

INTERNATIONAL UNION OF OPERATING ENGINEERS

Welfare – Pension – Annuity – Apprenticeship
Local Union No. 137, 137A, 137B, 137C, and 137R
1360 PLEASANTVILLE ROAD, BRIARCLIFF MANOR, NY 10510

Employer Trustees
RICHARD T. LOMBARDI
MARK R. FANTE
JOHN COONEY

Telephone # (914) 762-1268 - Fax: (914) 762-7034

Union Trustees
JEFFREY J. LOUGHLIN
JAMES SASSO
MICHAEL MILLER

April 2021

ANNUAL FUNDING NOTICE For **Local 137 Pension Fund**

1) 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 January 1, 2020 and ending December 31, 2020 (“Plan Year”).

2) 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 as reported by the Plan’s actuary 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			
	2020	2019	2018
Valuation Date	January 1, 2020	January 1, 2019	January 1, 2018
Funded Percentage	126.2%	107.8%	118.3%
Value of Assets	\$218,483,535	\$186,214,085	\$201,451,288
Value of Liabilities	\$173,131,424	\$172,675,404	\$170,320,864

3) Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year and are market values. The asset values below are also market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table (estimated at 12/31/20):

	December 31, 2020	December 31, 2019	December 31, 2018
Fair Market Value of Assets	\$242,185,719	\$218,483,535	\$186,214,085

4) Endangered, Critical or Critical and Declining

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). 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, 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. 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). 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.

If the Plan is in endangered, critical or critical and declining status for the Plan Year ending December 31, 2020, separate notification of that status will be provided.

5) Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 1,513. Of this number, 660 were current employees, 703 were retired and receiving benefits, and 150 were retired or no longer working for the employers and have a right to future benefits.

6) Funding & Investment Policies

- (a) 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 funding policy of the Plan is that the employers shall make contributions in accordance with their collective bargaining agreement with the Union and the funding needs to maintain sufficient assets to maintain proper long-term funding of the Plan will be communicated to the person(s) responsible for overseeing the investment of the plan’s assets.
- (b) Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan’s investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is as follows:

The Operating Engineers Local 137 Pension Fund is a defined benefit plan established to provide retirement benefits for the exclusive use of plan participants and beneficiaries. Plan assets are invested in a manner consistent with the fiduciary standards of ERISA and the written investment policy statement established for the Local 137 Pension Fund. The Trustees have the responsibility to prudently follow the investment program, establishing its investment policies and asset allocations, while taking into consideration the Plan’s risk tolerance, appropriate portfolio diversification and liquidity needs. To these ends, the Trustees select (1) a professional investment consultant to assist in prudently measuring and evaluating investment performance on a regular basis and (2) professional investment managers to invest assets in accordance with the written investment policy statement.

- (c) 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

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	_____
2. U.S. Government securities	14%
3. Corporate debt instruments (other than employer securities):	
Preferred	8%
All other	11%
4. Corporate stocks (other than employer securities):	
Preferred	_____
Common	58%
5. Partnership/joint venture interests	_____
6. Real estate (other than employer real property)	_____
7. Loans (other than to participants)	_____
8. Participant loans	_____
9. Value of interest in common/collective trusts	_____
10. Value of interest in pooled separate accounts	_____
11. Value of interest in master trust investment accounts	_____
12. Value of interest in 103-12 investment entities	_____
13. Value of interest in registered investment companies (e.g., mutual funds)	9%
14. Value of funds held in insurance co. general account (unallocated contracts)	_____
15. Employer-related investments:	
Employer Securities	_____
Employer real property	_____
16. Buildings and other property used in plan operation	_____
17. Other	_____

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, or 103-12 investment entities – contact Board of Trustees, Local 137 Pension Fund, attention Rita Kostik at 1360 Pleasantville Road, Briarcliff Manor, NY 10510.

7) 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, Employees Benefits Security Administration's Public Disclosure Office 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."

8) 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.

9) 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 ($\35.75×10).

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 ($\17.75×10).

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 PBGC's website at www.pb.gc.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.

10) Where to Get More Information

For more information about this notice, or for a statement of your estimated monthly pension benefit payable at retirement, you may contact the Board of Trustees or:

Rita Kostik at 914-762-1268, or by writing to:
1360 Pleasantville Road, Briarcliff Manor, New York 10510

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is 13-1825849.