

DEFINED BENEFIT PENSION PLAN ADVANTAGES

TAX FREE UNTIL YOU START YOUR
RETIREMENT BENEFIT.

YOUR EMPLOYER 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.

IBEW Local 505 NECA Pension Plan A Defined Benefit Pension Plan

The Local 505 Pension Plan was started in 1973 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 7.0% 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 \$50,713,970 (as of 8/31/2022).
- The Pension Plan is 85.25% 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 505 PENSION PLAN — EXAMPLE OF PENSION CALCULATION:

John enters the work force with Local 505 in September of 2020 and continues working until he reaches age 60 in 2050. On average John worked 2,000 hours per year for 30 years. He has a total of 60,000 hours worked to his early retirement date at age 60. This is an unreduced early retirement.

John vested or guaranteed his monthly retirement income when he completed 5 years of service. A year of service is a Plan Year from September 1st through August 31st of the following year in which you earn at least 500 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 130 hours.

$$60,000 \div 130 = 461 \text{ Benefit Units} \times \$4.00 = \$1,844.00$$

In this example John's 60,000 hours worked is equal to 461 Benefit Units. Each Unit is valued at \$4.00. The monthly benefit at age 60 is \$1,844.00 which is an annual benefit of \$22,128.

John is retiring at age 60 rather than his normal retirement date of age 65. His pension is not reduced for early retirement because he has over 15 years of service.

Next, John must decide how he would like for his pension paid. He has a spouse who is also age 60 and he wants to make sure she will have some continuing benefit should he die. He selects the Joint & 50% Survivor option. Under this option he will receive a reduced pension benefit for his lifetime and at his death his spouse will receive 50% of that benefit for life. Under this option the monthly benefit is reduced to \$1,715.00 and the spouse continuation benefit at his death is \$857.50 monthly for life. John could have selected any option and the Plan offers 50%, 75% and 100% continuation options.

The Joint & Survivor annuity includes the "Pop-Up" benefit at no cost. This benefit restores the original pension amount should the spouse pre-decease John. This benefit, should John's wife predecease him, will restore his monthly benefit amount to \$1,844.00 starting the first of the month following the spouse's death.

To understand the value let us assume that John lives to age 84 his life expectancy. On that basis he will receive a pension for 24 years with a pay-out value of over \$531,072.

In this example the Benefit Unit value is \$4.00. That amount can increase if the pension contribution rate increases, the Plan earns more than expected on investments, or has other favorable experience.

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. A member at age 60 with 15 years of service is eligible for unreduced early retirement.

Disability Benefit: A member who becomes totally disabled after earning 10 years of service may receive an age adjusted disability benefit if determined to be totally disabled.

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.

Individual Retirement Savings Account: In addition to the defined benefit component of the Pension Plan there is a 414(k) component. The 414(k) allows reciprocal contributions received when you are working outside the jurisdiction of Local 505 to be credited to your individual retirement savings account. This happens when the reciprocal contribution rate exceeds the Local 505 Pension Plan's contribution rate. Your account earns interest annually based on the total Fund's investment performance.

In addition, John will become eligible for the National Electrical Benefit Fund (www.nebfonline.org) and International Organization Pension (www.ibew.org) as well as Social Security at age 62.



IBEW – NECA Local 505 Pension Plan

Annual Funding Notice

Distribution Date December 31, 2022

Introduction

This notice is for the plan year beginning **9/1/2021** and ending **8/31/2022** (“Plan Year”). 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.

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.

Pension Protection Act – Funded Percentage			
Plan Year –	2021/22	2020/21	2019/20
Valuation Date	9/1/2021	9/1/2020	9/1/2019
Funded Percentage	85.25%	81.52%	82.62%
Asset Value	\$50,124,253	\$46,773,150	\$44,916,025
Liability Value	\$58,793,757	\$57,377,254	\$54,365,785

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 **8/31/2022** asset value is preliminary, based upon unaudited information as of the date of this notice.

Plan Year Ended	8/31/2022	8/31/2021	8/31/2020
Fair Market Value	\$50,713,970	\$55,436,069	\$47,341,950

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.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 965. Of this number, 350 were current employees, 272 were retired and receiving benefits, and 343 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 dictated by the collective bargaining agreement(s) or other written agreement(s) that require contributing employers to make contributions to the Plan at a specified rate for each hour of service that qualifies for pension credit. The Plan is anticipated to receive an average of \$3.06 for each hour of service that is credited under the Plan during the 2021/22 plan year and starting September 1, 2022 the rate increases to \$3.31 thereafter.

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 55-65% of the Plan’s assets in stocks, 10-20% in real estate, 15-25% in fixed income and to invest the rest of the Plan’s assets in alternative investments.

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
Interest-bearing cash	5%
U.S. Government securities	3%
Corporate debt instruments	2%
Corporate stocks – Common	47%
Partnership interests	12%
Value of interest in mutual funds	4%
Common Collective Trust	23%
Other	4%
Total All (No Other Investments)	100%

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 the Board of Trustees of the I.B.E.W. Local 505 N.E.C.A. Pension Fund, 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 have 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 x \$33), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 (\$35.75 x 10).

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

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under 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

**I.B.E.W. Local 505 N.E.C.A. 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 name and employer identification number or “EIN” is the Board of Trustees of the I.B.E.W. Local 505 N.E.C.A. Pension Fund, 51-0176914.

CC: PBGC-multiemployerprogram@pbgc.gov