

MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Pension Fund
Michigan BAC Local 2 MCA Cooperation and Education Trust

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

ANNUAL FUNDING NOTICE

Michigan BAC Pension Fund Plan Year Beginning May 1, 2022

This notice includes important information about the funding status of your pension plan (the “Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“the PBGC”), a federal insurance agency. This Notice is required by federal law, and all traditional pension plans, called defined benefit pension plans, must issue it every year regardless of their funding status. It does not mean that the Plan is terminating. It is provided for informational purposes only and you are not required to respond in any way. This Notice is for the Plan Year which began on May 1, 2022 and ended on April 30, 2023.

Funded Percentage

The law requires the Plan Administrator to tell you how well the Plan is funded, using a measure called the “funded percentage”. In order to get this percentage, the Plan divides its assets by its liabilities on the Valuation Date. In general, the higher the percentage, the better funded the Plan. The Plan’s funded percentage for the Plan Year and the two preceding Plan Years is shown in the chart below. The chart also lists the value of the Plan’s assets and liabilities for the same period.

	2022	2021	2020
Valuation Date	May 1	May 1	May 1
Funded Percentage	86.7 %	85.4%	75.7%
Value of Assets	\$174,524,724	\$165,528,214	\$143,384,639
Value of Liabilities	\$201,371,122	\$193,779,016	\$189,406,537

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Plan’s Valuation Date. They are also “actuarial values”. Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock market 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 the two preceding Plan Years.

	April 30, 2023	April 30, 2022	April 30, 2021
Fair Market Value of Assets	\$ 165,909,465*	\$165,326,306	\$ 165,528,214

*Based on unaudited financial statement

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Participant Information

The total number of Participants and beneficiaries covered by the Plan on the valuation date of May 1, 2022 was 2,651. Of this number, 900 were active participants, 899 were retired or separated from service and receiving benefits, and 852 were retired or no longer working for an employer and have the right to future benefits.

Funding and 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 Plan's funding policy can be summarized as follows:

Benefits under the Plan are provided through a trust. Contributions and investment returns together fund current and future liabilities. Contributions are obtained directly from participating employers, based on hours worked by Plan participants at rates specified in the collective bargaining agreements.

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 to invest Plan assets in a manner consistent with the fiduciary standards of ERISA. The investment policy of the Plan can be summarized as follows:

The federal law makes the Fund's Trustees responsible for investing the assets of the Plan. To assist them in carrying out this responsibility, the Trustees have engaged the services of an Investment Consultant to assist them in establishing and reviewing the asset allocation and selecting and evaluating the performance of the Fund's Investments. Investments are made with the objective of preserving the real value, maximizing long-term returns consistent with the first objective, achieving returns over full market cycles adequate to maintain coverage of benefits accrued under the Plan and, maintaining sufficient liquidity for payment of Fund benefits and expenses. In pursuing these objectives, Fund assets will at all times be invested in a manner consistent with the fiduciary standards of ERISA. More specifically, the Trustees must adhere to the safeguards and diversification standards that a prudent investor would adhere to and all transactions undertaken on behalf of the Plan must be for the sole interest of Plan Participants and their Beneficiaries.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of April 30, 2023. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	2.5%
2. U.S. Government securities	0.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	0.0%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	18.8%
5. Partnership/joint venture interests	14.2%
6. Real estate (other than employer real property)	8.7%
7. Loans (other than to participants)	0.0%
8. Participant loans	0.0%
9. Value of interest in common/collective trusts	22.4%
10. Value of interest in pooled separate accounts	0.0%
11. Value of interest in master trust investment accounts	0.0%

12. Value of interest in 103-12 investment entities	0.0%
13. Value of interest in registered investment companies (e.g., mutual funds)	33.4%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.0%
15. Employer-related investments:	
Employer Securities	0.0%
Employer real property	0.0%
16. Buildings and other property used in plan operation	0.0%
17. Other	0.0%

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, master trust investment accounts, or 103-12 investment entities – contact the Board of Trustees of the Michigan BAC Pension Fund, 6525 Centurion Drive, Lansing, MI 48917 or at (517) 321-7502.

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 not in endangered, critical or critical and declining status in the Plan Year. This status is usually referred to as “safe” status or the “green zone.”

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 regarding the Plan. You can obtain an electronic copy of the Plan’s annual report by going to www.efast.dol.gov and using the search tool. Annual reports are also available for 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. You can also obtain a copy of the Plan’s annual report by making a written request to the Plan Administrator.

The Plan’s annual reports do not contain personal information regarding Plan participants, such as the amount of your accrued benefit. You should contact the Plan Administrator if you want information about your accrued benefit.

Summary of Rules Governing Plans 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 this 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 the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including the 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. 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, for each credited Year of Service. Thus, the PBGC's maximum guarantee is \$35.75 per month times a Participant's credited Years of Service.

Example 1: If a Participant with 10 credited Years of 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 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 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.

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. Please contact your Plan Administrator for specific information about your Plan or pension benefit. The PBGC does not have that information.

Where to Get More Information

For more information about this notice, you may contact the Fund Office at 6525 Centurion Drive, Lansing, MI 48917-9275. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 38-2895943. 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).

August 2023