

# Automotive Machinists Pension Trust

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Administered by  
Welfare & Pension Administration Service, Inc.

January 28, 2025

## SEPTEMBER 30, 2024 ANNUAL FUNDING NOTICE FOR THE RETIREMENT PLAN OF THE AUTOMOTIVE MACHINISTS PENSION TRUST

### Introduction

This notice includes important information about the funding status of your multiemployer pension plan ("the Plan") and 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 is for the plan year beginning October 1, 2023 and ending September 30, 2024 (referred to hereafter as "Plan Year").

**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.**

### 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    |                  |                  |                  |
|----------------------|------------------|------------------|------------------|
|                      | 2023 *           | 2022 *           | 2022             |
| Valuation Date       | October 1, 2023  | October 1, 2022  | January 1, 2022  |
| Funded Percentage    | 80.1%            | 80.5%            | 81.3%            |
| Value of Assets      | \$ 863,569,390   | \$ 874,911,466   | \$ 891,743,202   |
| Value of Liabilities | \$ 1,077,911,824 | \$ 1,087,408,224 | \$ 1,097,410,062 |

\* The Plan Year changed from the calendar year to October 1 – September 30, effective October 1, 2022.

### 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 following table shows the fair market value of the Plan's assets as of October 1, 2024 and each of the two preceding plan years. Market Value Funded Percentages are also shown for comparison with Actuarial Value Funded Percentages shown above (note that the October 1, 2024 funded percentage is estimated at this time):

|                                | October 1, 2024 | October 1, 2023 | October 1, 2022 |
|--------------------------------|-----------------|-----------------|-----------------|
| Fair Market Value of Assets    | \$838,000,000   | \$802,304,570   | \$783,607,431   |
| Market Value Funded Percentage | 78.6%           | 74.4%           | 72.1%           |

## **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 in critical status in the Plan Year ending September 30, 2024 because the Plan was in critical status and was not projected to be insolvent within 20 years.<sup>1</sup>

In an effort to improve the Plan's funding situation, the trustees adopted a funding rehabilitation plan originally on March 23, 2009. The rehabilitation plan was most recently updated at the end of 2021.

The rehabilitation plan eliminates early retirement subsidies on benefits earned as of June 30, 2009 (note, the Plan has also been amended to eliminate early retirement subsidies on benefits earned on and after July 1, 2009) and increases employer contribution to the Plan by 25% each year over a 4 year period effective immediately upon renegotiation of a new collective bargaining agreement, with subsequent annual increases of 12.5% for the following 5-year period. Effective January 1, 2021, bargaining parties may reduce their current funding only contributions to 100%.

You may get a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending September 30, 2025, separate notification of that status has or will be provided.

## **Participant Information**

The total number of participants and beneficiaries in the Plan as of the Plan's October 1, 2023 valuation date was 7,643. Of this number, 505 were current employees, 4,841 were retired and receiving benefits, and 2,297 were separated from service 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 requires the Board of Trustees to take action if the expected contributions are expected to be less than the ERISA minimum or greater than the IRS maximum level for the upcoming year. Actions of the Board are also constrained so as to avoid increasing scheduled funding deficits and withdrawal liability.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment objectives of the Fund reflect the long-term nature of the Fund, but also the shorter-term liquidity needs. Operating and philosophical considerations shape the Fund's

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<sup>1</sup> Although the Plan was not projected to become insolvent in the next 20 years, the American Rescue Plan Act (ARPA), signed into law in March 2021, included help for critical and declining plans. The Automotive Machinists Pension Trust was critical and declining for the 2022-23 Plan Year, so remains eligible for the Special Financial Assistance available through ARPA. This is intended to allow such plans to pay benefits, at their current levels, through 2051. The exact amount and timing of Special Financial Assistance that the Plan will receive is not known at this time; however, the Plan's application is being finalized and we intend to submit it to the PBGC in February. Even with the Special Financial Assistance, the Plan is still likely to become insolvent eventually. When that happens, the Plan would apply for additional financial assistance from the PBGC; although benefit amounts may be reduced at that time.

policies and priorities as outlined below:

- Accumulate sufficient assets through a diversified portfolio of investments and employer contributions to pay all benefits and expense obligations when due.
- Seek growth of assets by combining equity, fixed income and other investments with a balance of active, passive and enhanced index investment strategies, placing primary emphasis on capital appreciation and secondary emphasis on income, while avoiding excessive risk levels.
- Improve the security of the benefits participants earn under the Plan.

Under 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. U.S. Equity                 | 15%               |
| 2. Non-U.S. Equity – Developed | 11%               |
| 3. Emerging Markets Equity     | 3%                |
| 4. Global Equity               | 19%               |
| 5. Fixed Income                | 12%               |
| 6. Opportunistic Credit        | 20%               |
| 7. Private Equity              | 7%                |
| 8. Real Estate                 | 9%                |
| 9. Infrastructure              | 4%                |
| 10. Cash                       | 0%                |

#### **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](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**

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 a 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 the PBGC's website at [www.pbgc.gov/multiemployer](http://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 the plan administrator at:

Welfare & Pension Administration Service, Inc.  
7525 SE 24th Street, Suite 200, Mercer Island, WA 98040  
Telephone: (206) 441-7574, Toll Free: (800) 732-1121

**Informational videos will be available on the trust's website soon at: [www.automotivemachinistspension.com](http://www.automotivemachinistspension.com)**

For identification purposes, the official plan number is 001, and the plan sponsor's name is Board of Trustees-Automotive Machinists Pension Trust and the plan sponsor's employer identification number or "EIN" is 91-6123687.

### **Administration Office Automotive Machinists Pension Trust**