

2022 Annual Funding Notice For District Council 37 Local 389 Home Care Employees Pension Fund

Introduction

This notice includes important information about the funding status of your multiemployer pension plan ("the Plan"), the District Council 37 Local 389 Home Care Employees Pension Fund. 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, 2022 and ending December 31, 2022 ("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

	2022	2021	2020
Valuation Date	January 1	January 1	January 1
Funded Percentage	85.0%	87.6%	87.4%
Value of Assets	\$68,366,690	\$65,338,112	\$62,956,403
Value of Liabilities	\$80,354,381	\$74,549,255	\$72,024,579

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 factors in the marketplace, such as changes in the stock market. 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 as of the last day of the Plan Year, rather than as of the Valuation Date. The chart also includes the year-end market value of the Plan's assets for each of the two preceding plan years.

	2022 Plan Year End	2021 Plan Year End	2020 Plan Year End
Fair Market Value of Assets	\$58,789,602	\$71,206,061	\$68,539,608

Endangered, Critical, or Critical and Declining Status

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). 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. Rehabilitation and funding improvement 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 Plan Year, but only due to an election under Section 9701 of the American Rescue Plan Act of 2021, which freezes the status as the same as the preceding year. Without such election, the Plan would have been in critical and declining status for the 2022 plan year.

Participant Information

The total number of participants in the plan as of January 1, 2022 was 7,920. Of this number, 1,144 were active participants, 2,786 were retired and receiving benefits, and 3,990 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to collect employer contributions and set the benefits to a level that can be reasonably expected to be provided by those contributions after taking into account future investment returns and the expenses inherent in running the Plan.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made 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 various types or categories of investment management decisions. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among professional investment managers with complementary or diverse investment styles in domestic equity securities, international equity securities, domestic fixed income instruments, and other asset classes as may be deemed prudent.

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:

Asset Allocations	Percentage
1. Interest-bearing cash	0.00%
2. U.S. Government securities	0.00%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00%
All other	0.00%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	0.00%
5. Partnership/joint venture interests	14.74%
6. Real estate (other than employer real property)	0.00%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trust	36.49%
10. Value of interest in pooled separate accounts	0.00%
11. Value of interest in master trust investment account	0.00%
12. Value of interest in 103-12 investment entities	0.00%
13. Value of interest in registered investment companies (e.g., mutual funds)	39.98%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.00%
15. Employer-related investments:	
Employer securities	0.00%
Employer real property	0.00%
Buildings and other property used in plan operation	0.00%
16. Other	8.79%

For information about the Plan's investment in any of the following types of investments as described in the chart above, contact your plan administrator identified below under "Where to Get More Information".

Events Having a Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of new events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. For the plan year beginning on January 1, 2023 and ending on December 31, 2023, there are no events expected to have such an effect at the time of this Notice.

Under the American Rescue Plan Act of 2021 (ARPA), the Plan is allowed to apply for Special Financial Assistance from the Pension Benefit Guaranty Corporation (PBGC). The Plan expected to file an application under this program. Upon approval of the application and receipt of the Special Financial Assistance, the Plan will be in a significantly better financial position.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing 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 are also 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.

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 notification of the insolvency 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 as a result of the insolvency, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit 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 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/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 About Your Plan", below.

Where to Get More Information

For more information about this notice, you may contact:

Fund Administrator
DC 37 Local 389 Pension Fund
420 West 45th Street, 5th Floor
New York, NY, 10036
(212) 925-6033

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 13-3698650.