

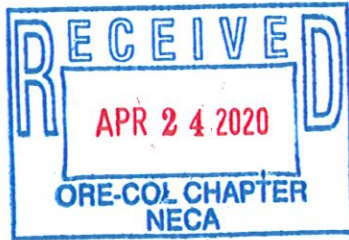
# EDISON PENSION TRUST

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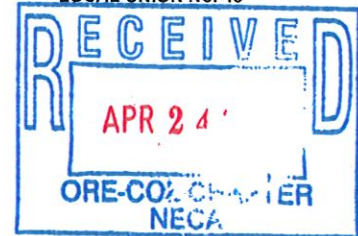
c/o William C. Earhart Company, Inc.  
 P.O. Box 4148, Portland, Oregon 97208  
 (12029 NE Glenn Widing Dr) (503) 460-5223

OREGON COLUMBIA CHAPTER  
 NATIONAL ELECTRICAL  
 CONTRACTORS' ASSOCIATION

INTERNATIONAL BROTHERHOOD  
 OF ELECTRICAL WORKERS  
 LOCAL UNION No. 48



## ANNUAL FUNDING NOTICE FOR EDISON PENSION PLAN



### 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 required by federal law. This notice is for the plan year beginning January 1, 2019 and ending December 31, 2019.

### 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            | 2018            | 2017            |
| Valuation Date       | January 1, 2019 | January 1, 2018 | January 1, 2017 |
| Funded Percentage    | 77%*            | 77%*            | 80%             |
| Value of Assets      | \$658,581,338   | \$635,492,198   | \$618,673,049   |
| Value of Liabilities | \$850,210,788   | \$824,134,994   | \$777,196,957   |

\* The Plan was still certified as not in endangered, critical, or critical and declining status because the funded percentage is expected to increase over 80% in the next 10 years for 2018 and 2019. Additionally, the Plan's investment return assumption was reduced from 7.25% to 7.00% effective January 1, 2018.

### Year-End 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 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 | \$714,300,000     | \$628,569,178     | \$650,551,541     |

The December 31, 2019 fair market value of the Plan's assets is an estimate until the audit of the Plan has been completed by a certified public accounting firm.

### **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.

### **Participant Information**

The total number of participants and beneficiaries covered by the Plan on the valuation date was 6,765. Of this number, 3,667 were current employees, 2,012 were retired and receiving benefits, and 1,086 were retired or no longer working for the employer and have a right to future benefits.

### **Funding & 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 funding policy of the Plan is to provide the retirement income committed by the Plan document based on current and foreseeable covered employment, contributions, investment experience, liabilities, actuarial valuations, labor agreements, applicable law and other pertinent factors. The Plan will enforce compliance with all applicable collective bargaining agreements between employers and IBEW Local No. 48 and participation special agreements approved by the Board of Trustees. The Board of Trustees will work with its professional service advisors to ensure that contributions received by the Edison Pension Trust will satisfy the minimum funding requirements under the Employee Retirement Income Security Act and be tax-deductible under Internal Revenue Service rules. Over time, the Board of Trustees may adjust Plan benefits in response to investment returns and other Plan experience, or seek additional contributions from the bargaining parties.

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 over a diverse spectrum of asset classes and investment strategies to maximize return potential while minimizing volatility or risk to the extent possible.

The Board of Trustees employs professional, institutional quality investment managers who are responsible for making investment decisions with the Plan assets entrusted to them. The Board of Trustees employs an investment consultant to assist with the allocation of Plan assets among different asset classes, investment manager selection and due diligence, and evaluating the performance of the investment managers against recognized benchmarks and/or peer groups.

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 percentages of total assets:

| <b>Asset Allocations</b>          | <b>Percentage</b> |
|-----------------------------------|-------------------|
| Public Equity                     | 40.3%             |
| Investment Grade Debt Instruments | 19.3%             |
| High-Yield Debt Instruments       | 2.0%              |
| Real Estate                       | 13.0%             |
| Infrastructure                    | 1.9%              |
| Inflation-Related Investments     | 8.1%              |
| Absolute Return Strategies        | 10.9%             |
| Private Equity                    | 2.5%              |
| *Cash Equivalents                 | 2.0%              |

*\*Cash Equivalents includes a pending \$5M Real Estate investment that settled at the beginning of January 2020.*

### **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. You may obtain an electronic copy of your Plan’s annual report by going to [www.efast.dol.gov](http://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 N1515, 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 \$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  $\$24.75$  ( $.75 \times \$33$ ), 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 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 a 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](http://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," below.

### **Where to Get More Information**

For more information about this notice and your Plan, you may contact:

The William C. Earhart Company, Inc.  
P.O. Box 4148  
Portland, OR 97208  
(503) 460-5223  
(877) 396-1823

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Edison Pension Plan Board of Trustees and 93-6061681.

# Edison Plan News

From the Board of Trustees Edison Pension Trust



## What Is COVID-19 Doing to the Edison Pension Plan?

The enclosed Annual Funding Notice is required by law and applies to the 2019 plan year. It compares the Plan's actuarial value of 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 the *beginning* of the Plan year. The Plan's funded status is "officially" measured each January 1.

- As of January 1, 2019, the Plan was 77% funded based on actuarial value of assets (which spreads investment losses over a number of years) and 74% based on market value of assets (which looks at the value of the Plan's assets at a single point in time).
- As of January 1, 2020, the Plan's estimated funded percentage was 79% based on actuarial value of assets and 81% based on market value of assets. This reflects a very good investment return from 2019 of over 14%.
- But, what about 2021? The first few months of 2020 have been challenging, to say the least. The volatility we're seeing currently in the markets and the potential impact of COVID-19 on the economy may have a significant impact on the Plan when we report these numbers to you next year. A financial recovery later this year – in time for certification of the Plan's funded percentage as of January 1, 2021 – would be a big help.

*For 2020, the Plan is in the green zone.* But, the bottom line is that we just don't know yet what the impact of the current economic crisis will be – it's possible that changes may be needed in the future for the long-term sustainability of the Plan.

## Investing Responsibly and Staying the Course

For individuals, how much risk they are willing to take on in exchange for the possibility of higher rewards is a personal decision. One person may chase returns daily in the stock market, while another hunkers down with the lowest-risk investments they can find. Pension Plan Trustees can't do either of those.

For pension plans, it's all about the long game. Trustees have a responsibility to take a balanced approach and follow the Plan's investment policy. In a nutshell, the policy is to invest in a variety of assets to maximize the potential for investment earnings, while at the same time minimizing volatility and risk as much as possible. It would be easy to react emotionally to sudden changes in the market. But, the investment policy ensures decisions are not reactionary, and instead based on sound principles for the long-term health of the Plan.

One of the reasons that it's so important to minimize investment losses in the Plan is that, unlike your individual account in the 9<sup>th</sup> district plan, money is constantly leaving this Plan (we pay out approximately \$51 million a year in benefits to retirees). If your individual account takes a hit, you can leave it alone until those investments recover. But, the Plan has to keep writing checks. If the contributions coming in aren't enough to cover all of the benefit payments, the Plan will have to sell assets at their low point – leaving even less money to earn future investment income.

## Maintaining Hours Is Important

Investment returns are likely to capture more of our attention this year, but the level of annual hours worked under the Plan is also important. If the level of hours is significantly below what is expected, that could also change the Plan's funding picture. Contributions not only build benefits for those who are working, they allow the Plan to continue to invest (hopefully "buying low" so we can reap the profits when the market bounces back) and keeping the Plan from having to sell investments at a low point in order to continue to pay out benefits.

## Learn More

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Stay tuned for more information about the Pension Plan. We are planning more newsletters from time to time to help you stay informed.

You can also visit these websites for related information:

**Edison Pension Trust Benefit Site:**      <https://benefits.wcearthart.com>

If you don't yet have an account, type in your Social Security number and check the box to "request a PIN number" – you'll receive one within a couple of days by mail

**Benefit Plan Summaries:**      <https://www.ibew48.com/member-services/ibew-benefits-plan-summaries>