LABORERS NATIONAL PENSION FUND

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April 2023

ANNUAL FUNDING NOTICE FOR 2022 PLAN YEAR

Introduction

Federal pension law requires multiemployer pension plans, including the Laborers National Pension Fund, to distribute this annual notice in a particular format set by Department of Labor regulations. As required by law, the information included in the notice relates to last year (2022) and does not necessarily show the condition of the Pension Fund at the present time (April 2023). The reference to the "Plan" in the Government-required information below means the Pension Fund.

A separate notice being sent to you by the Pension Fund explains that the Fund remains in the "Red Zone" funding status for 2023, as expected when the Board of Trustees adopted a Funding Rehabilitation Plan (FRP) in 2017 to restore the Fund's funding to its traditionally solid condition.

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			
	2022 Plan Year	2021 Plan Year	2020 Plan Year
Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
Funded Percentage	78.5%	75.1%	75.0%
Value of Assets	$1,523,386,703	$1,460,576,117	$1,433,822,359
Value of Liabilities	$1,940,869,746	$1,945,794,984	$1,910,870,724

Year-End 2022 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, 2022	December 31, 2021	December 31, 2020
Fair Market Value of Assets	$1,380,969,469*	$1,657,278,232	$1,510,361,512

*Preliminary based on unaudited figures

Endangered, Critical, or Critical and Declining Status

The Plan was in "Critical" funding status for the 2022 plan year, as expected under the FRP.

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.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 41,439. Of this number, 10,753 were current employees, 19,706 were retired and receiving benefits, and 10,980 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 maintains a set of contribution rate / set accrual rate. The accrual rate is actuarially set so that the contribution rate is projected to cover the Plan’s Scheduled Cost (Normal Cost plus amortization of unfunded liabilities including administrative expenses and adjustment for monthly payments) based on reasonable actuarial assumptions and amortization.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan’s investment policy. The Plan employs a major investment consulting firm to assist the Board of Trustees in designing and monitoring the Plan’s investment policy and program including asset allocation and selection of investment managers and opportunities. The Plan also employs several professional investment management companies to manage diversified investment accounts.

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 provide for, in general: (a) a diversified allocation of investments among various asset classes including domestic equities (large, mid and small cap), international equities, domestic fixed income, real estate, alternative investments (including fund of funds, private equity and infrastructure) and cash, with percentage range limits; (b) engagement of one or more qualified professional investment managers to make specific investment decisions within each asset class; (c) guidelines and restrictions regarding each asset class; (d) measurement of investment performance, including benchmarks; (e) communications and reporting requirements; (f) brokerage policies; and (g) proxy voting policies.

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:

Asset Allocations		Percentage
1.	Cash (Interest bearing and non-interest bearing)	0.7%
2.	U.S. Government securities	0%
3.	Corporate debt instruments (other than employer securities):	
	Preferred	0%
	All other	0%
4.	Corporate stocks (other than employer securities):	
	Preferred	0%
	Common	11.8%
5.	Partnership/ joint venture interests	33.4%
6.	Real estate (other than employer real property)	0%
7.	Loans (other than to participants)	0%
8.	Participant loans	0%
9.	Value of interest in common/ collective trusts	38.4%
10.	Value of interest in pooled separate accounts	7.3%
11.	Value of interest in 103-12 investment entities	0%
12.	Value of interest in registered investment companies (e.g., mutual funds)	8.4%
13.	Value of funds held in insurance co. general account (unallocated contracts)	0%
14.	Employer-related investments:	
	Employer Securities	0%
	Employer real property	0%
15.	Buildings and other property used in plan operation	0%
16.	Other	0%

For information about the Plan's investment in any of the following types of investments- common/ collective trusts, pooled separate accounts, or 103-12 investment entities - contact Fund Administrator Michelle Miller, Laborers National Pension Fund, at 972-233-4458, or in writing at PO Box 803415, Dallas, Texas 75380-3415.

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 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 N-1513, Washington, D.C. 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 in care of Fund Administrator Michelle Miller, Laborers National Pension Fund, PO Box 803415, Dallas, Texas 75380-3415. 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

The Laborers National Pension Fund is not insolvent and is not projected to become insolvent. However, federal law requires that the following summary of insolvency rules be included in this notice.

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 $600, 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 ($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 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 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. 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 About Your Plan," below.

Where to Get More Information

For more information about this notice, you may contact Fund Administrator Michelle Miller, Laborers National Pension Fund, at 972-233-4458, or in writing at PO Box 803415, Dallas, Texas 75380-3415, or at www.lnpf.org. The Fund Office's business hours are 7:30 AM – 4:00 PM (Central), Monday through Friday. For identification purposes, the official plan number is 001, employer identification number (EIN) is 75-1280827, and the plan sponsor's name is Laborers National Pension Fund.

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NOTICE OF CRITICAL STATUS FOR 2023
And Continuation of the Funding Rehabilitation Plan to Restore the Fund

To All Participants, Beneficiaries in Pay Status, Participating Unions, and Contributing Employers:

The Pension Protection Act of 2006 ("PPA") amended federal pension laws to set tougher funding standards for multiemployer pension funds like the Laborers National Pension Fund (the "Fund"). The Fund is required by the PPA and U.S. Department of Labor regulations to send you this Notice using this particular format.

On March 31, 2023, the Fund's actuary submitted to the U.S. Department of the Treasury an annual certification of the Fund's PPA funding zone status, as required by law. The certification shows that the Fund remains in "Critical Zone" (also known as "Red Zone") status for 2022. This status was expected and planned for when the Board of Trustees voluntarily put the Fund in the Red Zone in 2017 to better enable the Fund to restore its long-term funding soundness.

<u>Funding Rehabilitation Plan</u>

As we first informed you in 2017, the Board of Trustees elected Red Zone status as a proactive measure, and as required by the PPA, adopted a Funding Rehabilitation Plan ("FRP") on July 26, 2017. Copies of the FRP, including the Preferred and Default Schedules, were distributed to all bargaining parties in 2017, and are distributed to all new contributing employers. Virtually all of the contributing employers and unions have negotiated the Preferred Schedule. No changes were made in the FRP during 2022.

The FRP reflects the Board's care in taking into account all relevant considerations including the effects on collective bargaining, participants and contributing employers, balancing those effects with the need for improving the Fund's funding status and to maintain the Fund's contribution base.

The FRP takes a shared sacrifice approach with changes in the adjustable benefits of inactive, vested participants as well as Schedules that affect benefits and contributions for actives. The Default Schedule provides for increases in the required contribution rate (7% per year for 10 years) as well as reductions in future accrual rates prospectively and elimination of adjustable benefits. The Preferred Schedule provides for increases in contribution rates (8.5% per year for 10 years) and fixed accrual rates.

The Board of Trustees is required by law to annually assess the progress of the FRP in improving the Fund's financial health and whether the Fund is on track to emerge from Red Zone status within the permitted rehabilitation period. At present, the Fund's FRP is on track to be successful.

As time passes and the FRP progresses, adjustments to the FRP may be necessary or appropriate depending on investment performance and other developments including applicable legislation. However, the Board's intention in designing the FRP was to minimize the risk of needing changes in the future.

Changes in "Adjustable Benefits"

The law authorized the Board of Trustees to include in the FRP changes in so-called "adjustable benefits". These changes take the place of the related Rules and Regulations of the Fund. The FRP generally eliminates the following adjustable benefits for inactive, vested participants and for participants covered by the Default Schedule:

- 60-month benefit guarantees
- Disability Pension (if not in pay status)
- Early Retirement Pension and similar retirement-type subsidies
- Early Regular Pension (age 55 with 30 years of service)
- Widow-Widowers Pension (immediate payment subsidy)
- Various pension benefit payment options (except for the 50% Husband and Wife Pension)

No change in adjustable benefits reduces any participant's accrued benefit payable at normal retirement age. Any participant who defers his or her pension until he or she reaches normal retirement age (the later of age 62 or 5th anniversary of participation) will receive his or her full retirement benefit. Further, no reduction in adjustable benefits will be applied to any pensioner or beneficiary whose benefits began before April 30, 2017.

Notices of the elimination of adjustable benefits have been distributed to inactive, vested participants. Similar notices will be sent to participants covered by the Default Schedule whenever the Default Schedule is adopted by their bargaining parties or imposed by the Fund when required by law.

Lump Sum Payment Restrictions

Effective April 30, 2017 and until the Fund emerges from Red Zone status, the Fund is not permitted by the PPA to pay any lump sum benefits or pay any other benefit in excess of the monthly amount that would be payable to the pensioner under a single life annuity. This means that the Fund has suspended its Social Security level income option, and widow/widower lump sum option. Exceptions are made for a lump sum cash-out of a participant or beneficiary whose entire benefit entitlement has an actuarial value that does not exceed $5,000.

Temporary Contribution Surcharge

The PPA requires a pension fund in Red Zone status to automatically assess a 5% surcharge on employer contributions payments due during the initial year of that status and increase the surcharge amount to 10% thereafter. This PPA surcharge remains in effect with respect to any particular contributing employer until the employer agrees to a Schedule under the FRP. The law's intent is to provide employers with an economic incentive to quickly agree to a rehabilitation plan schedule.

The FRP offered to all bargaining parties the opportunity to avoid the automatic contribution surcharge by adopting a Schedule early. This was explained in notices sent by the Fund to all contributing employers and participating unions in 2017. Most bargaining groups took this opportunity. Employers that have not agreed to a Schedule are being assessed the surcharges as required by law: a 5% on employer contributions due for work performed (or compensation paid) during the period July 1, 2017 through December 31, 2017. Effective January 1, 2018, the surcharge rate was increased to 10%. The PPA surcharge will not be assessed on contributions due for work performed (or compensation paid) after the employer agrees to a Schedule. As of the date of this notice, the vast majority of contributing employers have agreed to a Schedule, and virtually all of them to the Preferred Schedule.

The PPA surcharge is based on the total amount of contributions owed to the Fund for a month and is payable at the same time as the employer's regular monthly contributions. The Fund will not issue a billing to employers for the surcharge. Rather, all employers that have not agreed to a Schedule have been notified of this new legal obligation.

Non-payment of the surcharge by an employer is treated as a violation of federal law and as a delinquent contribution that is subject to interest charges and the Fund's contribution collection rules.

Contribution Rate Reductions Prohibited

The FRP, in accordance with the PPA, prohibits the Fund from accepting collective bargaining agreements or participation agreements that provide for (a) a reduction in the contribution rate in effect under previous agreements, (b) a suspension of contributions for any period, or (c) any new exclusion of younger or newly hired employees from Fund coverage. Congress considered such changes to be detrimental to the Fund's FRP and funding improvement.

More Information Needed?

For more information about this Notice, you may write Fund Administrator Michelle Miller at Laborers National Pension Fund, PO Box 803415, Dallas, Texas 75380-3415, or telephone her at (972) 233-4458.

The business hours of the Fund's administrative office are 7:30 A.M. to 4:00 P.M. (Central Time), Monday through Friday. You will have a right to obtain a copy of the Rehabilitation Plan from the Fund's office after it is adopted by the Board of Trustees.

cc U.S. Department of Labor
Pension Benefit Guaranty Corporation