Annual Funding Notice

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans 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 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 July 1, 2019 and ending June 30, 2020 (referred to hereafter as "Plan Year").

How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by using a measure called the "funded percentage." This percentage is obtained by dividing the Plan's assets by its liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan's funded percentage for the Plan Year and each of the two preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2019	2018	2017
Valuation Date	7/1/2019	7/1/2018	7/1/2017
Funded Percentage	110.0%	108.7%	101.1%
Value of Assets	$219,777,713	$206,836,369	$171,033,973
Value of Liabilities	$199,710,881	$190,345,575	$169,155,993

Year End Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. While actuarial values fluctuate less than market values, they are estimates. The asset values below are 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:

	June 30, 2020*	June 30, 2019	June 30, 2018
Fair Market Value of Assets	$225,478,031	$214,372,220	$206,836,369

* This amount is preliminary and unaudited.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 8,560. Of this number, 3,666 were active participants, 2,291 were retired or separated from service and receiving benefits, and 2,603 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 Plan is funded by contributions paid by contributing employers pursuant to collective bargaining agreements negotiated by Local No. 1 Pension Fund and investment income earned on Plan assets. The funding policy of the Plan is as follows:

1. Annual employer contributions to the Pension Plan will equal or exceed the minimum amount that will be in compliance with the minimum funding requirement of the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 (ERISA) including all amendments, the Pension Protection Act of 2006 (PPA) including all amendments and the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) including all amendments.

2. Annual employer contributions to the Plan will not exceed the tax deductible limits according to Section 404 of the Internal Revenue Code as amended.

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, generally, to invest the assets of the Plan among several asset classes and within permitted allocation ranges. The long-term goal of the Plan is to: (1) generate a net of fee return in excess of the Plan's actuarial assumed rate of return within acceptable levels of volatility, (2) maintain sufficient liquidity to fund benefit payments, and (3) preserve the principal value of the Plan.

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. Stock:	51.0%
2. Investment Grade Debt:	15.4%
3. High-Yield Debt:	3.8%
4. Real Estate:	10.5%
5. Other:	19.3%

* Other assets include investments in private equity, multi-asset investments, opportunistic investments and cash.

Please note that the percentages shown above are based on the asset values that are preliminary and unaudited. Any final changes may affect the reported percentages.

Critical or Endangered 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). 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. 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 was **not** in "Endangered", "Seriously Endangered", "Critical", or "Critical and Declining" Status in the 2019 Plan Year because the ratio of assets to liabilities was greater than 80% on the first day of the Plan Year.

If the Plan is in "Endangered", "Seriously Endangered", "Critical", or "Critical and Declining" status for the plan year ending June 30, 2021, separate notification of that status will be provided.

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. Copies of the annual report 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. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator identified below under "Where To Get More Information."

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, 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. This information will be provided for each year the plan is insolvent.

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 can not be forfeited (called vested benefits) are guaranteed. 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 $500, 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 ($500/10), which equals $50. The guaranteed amount for a $50 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 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 pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, 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.

Where to Get More Information
For more information about this notice, you may contact the following:

Dave Bratek
Local No. 1 Pension Plan
1431 Opus Place, Suite 350
Downers Grove, IL 60515
(630) 288-6868

Board of Trustees - Service Employees International Union
111 East Wacker Drive, Suite 2500
Chicago, Illinois 60601
(312) 240-1600

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 51-6055057. For more information about the PBGC and benefit guarantees, go to PBGC's website, 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).

Notice of Right to Request Pension Benefit Statement
You may request in writing a pension benefit statement. The pension benefit statement will include:

- The total benefits accrued, your pension credit and vesting service.
- The non-forfeitable pension benefits, if any, which have accrued; or the earliest date on which benefits will become non-forfeitable.

To obtain a pension benefit statement, please submit a request, in writing, to the following address:

Amy Pokorny
Local No. 1 Pension Plan
1431 Opus Place, Suite 350
Downers Grove, IL 60515

Please include the following in the request:

- Name
- Date of Birth
- Current address
- Social Security Number
- Date of approximate start of participation in the Pension Fund

No more than one statement will be provided during any 12-month period. If you have any questions, please contact the fund office at (630) 288-6868 or toll free at (866) 844-0488.