LiUNA! National (Industrial) Pension Fund

Feel the Power

May 2021

BENEFITS IMPROVED AS PENSION FUND REMAINS FIRMLY IN THE GREEN FUNDING ZONE

To All Active Participants, Participating Unions, and Contributing Employers:

In April 2020, we sent to you a notice entitled: "*Pension Fund Returns To 'Green' Funding Zone In 2020, But Planned Benefit Improvements Put On Hold While Investment Markets And Economy Deal With Coronavirus Pandemic*". That notice explained that the Funding Rehabilitation Plan ("FRP") had succeeded in returning the Pension Fund to the "Green Zone" funding status starting March 30, 2020. This meant that the FRP was being terminated and that no further contribution rate increases would be required. However, the notice also reported that planned benefit improvements had to be put on hold until the effects of the historic COVID pandemic on the Pension Fund could be determined. At that time, there was great uncertainty about the economic impact of this historic global crisis and the drastic public health measures that governments had to impose to contain the spread.

We are pleased to announce that the Board of Trustees has decided to implement benefit improvements effective July 1, 2021. This action was taken only after the Board received expert professional guidance that the Pension Fund's Green Zone status would not be endangered by the benefit improvements. The Fund has weathered the COVID pandemic in solid shape, thanks largely to the financial cushion built under the FRP and to your cooperation and patience with the FRP. The Fund is now more than 87% funded and is projected to be 100% funded within a few years with careful management.

All participants will benefit from the Pension Fund's greatly improved funding. The retirement benefits that they have already earned, and the benefits they will earn in the future, will be more secure. In addition, the vast majority of participant groups who completed the FRP-required contribution rate increases will be rewarded with increases in their future benefit accrual rates. Those few participant groups that did not complete the FRP-required contribution rate increases will earn lower future benefit accrual rates, unless their employers' contribution rates are increased.

The Board of Trustees has approved a New Benefit Schedule, prepared by the Fund's actuary, that sets a new benefit accrual rate for each contribution rate. The New Benefit Schedule, which can be viewed on the Fund's website (www.lnipf.com), includes the benefit accrual changes explained below.

<u>Benefit Improvements For Most Participant Groups</u>

1. Benefit Accrual Rates For Former FRP Preferred Schedule Groups

The following rules apply to Participants who were covered by the former Preferred Schedule immediately before March 30, 2020:

(a) Benefit accruals for pension credits earned before the FRP was adopted in July 2010 remain unchanged.

(b) Benefit accruals for pension credits earned for employment covered by the FRP Preferred Schedule are unchanged, and those accrual rates will remain in effect through June 30, 2021.

(c) Benefit accrual rates for pension credits earned on and after July 1, 2021 will be based on the New Benefit Schedule. The New Benefit Schedule will have the following effects:

(1) Participants whose Employer made 9 annual increases in its contribution rate under the former Preferred Schedule will earn benefits at an accrual rate that is about 20% higher than their Preferred Schedule accrual rate, provided that the employer contribution rate remains unchanged.

(2) Participants whose Employer made 8 annual increases in its contribution rate under the former Preferred Schedule will earn benefits at an accrual rate that is about 10% higher than their Preferred Schedule accrual rate, provided that the employer contribution rate remains unchanged.

(3) Participants whose Employer made 7 annual increases in its contribution rate under the former Preferred Schedule will earn benefits at the same accrual rate as under the Preferred Schedule, provided that the employer contribution rate remains unchanged.

(4) Participants whose Employer made less than 7 annual increases in its contribution rate under the former Preferred Schedule will earn benefits at an accrual rate that is lower than they earned under the Preferred Schedule, unless their Employer increases its contribution rate to the level required under the New Benefit Schedule to support their current accrual rate. This lower rate will go into effect under the New Benefit Schedule for pension credits earned on and after January 1, 2022. For these Participants, the accrual rate in effect under the Preferred Schedule will remain in effect at least through December 31, 2021.

(5) If an Employer's contribution rate increases, the benefit accrual rate for pension credits earned under the higher contribution rate will be increased by an amount determined in accordance with the New Benefit Schedule by the Fund Administrator.

(6) If an Employer's contribution rate is reduced, the benefit accrual rate for pension credits earned thereafter will be reduced by an amount determined in accordance with the New Benefit Schedule by the Fund Administrator, unless the Fund's actuary determines that, under the circumstances, the reduced contribution rate is insufficient to support this accrual rate and sets another accrual rate for which the reduced contribution rate would be sufficient. In other words, a lower contribution rate means lower pension benefits.

2. Benefit Accrual Rates For Former FRP Default Schedule Groups

The following rules apply to Participants who were covered by the former Default Schedule immediately before March 30, 2020:

(a) Benefit accruals for pension credits earned before the FRP was adopted in July 2010 remain unchanged.

(b) Benefit accruals for pension credits earned for employment covered by the FRP Default Schedule are unchanged, and those accrual rates will remain in effect through at least June 30, 2021.

(c) Benefit accrual rates for pension credits earned on and after July 1, 2021 will be based on the New Benefit Schedule. The New Benefit Schedule will have the following effects:

(1) Participants whose Employer made 10 annual increases in its contribution rate under the former Default Schedule will earn benefits at an accrual rate that is about 20% higher than their Default Schedule accrual rate, provided that the contribution rate remains unchanged.

(2) Participants whose Employer made 9 annual increases in its contribution rate under the former Default Schedule will earn benefits at an accrual rate that is about 10% higher than their Default Schedule accrual rate, provided that the contribution rate remains unchanged.

(3) Participants whose Employer made 8 annual increases in its contribution rate under the former Default Schedule will earn benefits at an accrual rate that is about 4-5% higher than their Default Schedule accrual rate, provided that the contribution rate remains unchanged.

(4) Participants whose Employer made 7 annual increases in its contribution rate under the former Default Schedule will earn benefits at an accrual rate that is lower than they earned under the Default Schedule, unless their Employer increases its contribution rate to the level required under the New Benefit Schedule to support their current accrual rate. This lower rate will go into effect under the New Benefit Schedule for pension credits earned on and after January 1, 2022. The accrual rate in effect under the Default Schedule will remain in effect at least through December 31, 2021.

(5) Participants whose Employer made less than 7 annual increases in its contribution rate under the former Default Schedule will earn benefits at an accrual rate that is lower than they earned under the Default Schedule, unless their Employer increases its contribution rate to the level required under the New Benefit Schedule to support their current accrual rate. This lower rate will go into effect under the New Benefit Schedule for pension credits earned on and after January 1, 2022. The accrual rate in effect under the Default Schedule will remain in effect at least through December 31, 2021.

(6) If an Employer's contribution rate increases, the benefit accrual rate for pension credits earned under the higher contribution rate will be increased by an amount determined in accordance with the New Benefit Schedule by the Fund Administrator.

(7) If an Employer's contribution rate is reduced, the benefit accrual rate for pension credits earned thereafter will be reduced by an amount determined in accordance

with the New Benefit Schedule by the Fund Administrator, unless the Fund's actuary determines that, under the circumstances, the reduced contribution rate is insufficient to support this accrual rate and sets another accrual rate for which the reduced contribution rate would be sufficient. In other words, a lower contribution rate means lower pension benefits.

Additional Thoughts

The fundamental purpose of the Pension Fund is to provide a dependable monthly retirement income that continues for the pensioner's life and for the life of his or her surviving spouse. A regular monthly payment that you cannot outlive is true retirement security. The Pension Fund has paid about $2 billion in retirement benefits since it was created in 1967. Many of the pensioners and surviving spouses are in their 80s, 90s and older who would have run out of money if they depended on a 401(k) plan account. They wisely traded a portion of their wages during their working years so they would have a steady income during their retirement years. We are committed to managing the Fund in a prudent manner that balances available resources with promised benefits for the long term.

Questions

Any questions regarding this notice should be directed to Fund Administrator Adam M. Downs at the Fund Office, 905 16th Street, N.W., Washington, D.C. 20006. Written questions are preferred so we can provide thoughtful, complete responses.

Thank you for your attention to this notice and your support for the Pension Fund.

We wish you and your families all the best.

THE BOARD OF TRUSTEES OF THE
LIUNA NATIONAL (INDUSTRIAL) PENSION FUND