

Idaho Operating Engineers – Employers Pension Trust Fund

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Administered by
Welfare & Pension Administration Service, Inc.

Pension Plan Update

FROM THE BOARD OF TRUSTEES
IDAHO OPERATING ENGINEERS – EMPLOYERS PENSION PLAN

Enclosed is the Annual Funding Notice for the 2020 Plan Year – a required notice designed to share information about the financial health of the Plan. This cover letter supplements this notice and provide you with more up-to-date information.

Benefit formula improved effective July 1, 2021

We are pleased to report that, due the Plan's recent strong financial performance, we have been able to improve the Plan's benefit formula. Effective for hours worked on or after July 1, 2021, the formula will be 1.25% multiplied by **81%** of the contributions made on your behalf. Previously, the formula reflected 57% of the contributions made on your behalf. For example, if you work 1,500 hours at a contribution rate of \$4.98 per hour in the 2021-2022 plan year:

- Before change: you would have earned a monthly benefit of $1.25\% \times 57\% \times (1,500 \times \$4.98) = \$53.22$
- After change: you will earn a monthly benefit of $1.25\% \times \mathbf{81\%} \times (1,500 \times \$4.98) = \mathbf{\$75.63}$

If your contribution rate is not \$4.98 per hour, the formulas above would reflect your specific contributions. As a reminder, the above amounts are payable for life at your normal retirement date. Please see your plan booklet for more details.

The Plan remains in the "green zone"

During the most recent plan year (July 1, 2020 through June 30, 2021), the Plan's investments are estimated to have earned over 25%. This result led to a significant improvement in the Plan's funding during the year, which is described further below. The Plan remains in the "green zone" for the 2021-2022 plan year. Plans in the "green zone" are generally at least 80% funded and are expected to meet their future minimum funding requirements under Federal law.

Plan funding

The enclosed Annual Funding Notice compares the Plan's assets to its liabilities (basically, how much the Plan's cash and investments are worth divided by how much it is expected to pay out in the future) at a specific point in time. It is important to know that the Annual Funding Notice is required to show the funded percentage for the *beginning* of the Plan year that just ended. It also uses an asset value called the "actuarial value of assets." This value smoothes out market fluctuations for IRS funding requirements, but the "market value of assets" shows a clearer picture of the Plan's funded status at a given point in time. The table below shows the Plan's funded percentage on a *market value* basis for the three years shown in the notice, as well as the *estimated* funded percentage as of July 1, 2021.

	2021 (Estimated)	2020	2019	2018
Valuation Date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
Value of Liabilities	\$132,000,000	\$132,414,833	\$127,050,618	\$128,358,063
Market Value of Assets	\$150,000,000	\$124,796,355	\$124,824,939	\$123,241,116
Market Value Funded %	114%	94%	98%	96%

What does the future hold?

Over time, markets will fluctuate. And because the Plan's funding is directly tied to the markets, so will our funding levels. While current projections anticipate the Plan's funding will continue to improve over time, we know there will be ups and downs along the way. We will continue to keep you updated as to the Plan's status each year, and we will continue to make decisions with a goal of improving the Plan's funding level, as well as providing meaningful benefits, without taking undue risk.

Questions?

If you have questions about the Plan's status or the enclosed notice, please contact the Administration Office, **Welfare & Pension Administration Service, Inc.**, at (206) 441-7574 or (800) 351-6480.