Benefit Services
SERVING LOCAL UNION 725 & MCASF

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To: Participants in the ACRA Local 725 Pension Trust Fund (the "Pension Plan")
From: The Board of Trustees of the Fund (the "Board")
Date: April 29, 2020
Re: 2019 Annual Funding Notice and 2020 "Green Zone" Certification

2019 Annual Funding Notice

IRS regulations require that the attached Annual Funding Notice be sent to you every year, regardless of the funded status of the Pension Plan. The Annual Funding Notice reflects the Pension Plan's funded status as of the beginning of the 2019 Plan Year, i.e., January 1, 2019. We also wanted to share with you the Pension Plan's preliminary funded status as of the start of the 2020 Plan Year.

As shown in the enclosed 2019 Annual Funding Notice, the Pension Plan was 97.7% funded as of January 1, 2019. As of December 31, 2019, the preliminary funded percentage of the Pension Plan was 98.5%. The Pension Plan is well funded, especially given the volatile investment markets the past several years.

2020 "Green Zone" Certification

You may recall that four years ago, in 2016, the Pension Plan was designated as being in "critical status". This was not a reflection of the funded percentage status of the plan, but due to an additional factor, the Funding Standard Account. This looks at contributions and investment returns compared to operating expenses and benefit payments due. The balance in the Funding Standard Account can trigger critical staus if it is not projected to remain positive, meaning more income than expense. At that time, the Board made some very difficult decisions to carefully balance the needs of participants, contributing employers, and the union in a manner that was fair, equitable and realistic, yet preserved the core benefits in the Pension Plan.

The significance of being in critical status in 2016 was that the Board of Trustees was required to take specific action by adopting a Rehabilitation Plan. While the decisions made by the Board were difficult, the Pension Plan is now on more solid financial ground, and as a result, the Pension Plan was certified in the green zone for 2018, 2019, and again for 2020.

You may be asking if the Board intends to restore the benefits that were in place before the Rehabilitation Plan took effect. Unfortunately, the Pension Plan's actuary has advised that doing so would jeopardize future zone certifications for 2021 and beyond, unless limited to some modest cost items. Similarly, increasing the monthly pension accrual rate (also called the multiplier) from the current rate of 2% of contributions would significantly increase benefit costs. This would lower the Plan's funded level and could put participants' future benefits in jeopardy. The Plan's actuary does not recommend taking that action.

The Board will continue to work with the Pension Plan's actuary and other professionals to provide the best possible benefits while ensuring that the Pension Plan remains healthy enough to pay participants and beneficiaries the benefits they have been promised for generations to come.

If you have any questions, please contact the Fund Administrator at:

Benefit Services
15800 Pines Blvd., Suite 201
Pembroke Pines, FL 33027
(754) 777 - 7735

Sincerely,

The Board of Trustees
ACRA Local 725 Pension Trust Fund

ANNUAL FUNDING NOTICE
For
ACRA Local 725 Pension Trust Fund

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 for the plan year beginning January 1, 2019 and ending December 31, 2019 ("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.

Funded Percentage			
	2019 Plan Year	2018 Plan Year	2017 Plan Year
Valuation Date	January 1, 2019	January 1, 2018	January 1, 2017
Funded Percentage	97.7%	98.9%	97.2%
Value of Assets	$162,633,671	$157,916,596	$148,629,315
Value of Liabilities	$166,448,855	$159,582,092	$152,806,017

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. 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.

	December 31, 2019	December 31, 2018	December 31, 2017
Fair Market Value of Assets	$174,698,998	$149,082,445	$157,916,596

*Preliminary.

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in "endangered" status if the 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 2019 Plan Year. In addition, on March 19, 2020, the Plan actuary certified that the Plan is in neither endangered, critical, nor critical and declining status for the 2020 plan year.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 1,958. Of this number, 876 were active participants, 687 were retired or separated from service and receiving benefits, and 395 were retired or separated from service and have a right 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 how much money is needed to pay promised benefits. The funding policy of the Plan consists of the following: fund the plan through a combination of contributions received from employers and investment income generated by the Plan's investments. The funding level is designed to comply with requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by employers for federal income tax purposes. The Board of Trustees creates and implements the funding policy and monitors the funding level with the assistance of the Plan's enrolled actuary and the Plan's investment consultant.

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, generally, to invest primarily in common and preferred stocks, U.S. Government and corporate bonds, insurance contracts, U.S. Treasury Bills, high grade commercial paper, bank certificates of deposit, and real estate equity interests and mortgages. Investments are made directly through private portfolios managed by professional investment managers, and indirectly through mutual funds and other pooled investment funds. In general, investments are to be of high quality, well diversified, and prudently allocated for long-term growth.

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 preliminary, unaudited percentages of total assets:

Asset Allocations	Percentage:
Stocks	42.0%
Investment grade debt instruments	33.4%
High-yield debt instruments	1.2%
Real estate	9.4%
Other	14.0%

Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. As of the date of this Notice, there are no known or expected plan amendments, scheduled benefit increases or reductions, or other known foreseeable events that are expected to occur within the current plan year, and to have any material effects upon the plan's assets or liabilities.

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 about the plan. 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-1515, 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 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 at 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:

Benefit Services
15800 Pines Blvd., Suite 201
Pembroke Pines, FL 33027
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For identification purposes, the official plan number is 001, and the plan sponsor's employer identification number or "EIN" is 59-6123621. For more information about the PBGC and benefit guarantees, go to PBGC's Web site, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).