

DEFINED BENEFIT PENSION PLAN ADVANTAGES

TAX FREE UNTIL YOU START YOUR
RETIREMENT BENEFIT.

THE PENSION PLAN IS RESPONSIBLE FOR
INVESTMENTS. THIS INSULATES YOU FROM
HAVING TO MAKE INVESTMENT DECISIONS
AND TAKE ON INVESTMENT RISK AND
EXPENSES.

GUARANTEES A SPECIFIED MONTHLY
RETIREMENT BENEFIT FOR YOUR LIFETIME —
YOU CANNOT “OUTLIVE” YOUR
RETIREMENT ASSETS.

ALLOWS YOU TO PROTECT YOUR SPOUSE
WITH A CONTINUING RETIREMENT BENEFIT
AFTER YOUR DEATH AT A VERY LOW COST.

PROVIDES A PRE-RETIREMENT
DEATH BENEFIT.

PROVIDES A DISABILITY BENEFIT AT ANY
AGE WITH **10 YEARS OF SERVICE**.

THE PENSION BENEFIT GUARANTEE
CORPORATION GUARANTEES BASIC
RETIREMENT BENEFITS IN CASE OF
FINANCIAL DIFFICULTIES OF THE PLAN.

LOCAL UNION 119 PENSION PLAN

A Defined Benefit Pension Plan

The Local 119 Pension Plan was started in 1965 and is designed to provide a monthly benefit for life starting at retirement based on the number of years of employment and the number of hours worked. The Plan was later amended to provide a 414(k) component that allows excess reciprocal contributions to be credited to the member's individual retirement account.

Pension Plan Facts:

- The Plan is governed by the Board of Trustees which is made up of 3 Union Trustees and 3 Employer Trustees. The Trustees are responsible for developing the Pension Plan, investing assets, legal compliance with federal regulations and participant communication.
- The Trustees hire an Attorney to help with legal issues and compliance with federal regulations. The Attorney supervises all aspects of the Pension Plan.
- There is an Actuary who provides an annual Valuation report on the financial condition of the Pension Plan and assists with filing government forms. The Actuary also calculates your retirement benefit amount and the annuity options available to you at retirement.
- The Trustees have an Investment Consultant to assist with investment of assets. Assets are invested in stocks, bonds and real estate. The Pension Plan assumes an investment return of **6.75%** over the long-term.
- The Trustees engage the firm of Alabama Administrators to manage the day-to-day operations of the Plan. The Plan Manager will assist you with retirement.
- The Pension Plan assets total **\$46,547,423** (as of 12/31/2022).
- The Pension Plan is **91.6%** funded. That means the assets are more than required to provide the monthly benefits promised to the participants for life. The Pension Plan is in very good financial condition.
- The Pension Plan sends an individual pension record to all participants annually. The record shows your work history, current year hours worked by employer and your accrued monthly benefit. This is a valuable tool for your retirement planning.

If you need information about the Pension Plan or your retirement you can contact the Plan Manager —

**Alabama Administrators
1717 Old Shell Road
Mobile, AL 36604
(251) 478-5412 or 1-800-221-7025**

LOCAL UNION 119 PENSION PLAN

EXAMPLE OF MONTHLY PENSION BENEFIT CALCULATION:

John enters the work force with Local 119 in 2020 and continues working until he reaches age 62. On average John worked 2,000 hours per year for 32 years. He is eligible for normal retirement at age 62 because he has over 10 years of vesting service. He has a total of 64,000 hours worked to his retirement date at age 62.

John vested or guaranteed his monthly retirement income when he completed 5 years of service. A year of service is a Plan Year from January 1st through December 31st in which you earn at least 870 hours. Once you are vested in the Pension Plan you cannot lose your accrued retirement benefit.

The Pension Plan calculates the monthly accrued benefit based on Benefit Units. A Benefit Unit is 100 hours.

$$64,000 \div 100 = 640 \text{ Benefit Units} \times \$3.00 = \$1,920.00$$

The monthly benefit amount is payable for John's lifetime. If he lives to age 84 the payout will total \$506,880. The Plan offers alternative payment arrangements that can allow John to protect a beneficiary or surviving spouse. In addition to the life annuity, the Plan offers a 10-year guarantee plus life option and joint & survivor options that can continue the monthly benefit after John's death to a beneficiary in an amount equal to 50%, 66⅔%, 75% or 100% and the benefit percentage to be continued is chosen by John.

INDIVIDUAL RETIREMENT SAVINGS ACCOUNT – 414(k):

In addition to the monthly retirement benefit for life, the Pension Plan has a 414(k) benefit which pays \$0.50 for every hour worked for a Contributing Employer starting 7/22/2021. Also, when a participant is working outside the jurisdiction of Local 119 the employer pays into the pension plan in that jurisdiction. That pension plan, called the reciprocating plan, then sends the contribution back to the Local 119 Pension Plan. The 119 Pension Plan will credit hours to the Defined Benefit component of the Plan first and any excess contribution over the Defined Benefit allocation is applied to the individual member's 414(k) retirement savings account.

For example, John works in another jurisdiction where the pension contribution rate is \$9.00 per hour as compared to the Local 119 Pension Plan allocation of \$6.91. The excess of \$2.09 (\$9.00 - \$6.91 = \$2.09) is credited to the 414(k) account. John works 2,000 hours in that jurisdiction and the 414(k) account is credited with \$4,180.00.

You can withdraw the 414(k) account balance at retirement or if disabled. This is done with a lump-sum payment or a transfer to another qualified retirement plan. You can also withdraw when there is a separation of service. The IRS defines a separation of service as a period when there is no work under the pension plan. **The 119 Pension Plan requires that a separation of service be evidenced by a period during which no work is performed for three Employer Payroll Reporting Periods (not less than 90-days).**

THE PENSION PLAN ALSO OFFERS ADDITIONAL BENEFITS:

Early Retirement: A member who reaches age 55 with 15 years of service is eligible for an age reduced early retirement. An unreduced early retirement is offered at age 61 with 15 years of service. Early retirement requires a separation of service to evidence a valid early retirement.

Disability Benefit: An Active Participant with 10 years of Vesting Service who is totally disabled may receive a disability benefit equal to the monthly normal retirement benefit adjusted for age at disability.

Pre-Retirement Death Benefit: Should you die before you retire the Plan offers a death benefit payable to your spouse if married or to your named beneficiary.



ANNUAL FUNDING NOTICE

for
MECHANICAL CONTRACTORS – U.A. LOCAL 119 PENSION PLAN

Plan Year Ended December 31, 2022

EIN: 63-6055121

Distribution Date: 4/28/2023

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (“the Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning 1/1/2022 and ending 12/31/2022 (“Plan Year”)

How Well Funded Is Your Plan

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

Funded Percentage			
	2022	2021	2020
Valuation Date	1/1/2022	1/1/2021	1/1/2020
Funded Percentage	91.6%	89.5%	84.4%
Asset Value	49,084,061	45,409,379	\$42,869,202
Liability Value	53,582,829	50,726,064	\$50,774,795

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are “actuarial values.” Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan’s assets for each of the two preceding plan years. The 12/31/2022 asset value is preliminary, based upon unaudited information as of the date of this notice.

	12/31/2022	12/31/2021	12/31/2020
Fair Market Value	46,547,423	54,074,319	47,464,632

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 remained in “safe” (neither endangered or critical) status in the Plan Year ending 12/31/2022 because the Plan had an estimated funded ratio of 96.0% and there was no projected funding deficiency in the next ten years.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending 12/31/2023, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 649. Of this number, 237 were current employees, 265 were retired and receiving benefits, and 147 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is based on funding by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan’s participants.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The Plan has an investment policy and the following summarizes the policy. Assets of the Fund shall be invested in a manner consistent with the fiduciary standards of ERISA; namely, (1) all transactions undertaken must be in the sole interest of Plan participants and their beneficiaries, (2) to provide benefits and defray reasonable expenses of plan administration in a prudent manner, and (3) assets are to be diversified in order to minimize the impact of large losses in individual investments. Furthermore, all investments shall be made in compliance with all other relevant laws and consistent with the provisions of the Agreement and Declaration of Trust that governs the Fund (the “Trust Agreement”).

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
Money market account	2.56%
Corporate stocks – Common	4.51%
Limited partnerships	11.03%
Common Collective Trust	42.96%
Mutual Funds	38.94%
Total All (No Other Investments)	100.00%

These asset values are preliminary based on unaudited information as of the date of this Notice and subject to confirmation when the audit is completed; audited information may affect the reported percentages. 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 Mechanical Contractors U.A. Local 119 Pension Plan, 1717 Old Shell Road, Mobile, AL 36604, (251) 478-5412.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where to Get More Information."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice.

A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of

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

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

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

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under 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 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, www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where To Get More Information About Your Plan", below.

Where to Get More Information

For more information about this notice, you may contact

Mechanical Contractors U.A. Local 119 Pension Plan
c/o Alabama Administrators – Plan Manager
1717 Old Shell Road
Mobile, AL 36604
(251) 478-5412

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 63-6055121.

CC: PBGC-multiemployerprogram@pbgc.gov