during the year are guaranteed to be deductible. If anticipated employer contributions exceed the deductible limit, the Trustees have two years from the close of the plan year in question to retroactively improve benefits to alleviate the problem.

Maximum Deductible Contribution
Plan Year Beginning May 1, 2023

Preliminary deductible limit		
Normal cost (including expenses)	$	3,340,367
10-year limit adjustment (using "fresh start" alternative)		3,477,242
Interest to end of plan year		511,321
		7,328,930
Full funding limit		191,649,243
Maximum deductible contribution override		
140% of vested current liability projected to April 30, 2024		560,090,537
less*: Actuarial value of assets projected to April 30, 2024*		179,097,585
		380,992,952
Maximum deductible contribution*	$	380,992,952
Anticipated employer contributions	$	10,092,710

* Equals the lesser of the preliminary deductible limit and the full funding limit, but not less than the maximum deductible contribution override.

HISTORY OF UNFUNDED VESTED BENEFITS

Presumptive Method

April 30,	Vested Benefits Interest Rate	Value of Vested Benefits	Asset Value*	Unfunded Vested Benefits	Unamortized Portion of VAB
2004	8.00%	91,953,220	86,370,484	5,582,736	
2005	8.00%	100,923,177	91,852,498	9,070,679	
2006	8.00%	105,725,681	98,513,962	7,211,719	
2007	7.50%	123,972,297	107,046,333	16,925,964	
2008	7.50%	132,700,411	114,030,161	18,670,250	
2009	7.50%	141,096,354	98,148,304	42,948,050	
2010	7.50%	136,551,868	113,803,080	22,748,788	2,932,926
2011	7.50%	141,124,277	118,976,705	22,147,572	2,820,632
2012	7.50%	148,417,198	119,570,176	28,847,022	2,699,917
2013	7.50%	152,340,975	122,192,184	30,148,791	3,515,827
2014	7.50%	150,997,258	126,494,874	24,502,384	8,448,688
2015	7.50%	154,728,981	129,942,902	24,786,079	8,064,207
2016	7.50%	161,166,070	129,910,962	31,255,108	7,650,890
2017	7.50%	172,727,702	132,275,311	40,452,391	7,206,575
2018	7.50%	177,934,735	135,363,097	42,571,638	6,728,936
2019	7.50%	182,191,838	140,990,832	41,201,006	6,215,473
2020	7.50%	187,810,166	143,384,639	44,425,527	5,663,501
2021	7.50%	192,016,156	154,099,532	37,916,624	5,070,131
2022	7.50%	198,088,462	174,524,724	23,563,738	4,432,260
2023	7.50%	201,979,793	180,684,632	21,295,161	3,746,547

* Actuarial value; Since UVB is measured as of April 30, the asset method change effective May 1, 2021 was first reflected with the April 30, 2022 measurement date.

TERMINATION BY MASS WITHDRAWAL

If all employers were to cease to have an obligation to contribute to the plan, the plan would be considered "terminated due to mass withdrawal." In this event, the Trustees would have the option of distributing plan assets in satisfaction of all plan liabilities through the purchase of annuities from insurance carriers or payment of lump sums. If assets are insufficient to cover liabilities, a special actuarial valuation pursuant to Section 4281 of ERISA would be performed as of the end of the plan year in which the mass withdrawal occurred. If the Section 4281 valuation indicates the value of nonforfeitable benefits exceeds the value of plan assets, employer withdrawal liability would be assessed.

The ERISA Section 4281 valuation described above uses required actuarial assumptions that are typically more conservative than those used for valuing an on-going plan. In order to illustrate the impact of the mass withdrawal assumptions, we performed an illustrative Section 4281 valuation as if mass withdrawal had occurred during the prior plan year. The value of assets used below is market value without any adjustments for outstanding employer withdrawal liability claims.

As required by regulation, interest rates of 5.38% for the first 20 years and 5.09% for each year thereafter and the GAM 94 Basic Mortality Table projected to 2033 were used.

Illustrative Section 4281 Valuation as of April 30, 2023

Value of nonforfeitable benefits		
Participants currently receiving benefits	$	136,987,021
Inactive vested participants		58,395,737
Active participants		72,979,575
Expenses (per Section 4281 of ERISA)		2,569,319
		270,931,652
less: Fund assets (market value)		166,332,693
Value of nonforfeitable benefits in excess of (less than) fund assets	$	104,598,959

ASC 960 Information

The following displays are intended to assist the fund's auditor in complying with Accounting Standards Codification 960. The results shown are not necessarily indicative of the plan's potential liability upon termination.

Present Value of Accumulated Benefits Actuarial Study as of May 1,		*2023*		*2022*
Present value of vested accumulated benefits				
Participants currently receiving benefits	$	111,390,635	$	104,803,550
Expenses on parts. currently rec. benefits		4,734,102		4,454,151
Other participants		90,589,158		92,298,086
Expenses on other participants		3,850,039		3,922,669
		210,563,934		205,478,456
Present value of nonvested accumulated benefits				
Nonvested accumulated benefits		4,363,018		4,269,486
Expenses on nonvested benefits		185,428		181,453
		4,548,446		4,450,939
Present value of all accumulated benefits	$	215,112,380	$	209,929,395
Market value of plan assets	$	166,332,693	$	165,326,306
Interest rate used to value benefits		7.50%		7.50%

Changes in Present Value of Accumulated Benefits		
Present value of accumulated benefits as of May 1, 2022	$	209,929,395
Increase (decrease) due to:		
Plan amendment		-
Change in actuarial assumptions		(2,180,654)
Benefits accumulated and experience gain or loss		4,535,928
Interest due to decrease in discount period		15,744,705
Benefits paid		(12,361,280)
Operational expenses paid		(555,714)
Net increase (decrease)		5,182,985
Present value of accumulated benefits as of May 1, 2023	$	215,112,380

APPENDICES

PLAN HISTORY

Employer Contributions

The Pension Plan is financed entirely by contributions from the employers as specified in the Collective Bargaining Agreement. Following is a listing of hourly pension contribution rates as of August 1, 2023 (most rates go into effect on August 1st). Tier A contributions are 55% credited at the 1% accrual rate. Tier B contributions are 100% credited at the 2% accrual rate and represent contribution rate increases in excess of those required by past Funding Improvement Plans.

Chapter	Craft Code	Total Contribution Rate	Tier A Contribution Rate	Tier B Contribution Rate
3 – Adrian	33	$ 12.70	$ 10.17	$ 2.53
3 – Adrian	36	13.50	11.11	2.39
3 – Adrian	37	13.50	11.11	2.39
6 - Upper Peninsula	C1	11.87	10.86	1.01
7 - Saginaw	1	10.90	9.23	1.67
7 - Saginaw	7	11.17	8.95	2.22
7 - Saginaw	13	10.90	9.23	1.67
7 - Saginaw	63	11.88	10.17	1.71
7 - Saginaw	73	11.17	8.95	2.22
12 – Flint	13	13.46	10.65	2.81
12 – Flint	18	13.46	10.65	2.81
12 – Flint	73	12.19	9.45	2.74
12 – Flint	78	12.19	9.36	2.83
14 - Ann Arbor	18	14.72	12.10	2.62
14 - Ann Arbor	63	12.35	9.74	2.61
14 - Ann Arbor	68	12.35	9.74	2.61
14 - Ann Arbor	73	13.30	10.72	2.58
14 - Ann Arbor	78	13.30	10.72	2.58
14 - Ann Arbor	3B	14.72	12.10	2.62
17 – Kalamazoo	11	12.70	9.67	3.03
17 – Kalamazoo	13	11.03	8.61	2.42
17 – Kalamazoo	23	13.50	11.11	2.39
17 – Kalamazoo	3C	10.89	8.96	1.93

Plan History (cont.)

Employer Contributions (cont.)

Chapter	Craft Code	Total Contribution Rate	Tier A Contribution Rate	Tier B Contribution Rate
31 - Lansing	13	$ 12.88	$ 10.32	$ 2.56
31 - Lansing	18	12.88	10.32	2.56
31 - Lansing	73	10.97	8.96	2.01
31 - Lansing	78	10.97	8.96	2.01
40 - Traverse City	7	9.21	8.15	1.06
40 - Traverse City	13	9.16	7.92	1.24
40 - Traverse City	73	9.21	8.15	1.06
40 - Traverse City	B1	9.16	7.92	1.24

PLAN HISTORY (CONT.)

Employer Contributions (cont.)

Prior to May 1, 2019, contribution rates were split by credited and non-credited instead of Tier A and Tier B. Below is a historical summary of non-credited contribution rate increases.

Effective Date	*Non-Credited Increase*
01/01/2009	$0.55/hour
10/01/2009	$0.49/hour
08/01/2010	$0.49/hour
08/01/2011	$0.49/hour
08/01/2013	$1.14/hour
2014	5.00% of 7/31/2013 rate
2015	1.00% of 7/31/2013 rate
2016	1.00% of 7/31/2013 rate
2017	2.55% of 7/31/2013 rate
2018	2.55% of 7/31/2013 rate

Effective with hours worked on or after May 1, 2019, contribution rates were reclassified as Tier A and Tier B. Below is a historical summary of FIP-required Tier A contribution rate increases.

Effective Date	*Tier A Increase*
2019	2% of current Tier A rate
2020	5% of current Tier A rate

SUMMARY OF PLAN PROVISIONS

Plan year

The 12-month period beginning May 1 and ending April 30.

Effective date

Construction Masons' 31 Pension Plan	May 1, 1965
Saginaw Valley Bricklayers' Pension Plan	May 1, 1970
Michigan BAC Pension Plan	May 1, 1989

Participation

600 hours of work in a 12-month period.

Vesting service

½ credit for Plan Years with 300-599 hours of work.
1 credit for Plan Years with 600 or more hours of work.

Break in service

Plan Year with less than 300 hours.

Benefit accrual

No accrual for Plan Years with less than 300 hours of work.
Half accrual for Plan Years with 300-599 hours of work.
Full accrual for Plan Years with 600 or more hours of work.

Normal retirement benefit

Eligibility

Age 65 or 5th anniversary of participation, if later.

Monthly amount

Period	Monthly Amount
• 5/1/1989-4/30/1999	3.75% of contributions
• 5/1/1999-4/30/2004	3.8% of contributions
• 5/1/2004 - 4/30/2006	2.6% of contributions
• 5/1/2006 - 12/31/2008	2% of contributions
• 1/1/2009 - 9/30/2009	2% of credited contributions
• 10/1/2009 - 9/30/2011	Accruals frozen
• 10/1/2011 - 7/31/2017	1% of credited contributions
• 8/1/2017 - 4/30/2019	1% of credited contributions; plus an extra 1% on any money contributed above required FIP amount
• 5/1/2019 and later	1% of Tier A contributions times 55%; plus 2% of Tier B contributions (money contributed above required FIP amount) times 100%

Amount from above plus benefits accrued under merged plans (with applicable increases), if any. Payable for life.

SUMMARY OF PLAN PROVISIONS (CONT.)

Early retirement benefit	
Eligibility	Age 56, 10 years of service.
Monthly amount	Normal reduced by ½ of 1% for each month under age 63. Benefits accrued prior to 5/1/93 under Zone 17 Plan are reduced from age 62. Benefits for disabled participants receive the same reduction as actives. Benefits for inactive participants are actuarially reduced from age 65. Reduction is calculated from age 60 if 30 or more years of service.
Eligibility	Grandfathered exception: At least age 56 with 25 years of service as of November 1, 2012.
Monthly amount	Normal reduced by ½ of 1% for each month under age 58.
Total and permanent disability benefit	
Eligibility	Disabled from working in any capacity at the trade while active participant, 10 years of service, eligible for a Social Security disability benefit.
Monthly amount	75% of accrued benefit payable until the earlier of age 63, recovery or death. Eligible for unreduced retirement benefit at age 63.
Eligibility	Disabled from working in any capacity at the trade while active participant, 10 years of service, not eligible for a Social Security disability benefit.
Monthly amount	Greater of $100 or Pre-Merger accrued benefit payable until the earlier of age 63, recovery or death. Eligible for unreduced retirement benefit at age 63.

SUMMARY OF PLAN PROVISIONS (CONT.)

Total and permanent disability benefit (cont.)	
Eligibility	Disabled from working in any capacity at the trade while active participant, 5 to 9 years of service.
Monthly amount	Choice of: • Immediate lump sum equal to the greater of total contributions or value of vested benefit, or • Immediate early retirement benefit with full actuarial reduction for each month under age 65, or • Deferred vested benefit at age 65.
Eligibility	Disabled while active participant, less than 5 years of service.
Monthly amount	Total contributions, payable as single sum.
Vested benefit	
Eligibility	5 years of service, termination of employment.
Monthly amount	Deferred normal or early with full actuarial reduction for each month under age 65, if eligible. Payable for life.
Optional forms of payment	• Joint and 50% survivor* • Joint and 2/3 survivor* • Joint and 75% survivor* • Joint and 100% survivor* • Life with 5 years certain • Life with 10 years certain • Life with 15 years certain * Includes pop-up if spouse dies within first 24 months
Pre-retirement period certain death benefit	
Eligibility	Death of married participant before eligible for normal or early with 10 years of service.
Monthly amount	50% of normal at 10 years of service grading up to 100% of normal at 15 years of service. Payable for 60 monthly payments to surviving spouse. Spouse may elect in lieu of survivor form.

SUMMARY OF PLAN PROVISIONS (CONT.)

Pre-retirement deferred surviving spouse benefit	
Eligibility	Death of vested, married participant.
Monthly amount	50% of participant's qualified joint and 50% survivor payable to spouse over spouse's lifetime commencing at participant's earliest retirement date.
Pre-retirement single sum death benefit	
Eligibility	Death of active participant or former participant; ineligible for the other death benefits.
Lump sum amount	Total contributions made on participant's behalf, no maximum. Single sum payment to beneficiary.

HISTORICAL PLAN MODIFICATIONS

Vested benefit	
Effective date	May 1, 1998
Adoption date	December 3, 1997
Provisions	Vesting schedule was changed from graded for 5-10 years of service to 100% at 5 years of service.
Addition of Local 14 (Ann Arbor)	
Effective date	September 1, 1998
Notice to PBGC date	June 19, 1998
Provisions	Participants in the Trowel Trades Local No. 14 (Ann Arbor) Pension Plan are merged with the BAC Plan.
Early retirement benefit	
Effective date	May 1, 1999
Adoption date	December 1, 1998
Provisions	Active Participant may receive his BAC and Local 14 (Ann Arbor) benefits unreduced at age 58 with 25 years of service.
Normal retirement benefit	
Effective date	May 1, 1999
Adoption date	December 1, 1998
Provisions	Multiplier increase from 3.75% to 3.80%.
Retiree increase	
Effective date	May 1, 1999
Adoption date	December 1, 1998
Provisions	All benefits in pay status prior to May 1, 1999 except flat \$100 per month disability benefit increased 5%.

HISTORICAL PLAN MODIFICATIONS (CONT.)

Early retirement benefit	
Effective date	May 1, 1999
Adoption date	December 7, 1999
Provisions	Active Participant may receive his BAC and any pre-merger benefits unreduced at age 58 with 25 years of service.
Pre-merger benefits	
Effective date	May 1, 1999
Adoption date	December 7, 1999
Provisions	All pre-merger plan benefits were increased by 1.013333%.
Early retirement age	
Effective date	May 1, 1999
Adoption date	December 7, 1999
Provisions	The age requirement for early retirement was reduced from 60 to 56.
Definition of disability	
Effective date	May 9, 2000
Adoption date	May 9, 2000
Provisions	Condition for qualifying for total and permanent disability was changed from gainful employment to working in any capacity at the trade.
Normal retirement benefit	
Effective date	May 1, 2004
Adoption date	September 10, 2003
Provisions	Multiplier decreased from 3.80% to 2.60% for contributions made on or after May 1, 2004.

HISTORICAL PLAN MODIFICATIONS (CONT.)

Normal retirement benefit	
Effective date	May 1, 2006
Adoption date	December 1, 2005
Provisions	Multiplier decreased from 2.60% to 2.00% for contributions made on or after May 1, 2006.
Normal retirement benefit	
Effective date	January 1, 2009
Adoption date	August 11, 2008
Provisions	55¢ of contribution rate not counted in benefit accrual effective January 1, 2009 (not applicable if total contribution rate is $1.00 or less).
Vesting service and benefit accrual formulas	
Effective date	May 1, 2009
Adoption date	August 11, 2008
Provisions	Participants who work 300-599 hours during a Plan Year will earn ½ vesting credit and will receive 50% credit for contributions made. Participants who work 600 or more hours during a Plan Year will earn 1 vesting credit and will receive full credit for contributions made. 600 hours are required for participation.
Benefit accruals	
Effective date	October 1, 2009
Adoption date	June 23, 2009
Provisions	Benefit accruals have been frozen for the period October 1, 2009 through September 30, 2011.

HISTORICAL PLAN MODIFICATIONS (CONT.)

Normal retirement benefit

Effective date	October 1, 2009
Adoption date	June 23, 2009
Provisions	Beginning October 1, 2011, future benefits will be calculated using a 1% multiplier of credited contributions.

Early retirement benefit

Effective date	October 1, 2009
Adoption date	June 23, 2009
Provisions	Early retirement benefits for inactive vested participants will be reduced from age 65 instead of age 63.

Early retirement benefit

Effective date	November 1, 2012
Adoption date	September 17, 2012
Provisions	The eligibility requirement for the unreduced early retirement was increased from age 58 and 25 years of service to age 60 and 30 years of service effective November 1, 2012. Early retirement reduction is calculated from age 60 if 30 or more years of service. Non-retired active participants who are at least age 56 with at least 25 years of service as of November 1, 2012 were grandfathered and not affected by this change.

Early retirement benefit

Effective date	December 1, 2013
Adoption date	December 10, 2013
Provisions	The early retirement factor increased from 6% per year prior to age 65 to an actuarial equivalent of the benefit payable at age 65 for inactive vested participants.

HISTORICAL PLAN MODIFICATIONS (CONT.)

Benefit accruals

Effective date	August 1, 2017
Adoption date	June 5, 2017
Provisions	The benefit accrual rate was increased to 2.0% for contribution rate increases in excess of FIP requirements.

Benefit accruals

Effective date	May 1, 2019
Adoption date	February 27, 2019
Provisions	The benefit accrual rate for work performed on or after May 1, 2019 is now based on a two tier system. Tier A consists of credited and non-credited employer contributions up to the FIP required amounts. Tier B consists of employer contributions that exceed FIP required amounts. The new accrual formula is 55% of Tier A contributions times 1%; plus 100% of Tier B contributions times 2%.

Disability benefit

Effective date	May 1, 2022
Adoption date	March 8, 2022
Provisions	The $100 disability benefit for disabled participants with 10 years of service was increased to 75% of accrued benefit for those eligible for a Social Security disability benefit.

Pre-retirement single sum death benefit

Effective date	May 1, 2022
Adoption date	September 20, 2022
Provisions	The $3,000 maximum was removed. Single sum is now equal to total contributions made on participant's behalf.

ACTUARIAL ASSUMPTIONS

The following assumptions are used throughout this report except as specifically noted herein.

Valuation date	May 1, 2023
Interest rates	
ERISA rate of return used to value liabilities	7.50% per year net of investment expenses
Unfunded vested benefits	7.50% per year net of investment expenses.
Current liability	2.32% (in accordance with Section 431(c)(6) of the Internal Revenue Code)
Operational expenses	
Funding	\$510,000 in the 2023-24 plan year excluding investment expenses, increasing 2.50% each year.
ASC 960	A 4.25% load was applied to the accrued liabilities for 2023 (4.25% for 2022).
Mortality	
Assumed plan mortality	110% of the PRI-2012 Blue Collar Mortality Tables for male employees and healthy annuitants and 105% of the PRI-2012 Blue Collar Mortality Tables for female employees and healthy annuitants. Projected forward using the MP-2021 projection scale.
Current liability	Separate annuitant and non-annuitant rates based on the RP-2000 Mortality Tables Report developed for males and females as prescribed by Section 431(c)(6) of the Internal Revenue Code.

ACTUARIAL ASSUMPTIONS (CONT.)

Withdrawal

T-3 Turnover Table from The Actuary's Pension Handbook (less GAM 51 mortality) - specimen rates shown below. Assumed rate during second year of employment is 50%* and during third year is 10%.

Age	Withdrawal Rate
25	.0527
30	.0483
35	.0447
40	.0384
45	.0321
50	.0152
55	.0033

No withdrawal assumed after participant reaches early retirement age.

* All newly reported participants are considered to have already worked their first year of employment.

Disability

50% of 1964 OASDI Disability rates - specimen rates shown below:

Age	Disability Rate
25	.0004
30	.0006
35	.0007
40	.0011
45	.0018
50	.0030
55	.0050
60	.0081

60% of future disabled participants are assumed to qualify for a Social Security disability award.

ACTUARIAL ASSUMPTIONS (CONT.)

Retirement

Active lives

According to the following schedule:

	Retirement Rates:	
Age	<30 yrs svc	30+ yrs svc
56	.05	.10
57	.05	.20
58	.10	.10
59	.10	.30
60	.15	.20
61	.15	.15
62	.20	.30
63	.20	.20
64	.40	.40
65+	1.00	1.00

Resulting in an average expected retirement age of 61.7

Inactive vested lives

Age 59 if eligible for early, else age 65. Current age, if older.

Future disabled lives

Disability benefit assumed payable until age 63, then normal retirement benefit commences.

Current disabled lives

Disability benefit assumed payable until earliest unreduced age, then unreduced retirement benefit commences.

Timing of decrements

Middle of year

Future hours worked

Vested lives

1,450 hours per year, 0 after assumed retirement age

Non-vested lives

650 hours per year, 0 after assumed retirement age

Future hourly contribution rate

Based on individual's average rate received for the most recent plan year, limited to the highest negotiated rate in effect for both Tier A and Tier B rates.

ACTUARIAL ASSUMPTIONS (CONT.)

Vesting service and hours adjustment

Expected future hours and vesting service for active participants are multiplied by the weighted probability that represents the possibility that the participant gets either no accrual/service from working less than 300 hours, ½ accrual/service from working 300 to 599 hours, or full accrual/service from working 600 hours or more. The analysis was completed separately for vested and non-vested active participants. The probabilities are as follows:

	Weight	Non-Vested	Vested
No service/accrual	0.0	6.93%	0.54%
½ service/accrual	0.5	9.37%	1.20%
Full service/accrual	1.0	83.70%	98.26%
Weighted probability		88.38%	98.86%

Age of participants with unrecorded birth dates

Based on average entry age of participants with recorded birth dates and same vesting status.

Optional form assumption

All non-retired participants assumed to elect the life only form of benefit.

Marriage assumptions

80% assumed married with the male spouse 3 years older than his wife

Inactive vested lives over age 74

Continuing inactive vested participants age nearest 74 and older are assumed deceased and are not valued.

Disability benefits

60% of future disabilities are assumed to be eligible for Social Security disability.

QDRO benefits

Benefits to alternate payee included with participant's benefit until payment commences

Section 415 limit assumptions

Dollar limit

$265,000 per year

Assumed form of payment for those limited by Section 415

Qualified joint and 100% survivor annuity

ACTUARIAL ASSUMPTIONS (CONT.)

Benefits not valued

- Disability lump sum benefit for current active members with less than 10 years of service at decrement; immediate reduced early retirement benefit for current active members who become disabled with 5-9 years of service
- Optional pre-retirement death benefits (the surviving spouse benefit is assumed to be the most valuable)
- 24-month pop-up provision

Benefits vested

- No death benefits are vested.
- Disability benefits are considered vested only in relation to corresponding retirement benefit.
- Early retirement subsidies are considered vested when participant reaches age 56 and has 10 years of vesting service.

RATIONALE FOR SELECTION OF ACTUARIAL ASSUMPTIONS

The non-prescribed actuarial assumptions were selected to provide a reasonable long term estimate of developing experience. The assumptions are reviewed annually, including a comparison to actual experience. The following describes our rationale for the selection of each non-prescribed assumption that has a significant effect on the valuation results.

ERISA rate of return used to value liabilities	Future rates of return were modeled based on the Plan's current investment policy asset allocation and composite, long-term capital market assumptions taken from Horizon Actuarial's 2023 survey of investment consultants. Based on this analysis, we selected a final assumed rate of 7.50%, which we feel is reasonable. This rate may not be appropriate for other purposes such as settlement of liabilities. Due to the special rules related to withdrawal liability for a construction industry plan and the nature of the building trades industry, we believe the valuation interest rate is also appropriate for withdrawal liability purposes.
Mortality	The PRI-2012 Blue Collar Mortality Tables for employees and healthy annuitants projected forward using the MP-2021 projection scale was chosen as the base table for this population. The blue collar table was chosen based on the industry of plan participants. Finally, a 110% multiplier for males and a 105% multiplier for females was applied in order to more closely match projected deaths to actual post-retirement death experience. The period of actual data studied to develop this multiplier was from May 1, 2018 to April 30, 2023 for this plan, blended with a study of deaths for larger plans in similar industries. Based on information from the CDC on COVID-19 deaths through June 7, 2023, this study was adjusted to reflect an ongoing expectation of slightly higher deaths due to COVID-19 by 1) including an increase in deaths due to COVID-19 for the study period prior to March 15, 2020 and 2) excluding the high increase in deaths due to COVID-19 for the study period March 15, 2020 to March 15, 2022.

RATIONALE FOR SELECTION OF ACTUARIAL ASSUMPTIONS (CONT.)

Retirement	Actual rates of retirement by age were last studied for the period May 1, 2015 to April 30, 2020. The assumed future rates of retirement were selected based on the results of this study. No adjustments were deemed necessary at this time.
Withdrawal	Actual rates of withdrawal by age were last studied for the period May 1, 2015 to April 30, 2020. The assumed future rates of withdrawal were selected based on the results of this study. No adjustments were deemed necessary at this time.
Future hours worked	Based on review of recent plan experience.

ACTUARIAL ASSUMPTIONS USED FOR PROJECTIONS

The assumptions used for the credit balance, funded ratio and PPA zone projections are the same as used throughout the report with the following exceptions.

Assumed return on fund assets	
Current year projections	7.50% per year
Prior year projections	6.75% per year, 5/1/2022 – 4/30/2032* 7.50% per year, thereafter * For PPA certification projections, the 6.75% short-term assumption is used for years prior to the certification date only; the 7.50% long-term assumption is used for all years following the certification date.
Expenses	
Current year projections	$510,000 in the 2023-24 plan year excluding investment expenses, increasing 2.50% annually. An additional increase is reflected in 2024 and 2031 to account for the scheduled PBGC premium rate increase to $37 and $52 per participant respectively.
Prior year projections	$475,000 in the 2022-23 plan year excluding investment expenses, increasing 2.50% annually. An additional increase is reflected in 2031 to account for the scheduled PBGC premium rate increase to $52 per participant.
Future total hours worked	
Current year projections	950,000 for all years
Prior year projections	950,000 for all years The total hours above are a further pro rata adjustment to future hours assumption by participant.
Contribution rate increases since prior year	Assumed contribution rates are based on each individual's average rate for the most recent plan year. No increases were assumed beyond that.
Plan changes since prior year	None

ACTUARIAL ASSUMPTIONS USED FOR PROJECTIONS (CONT.)

Stochastic modeling	1,000 trials. Future returns are modeled using an expected return of 8.18% for the first 10 years and 8.48% thereafter and a standard deviation of 12.73%, which is representative of the plan's investment portfolio. The preceding expected returns are one year values which are not representative of longer-term geometric average returns as considered when setting the ERISA return assumption.

ACTUARIAL METHODS

Funding method	
ERISA Funding	Traditional unit credit cost method, effective May 1, 2004.
Funding period	Individual entry age normal with costs spread as a level dollar amount over service
Population valued	
Actives	Eligible employees with at least one hour during the preceding plan year.
Inactive vested	Vested participants with no hours during the preceding plan year.
Retirees	Participants and beneficiaries in pay status as of the valuation date.
Asset valuation method	
Actuarial value	Smoothed market value method with phase-in effective May 1, 2021. Each year's gain (or loss) is spread over a period of 5 years. The actuarial value is limited to not less than 80% and not more than 120% of the actual market value of assets in any plan year.
Unfunded vested benefits	For the presumptive method, actuarial value, as described above, is used

Date Established	Source of Change in Unfunded Liability	Original Amount	Original Period	Remaining Period		5/1/2023 Outstanding Balance	5/1/2023 Amortization Payment
				Years	Months		
Charges							
4/1/1994	Amendment (l. 5)	19,703	30	0	11	1,461	1,461
5/1/1994	Assumptions	368,419	30	1	0	29,356	29,356
5/1/1995	Amend (mergers)	318,992	30	2	0	49,024	25,407
5/1/1995	Assumptions	226,602	30	2	0	34,822	18,049
1/1/1996	Amendment (l. 12)	70,509	30	2	8	14,090	5,615
5/1/1996	Assumptions	1,503,185	30	3	0	334,581	119,673
1/1/1997	Amendment(TT14)	689,595	30	3	8	182,315	54,710
1/1/1997	Assumptions (l. 12)	807,591	30	3	8	214,163	64,277
5/1/1997	Amend (mergers)	1,652,621	30	4	0	473,525	131,515
5/1/1997	Assumptions	911,724	30	4	0	261,225	72,555
5/1/1998	Amendment	1,167,798	30	5	0	403,708	92,819
5/1/1998	Assumptions	1,480,841	30	5	0	511,908	117,700
5/1/1999	Amend(TT14 Mrgr)	1,286,984	30	6	0	515,548	102,173
5/1/1999	Amendment	2,040,206	30	6	0	817,285	161,970
5/1/2000	Amendment	1,100,654	30	7	0	496,973	87,281
5/1/2001	Assumptions	5,093,366	30	8	0	2,540,414	403,461
5/1/2004	Assumptions	2,991,144	30	11	0	1,857,661	236,224
5/1/2007	Assumptions	10,301,055	30	14	0	7,404,266	811,352
5/1/2009	Experience Loss	2,133,338	15	1	0	224,817	224,817
5/1/2009	Relief 09 Asset Loss	21,548,456	29	15	0	16,262,670	1,713,816
5/1/2010	Assumptions	462,859	15	2	0	94,149	48,778
5/1/2010	Relief 09 Asset Loss	730,181	28	15	0	556,909	58,690
5/1/2011	Relief 09 Asset Loss	17,730	27	15	0	13,672	1,442
5/1/2012	Assumptions	1,928,645	15	4	0	731,794	203,247
5/1/2012	Experience Loss	6,200,397	15	4	0	2,352,668	653,419
5/1/2013	Relief 09 Asset Loss	6,186,235	25	15	0	4,898,803	516,252
5/1/2014	Relief 09 Asset Loss	5,509,865	24	15	0	4,428,340	466,673
5/1/2015	Experience	3,459,624	15	7	0	2,075,907	364,587
5/1/2016	Assumptions	617,036	15	8	0	409,443	65,025
5/1/2016	Experience Loss	7,952,954	15	8	0	5,277,245	838,110
5/1/2017	Experience Loss	6,199,596	15	9	0	4,480,117	653,335
5/1/2018	Assumptions	742,437	15	10	0	577,327	78,241
5/1/2018	Experience Loss	4,689,979	15	10	0	3,646,992	494,246
5/1/2019	Experience Loss	3,262,296	15	11	0	2,703,610	343,792
5/1/2020	Assumptions	1,066,755	15	12	0	934,809	112,418

Date Established	Source of Change in Unfunded Liability	Original Amount	Original Period	Remaining Period Years	Remaining Period Months	5/1/2023 Outstanding Balance	5/1/2023 Amortization Payment
5/1/2020	Experience Loss	6,853,932	15	12	0	6,006,158	722,291
5/1/2022	Amendment	1,549,413	15	14	0	1,490,090	163,283
5/1/2022	Experience Loss	2,793,692	15	14	0	2,686,729	294,409
5/1/2023	Experience Loss	6,702,841	15	15	0	6,702,841	706,369
				Total Charges:		**82,697,415**	**11,258,838**

Credits

Date Established	Source of Change in Unfunded Liability	Original Amount	Original Period	Remaining Period Years	Remaining Period Months	5/1/2023 Outstanding Balance	5/1/2023 Amortization Payment
10/1/2009	Amendment	2,832,942	15	1	5	428,199	298,545
5/1/2010	Experience Gain	13,755,556	15	2	0	2,798,078	1,449,608
5/1/2011	Experience	561,564	15	3	0	165,423	59,180
5/1/2012	Relief 09 Asset Loss	504,134	26	15	0	393,823	41,503
5/1/2013	Amendment	2,967,285	15	5	0	1,360,040	312,703
5/1/2013	Assumptions	1,575,708	15	5	0	722,215	166,054
5/1/2013	Experience Gain	3,868,123	15	5	0	1,772,941	407,636
5/1/2014	Amendment	2,620,157	15	6	0	1,393,281	276,121
5/1/2014	Assumptions	111,668	15	6	0	59,374	11,768
5/1/2014	Experience Gain	5,434,581	15	6	0	2,889,852	572,715
5/1/2017	Assumptions	2,984,536	15	9	0	2,156,763	314,521
5/1/2019	Assumptions	580,837	15	11	0	481,363	61,211
5/1/2021	Assumptions	16,934	15	13	0	15,587	1,785
5/1/2021	Experience Gain	2,704,635	15	13	0	2,489,762	285,024
5/1/2021	Method Change	11,428,682	10	8	0	9,752,400	1,548,835
5/1/2022	Assumptions	25,547	15	14	0	24,569	2,692
5/1/2023	Assumptions	2,091,754	15	15	0	2,091,754	220,436
				Total Credits:		**28,995,424**	**6,030,337**

Net Charges:	**53,701,991**	**5,228,501**
Less Credit Balance:	28,043,812	
Less Reconciliation Balance:	0	
Unfunded Actuarial Liability:	**25,658,179**	

SUMMARY OF PPA AND MPRA RULES

Background

All multiemployer pension plans in effect on July 16, 2006 are required to engage an actuary to annually certify their status under the Pension Protection Act of 2006 ("PPA"). Such certification must be filed with the government by the 90th day of the plan year.

This Appendix D provides a high-level summary of some of the rules related to PPA, which were further modified in 2015 by the Multiemployer Pension Reform Act of 2014 ("MPRA"). Please seek advice from your actuary or Fund Counsel for more detailed information.

PPA Status Criteria

The table below summarizes the criteria for each PPA status. Projected deficiencies are calculated as of the last day of each plan year and are based on contribution rates codified in bargaining agreements and, if applicable, wage allocations.

PPA Status	Getting In	Getting Out
Safe ("green zone")	A plan is safe if it is not described in any of the other statuses. Generally, a plan that is at least 80% funded and has no projected funding deficiencies in the current year or next 6 years is safe.	A plan leaves safe status when it is certified as being in another status
Safe ("green zone") special rule	Beginning in 2015, a plan that would otherwise be endangered, but was safe for the prior year, remains safe if it is projected to return to safe within 10 years	A plan leaves safe status when it is certified as being in another status
Endangered ("yellow zone")	A plan is endangered if it is not in a worse status and it is described in one of the following: • Funded percentage is less than 80%, or • Projected funding deficiency in the current year or next 6 years.	A plan leaves endangered status when it no longer meets the requirements to be classified as endangered or when it enters a worse status
Seriously endangered ("orange zone")	A plan is seriously endangered if it is not in a worse status and it meets both of the following: • Funded percentage is less than 80%, and • Projected funding deficiency in the current year or next 6 years.	A plan leaves seriously endangered status when it no longer meets both of the requirements listed or when it enters a worse status

SUMMARY OF PPA AND MPRA RULES (CONT.)

PPA Status	Getting In	Getting Out
Critical ("red zone")	A plan is critical if it is not in critical and declining status and is described in one or more of the following: • Projected funding deficiency (not recognizing extensions) in the current year or next 3 years (next 4 years if funded at less than 65%), or • Funded percentage is less than 65%, and, inability to pay nonforfeitable benefits and expenses for next 7 years, or • (1) Contributions are less than current year costs (i.e. "normal cost") plus interest on any unfunded past liabilities, and, (2) value of vested benefits for non-actives is greater than for actives, and, (3) projected funding deficiency (not recognizing extensions) in the current year or next 4 years, or • Inability to pay all benefits and expenses for next 5 years. A plan with a 5-year amortization extension under IRC Section 431(d) that previously emerged from critical status in 2015 or later will re-enter critical status only if it is described in one of the following: • Projected funding deficiency in the current year or next 9 years (including amortization extensions), or, • Projected insolvency within the next 30 years If a plan is certified as safe or endangered status but projected to be critical within the next 5 years, the Trustees have the option of electing to have the plan treated as critical status immediately.	A plan emerges from critical status when it meets all of the following: • No longer meets any of the critical status tests, and, • No projected funding deficiencies in the current year or next 9 years, and, • No projected insolvencies in the next 30 years A plan with a 5-year amortization extension under IRC Section 431(d) emerges from critical status when it meets both of the following: • No projected funding deficiencies in the current year or next 9 years, and, • No projected insolvencies in the next 30 years

SUMMARY OF PPA AND MPRA RULES (CONT.)

PPA Status	Getting In	Getting Out
Critical and declining ("deep red zone")	Beginning in 2015, a plan is in critical and declining status if: • It satisfies one or more of the critical status criteria, and, • It is projected to become insolvent within the next 15 years (20 years if the plan has a ratio of inactive participants to active participants that exceeds 2 to 1 or if the funded percentage of the plan is less than 80%)	A plan leaves critical and declining when it no longer satisfies the criteria. Status cannot change to safe, endangered, or seriously endangered unless the plan also meets the critical status emergence rules (see above).

Restrictions for Non-Safe Zone Plans

The Trustees of a plan that is not in safe zone face a number of restrictions in plan improvements that can be adopted and bargaining agreements that can be accepted.

Period	Endangered/Critical Restrictions
Date of first certification through adoption of funding improvement/rehabilitation plan ("plan adoption period")	• No reduction in level of contributions for any participants • No suspension of contributions • No exclusion of new or younger employees • No amendment that increases the liabilities of the plan by reason of any increase in benefits, change in accrual, or change in vesting unless required by law
After adoption of a funding improvement/rehabilitation plan until end of funding improvement/rehabilitation period	• Cannot be amended so as to be inconsistent with funding improvement/rehabilitation plan • No amendment that increases benefits, including future accruals, unless actuary certifies as being paid for with contributions not contemplated in funding improvement/ rehabilitation plan and still expected to meet applicable benchmark after considering the amendment

Additionally, critical, and critical and declining status plans cannot pay benefits greater than the single life annuity once the initial red zone notice is sent unless the benefit is eligible for automatic cash-out.

SUMMARY OF PPA AND MPRA RULES (CONT.)

Employer Surcharges for Critical Status Plans

When a non-critical plan enters critical status, employers must pay the plan a surcharge equal to 5% of their bargained contributions (the amount increases to 10% after the end of the plan year). The surcharges cannot be used to accrue benefits. Surcharges will generally commence about 5 months into the initial critical plan year.

Once the Trustees have adopted a rehabilitation plan, each set of bargaining parties is asked to adopt one of the schedules contained in such rehabilitation plan. Surcharges cease to apply to contributions made under a CBA where the bargaining parties have adopted a schedule. If this can be accomplished within the first 5 months of the initial critical year, then surcharges can be avoided altogether.

Special Critical/Critical and Declining Status Tools

The Trustees of a plan that is in critical status have the ability (as the result of collective bargaining) to cut "adjustable benefits" that, for the most part, cannot be reduced under other circumstances. Adjustable benefits include early retirement subsidies, optional forms of payment, disability benefits, and death benefits. Normal retirement benefits are never adjustable benefits.

The Trustees of a critical and declining plan may apply to the Treasury Department for approval to suspend certain payments under MPRA (suspensions are benefit cuts that will be restored once they are no longer needed). The suspensions may affect even those participants who are already in pay status. However, certain protections apply to participants who are age 75 or older or are disabled. Furthermore, no one's benefit can be reduced below 110% of the amount guaranteed by the PBGC. While not officially repealed with ARPA (see below), benefit suspensions have effectively been eliminated for existing deeply troubled plans in favor of the special financial assistance program.

SUMMARY OF ARPA RULES

Overview

The American Rescue Plan Act (ARPA) was passed in March 2021 with an interim final rule in July, 2021 and a final rule in July, 2022. ARPA provides options for eligible multiemployer plans to receive special financial assistance and all multiemployer plans to elect funding relief. The PBGC premium is also scheduled to increase to $52 in 2031.

Special Financial Assistance

A multiemployer plan is eligible for the special financial assistance program if:

- The plan is in critical and declining status in any plan year beginning in 2020 through 2022 using 2020 certification assumptions;
- A suspension of benefits has been approved with respect to the plan under MPRA as of the date of the enactment of the law;
- The plan is certified to be in critical status, has a current liability funded percentage of less than 40%, and has a ratio of active to inactive participants which is less than two to three in any plan year beginning in 2020 through 2022; or
- The plan became insolvent after December 16, 2014, and has remained insolvent and has not been terminated as of the date of the enactment of the law.

The PBGC has given priority consideration for special financial assistance to eligible plans that will become insolvent soon, have more than $1 billion liability, or suspended benefits.

An eligible plan must submit an application to the PBGC for special financial assistance by December 31, 2025.

The amount of special financial assistance to be provided by the PBGC shall be the amount required for the plan to pay all benefits due through the last day of the plan year ending in 2051 without any further reductions. This amount will be the best of three different calculations for plans with a MPRA suspension. For this determination, the actuary will use the assumptions from the plan's 2020 PPA certification except interest rate limits may apply. The special financial assistance will be paid by the PBGC in a single, lump sum payment as soon as practicable upon approval of the application and does not have to be paid back.

Several restrictions do apply for plans receiving special financial assistance including:

- Up to 33% of the special financial assistance can be invested in publicly traded equities or high yield bonds. The rest must be invested in investment-grade bonds;
- The plan will be deemed in critical status through the 2051 plan year end;
- Contribution decreases are not permitted unless it would lessen the risk of loss;
- For the first ten years, only future benefits can be improved if they are paid for with new contributions. Then, past or future increases can be made with PBGC approval if they do not create a projected insolvency;
- Use mass withdrawal interest for EWL for ten years or when SFA runs out, if later; and
- A statement of compliance must be annually filed with the PBGC.

SUMMARY OF ARPA RULES (CONT.)

Funding Relief Provisions

There are a few options for funding relief which are available to every multiemployer plan.

Temporary Delay of PPA Status

Multiemployer plans are allowed to temporarily delay the plan's certification of endangered, critical or critical and declining status. The plan sponsor of a multiemployer plan can choose to designate to have its zone status remain the same for the first plan year beginning on or after March 1, 2020 or the next succeeding plan year.

If a plan was in endangered or critical status for the plan year preceding the plan year for which it has chosen to delay updating its zone status, it will not be required to update its funding improvement plan or rehabilitation plan until the following plan year. A notice of this election is required unless this election places the plan in safe status.

Temporary Extension of Funding Improvement and Rehabilitation Periods

A plan which is in endangered or critical status for a plan year beginning in 2020 or 2021 (after applying any elected delay in PPA status) can elect to extend its funding improvement or rehabilitation period by five years.

Adjustments to the Funding Standard Account Rules

The plan may elect one or both of the following if, as of February 29, 2020, it is projected to have sufficient assets to pay expected benefits and expenses through the end of the applicable extended period:

- Extend select experience losses in either or both of the first two plan years ending after February 29, 2020 from 15 years to 30 years from the year in which the loss occurred. Such losses must be attributable to investment experience, contribution shortfall, employment reduction or retirement rate experience; and
- Extend the smoothing of the loss attributable to the investment losses in either or both of the first two plan years ending after February 29, 2020 from five years to up to ten years for the determination of the actuarial value of assets. The actuarial value of assets, however, cannot exceed 130% of the market value.

The Treasury must rely on plan sponsors' calculations of plan losses unless calculations are clearly erroneous. Restrictions on plan amendments that increase benefits apply.

PBGC Premium

The PBGC premium will increase to $52 per participant for the plan year beginning in 2031 and increased each year thereafter by a wage inflation rate.

GLOSSARY OF COMMON PENSION TERMS

Benefits

Accrued Benefit: A benefit that an employee has earned (or accrued) through past participation in the plan. It is the amount payable at normal retirement age.

Why it matters: Under the law, Accrued Benefits generally may not be reduced by plan amendment (note that special rules allowing for limited reduction and/or suspension of accrued benefits apply to critical status, critical and declining status and insolvent plans).

Actuarial Equivalence: Given a set of actuarial assumptions, when two different sets of payment scenarios have an equal present value.

Early Retirement Reduction Factor: A retirement benefit that begins before normal retirement age may be reduced. The plan document defines the amount of the reduction by formula or a table of factors. This reduction may or may not be actuarially equivalent, but its present value can be no less than actuarially equivalent to the benefit payable at normal retirement age.

Benefit Crediting (Accrual) Rate: A general reference to the calculation of the amount of monthly retirement benefit earned per dollar contributed or per year or hour worked.

Assets

Market Value of Assets: This is the fair value of all assets in the fund on an accrued, not cash basis. The market value of assets matches the value in the plan audit.

Actuarial Value of Assets: The amount of assets recognized for actuarial valuation purposes. Recent changes in market value may be partially recognized (there are variations allowed on the exact recognition). Generally the actuarial value is limited to not be less than 80% or more than 120% of the market value.

Why it matters: Many funding calculations use this "smoothed" asset value method to lessen the impact of volatility in the market value of plan assets.

Assumed Rate of Return: Long term assumption of the rate of return on assets based upon the diversification mix of invested assets.

Why it matters: This assumption is used in calculating the present values discussed in the Liabilities section below. The Assumed Rate of Return has an inverse relationship with plan liabilities. In other words, a lower Assumed Rate of Return increases liabilities, while a higher Assumed Rate of Return decreases plan Liabilities.

GLOSSARY OF COMMON PENSION TERMS (CONT.)

Liabilities

Present Value of Accrued Benefits: The discounted value of benefit payments due in the future but based only on the current Accrued Benefits of each participant. The value is based on actuarial assumptions including an assumed rate of investment return.

Why it matters: This liability is one of the primary factors in determining a plan's annual PPA funded status (see Funded Ratio).

Present Value of Vested Benefits: The discounted value of Accrued Benefits that are considered vested (non-forfeitable). Benefits that are not vested include those of participants who have not satisfied the plan vesting requirement (usually five years of service). In addition under the law some death and temporary disability benefits are also considered non-vested regardless of service because they are not considered protected benefits.

Why it matters: This liability is the primary driver of a plan's Employer Withdrawal Liability.

Actuarial (Accrued) Liability: For inactive members this is the same as the Present Value of Accrued Benefits above. For active members this depends on the cost method selected by the actuary. Under the accrued benefit or traditional unit credit cost method this is also the same as the Present Value of Accrued Benefits. Under other cost methods (including most commonly entry age normal) this represents an alternate allocation of projected benefit cost over the working lifetime of active members. Under the entry age normal cost method, the active Actuarial Liability is larger than the Present Value of Accrued Benefits.

Unfunded Actuarial Liability: The Actuarial Liability less the Actuarial Value of Assets.

Current Liability: This is similar to the Present Value of Accrued Benefits, but uses a statutory, significantly lower, interest rate (equivalent to an expected rate of return on a bond only-type portfolio) and statutory mortality tables. The lower interest rate means that Current Liability tends to be significantly higher than the Present Value of Accrued Benefits. This number has very little impact on multiemployer plans.

Normal Cost: The present value of all benefits that are expected to accrue or to be earned under the plan during the plan year. The way in which a benefit is considered to be earned varies with the actuarial cost method.

Risk: The potential of future deviation of actual results from expectations derived from actuarial assumptions.

GLOSSARY OF COMMON PENSION TERMS (CONT.)

Funding

Funded Ratio (Funded Percentage): Actuarial Value of Assets divided by the Present Value of Accrued Benefits. This is one of two key measures used to determine a plan's annual PPA funded status. This may also be referred to as PPA Funded Ratio. This must be greater than 80% to avoid endangered status.

Credit Balance: The accumulated excess of actual contributions over legally required minimum contributions as maintained in the funding standard account. The funding standard account is maintained by the actuary in the valuation process and reported annually in schedule MB to the Form 5500 filing. A negative credit balance is known as an accumulated funding deficiency. Prior to PPA, an accumulated funding deficiency caused an immediate excise tax (waiver under PPA if certain conditions are met). After PPA, a current or projected funding deficiency is one of the key measures used in determining the annual PPA status. It can eventually trigger an excise tax levied on contributing employers.

Withdrawal Liability

Unfunded Vested Benefits (UVB): Present Value of Vested Benefits less the value of plan assets determined on either an actuarial or market value basis. The selection of asset measurement is part of the withdrawal liability method of the Plan.

Employer Withdrawal Liability (EWL): An employer that withdraws from a multiemployer plan is liable for its proportionate share of Unfunded Vested Benefits, determined as of the date of withdrawal.

Why it matters: If a contributing employer leaves the plan while it has Unfunded Vested Benefits liability, that employer's allocated share of Employer Withdrawal Liability is either assessed, as applicable, or reallocated among the plan's remaining active employers if the presumptive method is used. A construction employer withdrawing from a construction industry plan will not be assessed unless they continue performing work within the jurisdiction of the CBA or restart such work within a period of 5 years. Small amounts (under $150,000) are generally reduced or eliminated pursuant to the "de minimis rule."