

MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund
Michigan BAC Pension Fund
Michigan BAC Apprenticeship & Training Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

ANNUAL FUNDING NOTICE

For
Michigan BAC Pension Fund
Plan Year Beginning May 1, 2021

Introduction

This notice includes important funding information about the Michigan BAC Pension Fund (“the Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning May 1, 2021 and ending April 30, 2022 (referred to hereafter as the “Plan Year”).

Funded Percentage

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the “funded percentage.” The Plan divides its assets by its liabilities on the valuation date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below. The chart also states the value of the Plan’s assets and liabilities for the same period.

	2021	2020	2019
Valuation Date	May 1	May 1	May 1
Funded Percentage	85.4%	75.7%	76.7%
Value of Assets	\$165,528,214	\$143,384,639	\$140,990,832
Value of Liabilities	\$193,779,016	\$189,406,537	\$183,737,997

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They are also “actuarial values.” Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and are estimates. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan’s assets for each of the 2 preceding plan years.

	April 30, 2022	April 30, 2021	April 30, 2020
Fair Market Value of Assets	\$165,979,918*	\$165,528,214	\$124,525,241

*Based on unaudited financial statement

Endangered, Critical or Critical and Declining Status

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

The Plan was not in endangered, critical, or critical and declining status in the plan year. This status is usually referred to as "safe" status or the "green zone".

Participant Information

The total number of participants in the Plan as of the Plan's valuation date of May 1, 2021 was 2,653. Of this number, 909 were active participants, 885 were participants or surviving spouses of participants who were retired or separated from service and receiving benefits, and 859 were participants or surviving spouses of participants who were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The Plan's funding policy can be summarized as follows:

Benefits under the Plan are provided through a trust. Contributions and investment returns together fund current and future liabilities. Contributions are obtained directly from participating employers, based on hours worked by Plan participants at rates specified in the collective bargaining agreements.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to invest Plan assets in a manner consistent with the fiduciary standards of ERISA. The investment policy of the Plan can be summarized as follows:

The federal law makes the Fund's Trustees responsible for investing the assets of the Plan. To assist them in carrying out this responsibility, the Trustees have engaged the services of an Investment Consultant to assist them in establishing and reviewing the asset allocation and selecting and evaluating the performance of the Fund's Investments. Investments are made with the objective of preserving the real value, maximizing long-term returns consistent with the first objective, achieving returns over full market cycles adequate to maintain coverage of benefits accrued under the Plan and, maintaining sufficient liquidity for payment of Fund benefits and expenses. In pursuing these objectives, Fund assets will at all times be invested in a manner consistent with the fiduciary standards of ERISA. More specifically, the Trustees must adhere to the safeguards and diversification standards that a prudent investor would adhere to and all transactions undertaken on behalf of the Plan must be for the sole interest of Plan Participants and their Beneficiaries.

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

Asset Allocations	Percentage
1. Common Stock	16.2 %
2. Partnership/joint venture interests	26.9%
3. Real estate (other than employer real property)	6.4%
4. Value of interest in common/collective trusts	0.7%
5. Value of interest in registered investment companies (e.g., mutual funds)	48.2%
6. Other investments	<u>1.6%</u>
	Total: 100.0%

For information about the Plan’s investment in any of the following types of investments – common/collective trusts, pooled separate accounts, or 103-12 investment entities, contact the Plan Administrator.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. You may obtain an electronic copy of your Plan’s annual report by going to www.efast.dol.gov and using the search tool. Annual reports are available from the U.S. Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, D.C. 20210, or by calling (202) 693-8673. Or, you may obtain a copy of the Plan’s annual report by making a written request to the Board of Trustees at the address on the last page of this Notice. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefit. Your plan administrator is identified below under “Where To Get More Information.”

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan’s available resources. If such resources are not enough to pay benefits at the level specified by law (see “Benefit Payments Guaranteed by the PBGC,” below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan’s financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of any lump sum payout option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of a plan’s monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC’s maximum guarantee, therefore, is \$35.75 per month times a participant’s years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant’s years of service (\$500/10), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 (.75 x \$33), or \$35.75. Thus, the participant’s guaranteed monthly benefit is \$357.50 (\$35.75 x 10).

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

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

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information (See "Where to Get More Information" below).

Where to Get More Information

For more information about this notice, you may contact the Board of Trustees of the Michigan BAC Pension Fund at (800) 531-2244 or 6525 Centurion Drive, Lansing, MI 48917-9275. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is 38-2895943. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).