

# SEIU LOCAL 1 & PARTICIPATING EMPLOYERS PENSION TRUST

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## ANNUAL FUNDING NOTICE

### Introduction

This notice includes important funding information about your 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 October 1, 2022 and ending September 30, 2023 (referred to hereafter as "Plan Year").

### How Well Funded Is Your Plan

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

<b>Valuation Date</b>	<b>2022 Plan Year October 1, 2022</b>	<b>2021 Plan Year October 1, 2021</b>	<b>2020 Plan Year October 1, 2020</b>
Funded Percentage	107.09%	106.17%	103.61%
Value of Assets	\$624,685,444	\$601,757,245	\$556,311,392
Value of Liabilities	\$583,305,384	\$566,805,852	\$536,919,149

### 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.

	<b>September 30, 2023*</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Fair Market Value of Assets	\$601,589,236	\$552,358,312	\$655,341,492

\*Unaudited for 2023

### 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 or critical status in the Plan Year beginning October 1, 2022 because the funded percentage was greater than 80% and there was no projected funding deficiency. In addition, the Plan was not projected to be in critical status for any of the succeeding five plan years. The Plan is also not in endangered or critical status as of October 1, 2023.

## **Participant Information**

The total number of participants in the Plan as of the Plan's valuation date was 22,543. Of this number, 8,379 were active participants, 7,327 were retired or separated from service and receiving benefits, and 6,837 were retired or separated from service and entitled to future benefits.

## **Funding & Investment Policies**

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The Plan is funded by contributions paid by contributing employers pursuant to collective bargaining agreements negotiated by SEIU Local 1 and investment income earned on plan assets. The Plan is intended to meet or exceed the minimum funding requirements of the Employee Retirement Income Security Act and the Internal Revenue Code.

Pension plans also have investment policies. These are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan requires the Trustees of the Plan to establish investment guidelines but delegates to an investment professional specific decisions regarding the purchase and sale of securities. Under the policy, Plan assets are managed solely in the interest of the Plan's participants and beneficiaries and in full compliance with all applicable laws, including the Employee Retirement Income Security Act of 1974. Plan assets are invested primarily in a balanced and diversified mix of equities, fixed income securities, real estate and cash equivalents.

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:

<b>Asset Allocations</b>	<b>Percentage</b>
1. <b>Interest-bearing cash</b>	<b>0.67%</b>
2. <b>U.S. Government securities</b>	<b>0.00%</b>
3. <b>Corporate debt instruments (other than employer securities):</b>	
<b>Preferred</b>	<b>0.00%</b>
<b>All other</b>	<b>0.00%</b>
4. <b>Corporate stocks (other than employer securities):</b>	
<b>Preferred</b>	
<b>Common</b>	<b>0.00%</b>
5. <b>Partnership/joint venture interests</b>	<b>11.77%</b>
6. <b>Real estate (other than employer real property)</b>	<b>0.00%</b>
7. <b>Loans (other than to participants)</b>	<b>0.00%</b>
8. <b>Participant loans</b>	<b>0.00%</b>
9. <b>Value of interest in common/collective trusts</b>	<b>11.86%</b>
10. <b>Value of interest in pooled separate accounts</b>	<b>0.00%</b>
11. <b>Value of interest in master trust investment accounts</b>	<b>0.00%</b>
12. <b>Value of interest in 103-12 investment entities</b>	<b>4.43%</b>
13. <b>Value of interest in registered investment companies (e.g., mutual funds)</b>	<b>67.03%</b>
14. <b>Value of funds held in insurance co. general account (unallocated contracts)</b>	<b>0.00%</b>
15. <b>Employer-related investments:</b>	
<b>Employer securities</b>	<b>0.00%</b>
<b>Employer real property</b>	<b>0.00%</b>
16. <b>Buildings and other property used in plan operation</b>	<b>0.40%</b>
17. <b>Other</b>	<b>3.84%</b>

Please note that the percentages shown are based on asset values that are preliminary and unaudited. Any final changes may affect the reported percentages.

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact Maria Pizarro at (312) 233-8800.

### **Events Having a Material Effect on Assets or Liabilities**

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Federal law requires the plan administrator to provide in this notice a written explanation of events taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. Material effect events are occurrences that tend to have a significant impact on a plan's funding condition. An event is material if it, for example, is expected to increase or decrease total Plan assets or Plan liabilities by five percent or more.

For the Plan Year beginning on October 1, 2023 and ending on September 30, 2024 the Plan expects no significant changes that would have a material effect on plan liabilities or assets for the year.

### **Right to Request a Copy of the Annual Report**

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

### **Summary of Rules Governing Insolvent Plans**

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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**

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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 at <https://www.pbgc.gov/prac/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," see next page.

## **Where to Get More Information**

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For more information about this notice, you may contact the individual below.

Maria Pizarro  
Fund Manager  
SEIU Local 1 & Participating Employers Pension Trust  
111 E. Wacker Drive, 17th Floor  
Chicago, IL 60601  
(312) 233-8800

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 36-6486542.

**PLEASE NOTE:** Pages 1, 2, 3 and 4 are the mandated text that the federal government requires us to use to convey this important annual information. This Plan has continually maintained what is commonly referred to as "Green Zone" status.

**ADDITIONAL "ANNUAL" NOTIFICATIONS ARE LISTED BELOW:**

➤ **CHANGES TO YOUR CONTACT INFORMATION**

Please remember to notify the fund office of any changes to your contact information such as mailing address, phone number, email address or any changes to beneficiary information.

➤ **PENSION BENEFIT STATEMENT**

Your pension benefit statement provides you with your pension credits through the last calendar year. A copy of your individual statement can be obtained by sending your written request to the Pension Department at the following address:

SEIU Local 1 & Participating Employers Pension Trust  
111 E. Wacker Drive, 17th Floor  
Chicago, IL 60601

➤ **INCOME TAX WITHHOLDING TO U.S. RESIDENT RECIPIENTS**

As you may recall, when you began to receive your benefit payments, you were given the opportunity to choose whether you wanted federal income tax withheld from those payments. This is to remind you that you may change your decision if you wish.

**Until you file a new election or withholding certificate with us, your original choice as to whether to have withholding, and on what basis, will remain in effect.** You may change your election using Form W-4P, which is available from the IRS or from us (on web site <https://seiu1benfunds.org>). If you make a change, it will be put into effect 60 days after we receive the form.

Withholding on your benefit payments is one way for you to pay a portion of your income tax. If not enough tax is being withheld from your total taxable income for the year, you may have to pay estimated taxes during the year or a tax penalty at the end of the year. Of course, whether or not you have to pay federal income tax depends on the total amount of your taxable income, not just on your benefit payments from the Plan. Remember, for many people, Social Security benefits are not taxable.

Your decision on withholding is an important one. You may wish to discuss it with a qualified tax adviser.

➤ **DIRECT DEPOSIT**

Each year we include this reminder that if you are still receiving a printed check, you are susceptible to U.S. Postal system delays (or worse) a lost or fraudulently cashed check.

We ask that you wait at least fifteen {15} days before calling our office, as most mail delays are resolved by that time.

**The fund office recommends that you have your benefit deposited directly to your financial institution.** That way you can be sure your money is available on the first business day of each month. Forms are available on our web site, <https://seiu1benfunds.org> or by calling the Fund Office at (312) 233-8877.

The Trustees of this Plan are considering taking the same action as Social Security (and save the postage expense for future benefit payments) by making direct deposit mandatory.

➤ **DEFERRED VESTED INDIVIDUALS - AGE 73**

You may have earned credit toward a retirement pension benefit. If you are over age 73, you should begin collecting your pension benefit. To start the application process, please contact the SEIU Local 1 & Participating Employers Pension Department for assistance at (312) 233-8877.