



## STATIONARY ENGINEERS LOCAL 39 PENSION TRUST FUND

4160 Dublin Blvd, Suite 100 \* Dublin, CA 94568  
Phone: (925) 208-2280 \* Toll Free: (800) 622-0547 \* Fax: (925) 833-7301  
[www.Local39Benefits.org](http://www.Local39Benefits.org) \* [L39Benefits@hsba.com](mailto:L39Benefits@hsba.com)

April 2025

ANNUAL FUNDING NOTICE  
For  
I.U.O.E. STATIONARY ENGINEERS LOCAL 39 PENSION PLAN

### **Introduction**

This notice provides key details about your multiemployer pension plan (the “Plan”) for the plan year beginning January 1, 2024 and ending December 31, 2024 (“Plan Year”).

**This is an informational notice. You do not need to respond or take any action.**

This notice includes:

- Information about your Plan’s funding status.
- Details on your benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency.

### **What if I have questions about this notice, my Plan, or my benefits?**

Contact your plan administrator at:

- Name: Coleen Christophersen at Health Services & Benefit Administrators, Inc (“HS&BA”)
- Phone: (800) 622 -0547
- Address: 4160 Dublin Blvd., Suite 400, Dublin, CA 94568. Please note that HS&BA is moving from Suite 400 to Suite 100 effective May 1, 2025.
- Email: [L39Benefits@hsba.com](mailto:L39Benefits@hsba.com)

To better assist you, provide your plan administrator with the following information when you contact them:

- Plan Number: 001
- Plan Sponsor Name: Board of Trustees of IUOE Stationary Engineers Local 39 Pension Plan
- Employer Identification Number: 94-6118939

### **What if I have questions about PBGC and the pension insurance program guarantees?**

Visit [www.pbgc.gov/prac/multiemployer](http://www.pbgc.gov/prac/multiemployer) for more information. For specific information about your pension plan or pension benefits, you should contact your employer or plan administrator as PBGC does not have that information.

Federal law requires all traditional pension plans, also known as defined benefit pension plans, to provide this notice every year regardless of funding status. This notice does not mean your Plan is terminating.

### How Well Funded Is Your Plan?

The law requires the Plan's administrator to explain how well the Plan is funded, using a measure called the "funded percentage." The funded percentage is calculated by dividing Plan assets by Plan liabilities. In general, the higher the percentage, the better funded the plan. The chart below shows the Plan's funded percentage for the Plan Year and the two preceding plan years. It also lists the value of the Plan's assets and liabilities for those years.

Funded Percentage			
	2024	2023	2022
Valuation Date	1/1/2024	1/1/2023	1/1/2022
Funded Percentage	89%	90%	91%
Value of Assets	\$1,886,654,057	\$1,805,180,947	\$1,721,613,264
Value of Liabilities	\$2,114,623,460	\$1,998,257,277	\$1,895,038,146

### Year-End Fair Market Value of Assets

To provide further insight into the Plan's financial position, the chart below shows the fair market value of the Plan's assets on the last day of the Plan Year and each of the two preceding plan years as compared to the actuarial value of the Plan's assets on January 1.

- **Actuarial values (shown in the chart above)** account for market fluctuations over time. Unlike market values, actuarial values do not change daily with stock or market shifts.
- **Market values (shown in the chart below)** fluctuate based on investment performance, providing a more immediate snapshot of the plan's funding status.

	12/31/2024	12/31/2023	12/31/2022
Fair Market Value of Assets	\$1,948,109,229	\$1,772,604,668	\$1,601,482,014

### Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan's funding status determines the steps a plan must take to strengthen its finances and continue paying benefits:

- **Endangered:** The plan's funded percentage drops below 80 percent. The plan's trustees must adopt a funding improvement plan.
- **Critical:** The plan's funded percentage falls below 65 percent or meets other financial distress criteria. The plan's trustees must implement a rehabilitation plan.
- **Critical and Declining:** A plan in critical status is also designated as critical and declining if projected to become insolvent – meaning it will no longer have enough assets to pay out benefits – within 15 years (or within 20 years under a special rule). The plan's trustees must continue to implement the rehabilitation plan. The plan's sponsor may seek approval to amend the plan, including reducing current and future benefits.
- The Plan was not in endangered, critical, or critical and declining status in the Plan Year.

### **Participant and Beneficiary Information**

The following chart shows the number of participants and beneficiaries covered by the Plan on the last day of the Plan Year and the two preceding plan years. The numbers for the Plan Year reflect the plan administrator's reasonable, good faith estimate.

<b>Number of participants and beneficiaries on last day of relevant plan year</b>	2024	2023	2022
1. Last day of plan year	December 31	December 31	December 31
2. Participants currently employed	5,300	5,269	5,145
3. Participants and beneficiaries receiving benefits	3,800	3,837	3,655
4. Participants and beneficiaries entitled to future benefits (but not receiving benefits)	1,300	1,301	1,295
5. Total number of covered participants and beneficiaries (Lines 2 + 3 + 4 = 5)	10,400	10,407	10,095

### **Funding & Investment Policies**

#### **Funding Policy**

Every pension plan must establish a funding policy to meet its objectives. The funding policy relates to how much money is needed to pay promised benefits. The Plan's funding policy is that participating employers contribute such amounts as are specified in the collective bargaining agreements. In addition, the Plan's actuary advises on the Plan's ability to meet the minimum funding requirements under ERISA. Rollover contributions are permitted under the plan and represent transfers of the participants account balance from the Local 39 Annuity Plan. All contributions are placed in a trust fund for the exclusive purpose of providing benefits to Plan participants and beneficiaries and to defray reasonable expenses incurred in the Plan's administration.

#### **Investment Policy**

Pension plans also have investment policies that provide guidelines for making investment management decisions. The Plan's investment policy is to achieve the timely payment of benefits as they become due and a rate of return, net of expenses, which is equal to the Plan's stated actuarial return over a full market cycle. The Board works with the assistance of experts to balance the investment risk and investment return through a combination of capital appreciation and income, and through the diversification of the Plan's assets. Although it is understood that from time to time the Plan may not achieve its specified investment objectives and goals, the objective is to meet them over the long term. The Board may take any actions they deem necessary to achieve the Plan's goals and objectives.

As of the end of the Plan Year, the Plan's assets were allocated among the following investment categories as percentages of total assets:

<b><u>Asset Allocations</u></b>	<b><u>Percentage</u></b>
Public equity	59.9%
Private equity	2.4%
Investment grade debt instruments	16.6%
High-yield debt instruments	2.4%
Cash and cash equivalents	4.0%
Real estate	9.4%
Other	5.3%

The average return on assets for the Plan Year was 10.3% based on preliminary financial statements.

#### **Events Having a Material Effect on Assets or Liabilities**

By law, this notice must include an explanation of any new events that materially affect the Plan's liabilities or assets. These events could affect the Plan's financial health or its ability to meet its obligations. For the plan year beginning on January 1, 2024 and ending on December 31, 2024, no events are expected to have such an effect.

#### **Right to Request a Copy of the Annual Report**

Pension plans must file an annual report, called the **Form 5500**, with the U.S. Department of Labor. The Form 5500 includes financial and other information about these pension plans.

You can get a copy of your Plan's Form 5500:

- **Online:** Visit [www.efast.dol.gov](http://www.efast.dol.gov) to search for your Plan's Form 5500.
- **By Mail:** Submit a written request to your plan administrator.
- **By Phone:** Call (202) 693-8673 to speak with a representative of the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room.

The Form 5500 does not include personal information, such as your accrued benefits. For details about your accrued benefits, contact your plan administrator.

#### **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 PBGC, below), the plan must apply to PBGC for financial assistance. 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 PBGC**

Only vested benefits – those that you’ve earned and cannot forfeit – are guaranteed.

#### **What PBGC Guarantees**

PBGC guarantees “basic benefits” including:

- Pension benefits at normal retirement age.
- Most early retirement benefits.
- Annuity benefits for survivors of plan participants.
- Disability benefits for disabilities that occurred before the earlier of the date the plan terminated or the sponsor’s bankruptcy date.

#### **What PBGC Does Not Guarantee**

PBGC does not guarantee certain types of benefits, including:

- A participant’s pension benefit or benefit increase until it has been part of the plan for 60 full months. Any month in which the multiemployer plan was insolvent or terminated due to mass withdrawal does not count toward this 60-month requirement.
- Any benefits above the normal retirement benefit.
- Disability benefits in non-pay status.
- Non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

#### **Determining Guarantee Amounts**

The maximum benefit PBGC guarantees is set by law. Your plan is covered by PBGC’s multiemployer program. The maximum PBGC guarantee is \$35.75 per month, multiplied by a participant’s years of credited service.

PBGC guarantees a monthly benefit based on the plan’s monthly benefit accrual rate and your years of credited service. The guarantee is calculated as follows:

1. Take 100 percent of the first \$11 of the Plan’s monthly benefit accrual rate.
2. Take 75 percent of the next \$33 of the accrual rate.
3. Add both amounts together.
4. Multiply the total by your years of credited service to determine your guaranteed monthly benefit.

*Example 1: Participant with a Monthly \$600 Benefit and 10 Years of Service.*

1. Find the accrual rate:  $\$600/10 = \$60$  accrual rate.
2. Apply PBGC formula:

- Take 100 percent of the first \$11= \$11
- Take 75 percent of the next \$33 = \$24.75
- 3. Add the two amounts together:  $\$11 + \$24.75 = \$35.75$
- 4. Multiply by years of credited service:  $\$35.75 \times 10 \text{ years} = \$357.50$

In this example, the participant's guaranteed monthly benefit is \$357.50.

*Example 2: Participant with a \$200 Monthly Benefit and 10 Years of Service.*

- 1. Find the accrual rate:  $\$200/10 = \$20$  accrual rate.
- 2. Apply PBGC formula:
  - Take 100 percent of the first \$11= \$11
  - Take 75 percent of the next \$9 = \$6.75
- 3. Add the two amounts together:  $\$11 + \$6.75 = \$17.75$
- 4. Multiply by years of credited service:  $\$17.75 \times 10 \text{ years} = \$177.50$

In this example, the participant's guaranteed monthly benefit is \$177.50