

# IBEW LOCAL 1392

## FRINGE BENEFIT FUNDS

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International Brotherhood of Electrical Workers Local No. 1392 Health and Welfare Fund  
International Brotherhood of Electrical Workers Local No. 1392 Pension Fund

Managed for the Trustees by:  
TIC MIDWEST

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September 2024

### Important Notices For IBEW LOCAL 1392 PENSION FUND

To: Participants, Beneficiaries, and Contributing Employers of the IBEW Local 1392 Pension Fund, and Participating Unions

From: Trustees of IBEW Local 1392 Pension Fund

We enclose two legally-required notices regarding the IBEW Local 1392 Pension Fund (the “Plan”):

- **Annual Funding Notice.** This notice describes the funded status of the Plan for the Plan Year beginning June 1, 2023. This notice looks back on the Plan Year that concluded May 31, 2024.
- **Notice of Critical Status.** This notice describes the funded status of the Plan for the Plan Year beginning June 1, 2024.

The Board of Trustees is committed to protecting the long-term financial stability of the Plan. The Trustees will continue to prudently manage the Plan in a manner to improve its funded position and overall financial health.

Sincerely,

Board of Trustees  
IBEW Local 1392 Pension Fund

# IBEW LOCAL 1392

## FRINGE BENEFIT FUNDS

International Brotherhood of Electrical Workers Local No. 1392 Health and Welfare Fund  
International Brotherhood of Electrical Workers Local No. 1392 Pension Fund

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### ANNUAL FUNDING NOTICE

For

**International Brotherhood of Electrical Workers Local Union No. 1392 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 June 1, 2023 and ending May 31, 2024 (referred to hereafter as “Plan Year”).

#### 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    |              |              |              |
|----------------------|--------------|--------------|--------------|
|                      | 2023         | 2022         | 2021         |
| Valuation Date       | 6/1/2023     | 6/1/2022     | 6/1/2021     |
| Funded Percentage    | 87.1%        | 87.5%        | 88.7%        |
| Value of Assets      | \$15,068,791 | \$15,429,660 | \$15,347,929 |
| Value of Liabilities | \$17,300,120 | \$17,632,291 | \$17,308,669 |

#### 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.

|                             | May 31, 2024* | May 31, 2023 | May 31, 2022 |
|-----------------------------|---------------|--------------|--------------|
| Fair Market Value of Assets | \$14,218,086  | \$14,131,937 | \$15,504,723 |

\* This figure is preliminary and unaudited

### **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 is not in “endangered”, “critical”, or “critical and declining” status in the plan year. If the Plan is in “endangered”, “critical”, or “critical and declining” status for the plan year ending May 31, 2025, separate notification of that status has or will be provided.

### **Participant Information**

The total number of participants and beneficiaries covered by the Plan on the valuation date was 350. Of this number, 31 were current employees, 175 were retired and receiving benefits, and 144 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 as follows:

1. Annual employer contributions to the Pension Plan will equal or exceed the minimum amount that will be in compliance with the minimum funding requirement of the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 (ERISA) including all amendments, the Pension Protection Act of 2006 (PPA) including all amendments and the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) including all amendments.
2. Annual employer contributions to the Plan will not exceed the tax deductible limits according to Section 404 of the Internal Revenue Code as amended.

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, generally, to invest the assets of the Plan among several asset classes and within permitted allocation ranges. The long-term goal of the Plan is to: (1) generate a net of fee return in excess of the Plan’s actuarial assumed rate of return within acceptable levels of volatility, (2) maintain sufficient liquidity to fund benefit payments, and (3) preserve the principal value of the Plan.

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> |
|--|-------------------|
| 1. Cash (Interest bearing and non-interest bearing)                          | 0.07%             |
| 2. U.S. Government securities  | 0.00%             |
| 3. Corporate debt instruments (other than employer securities):              | 0.00%             |
| 4. Corporate stocks (other than employer securities):<br>Preferred           | 0.00%             |
| 5. Real estate (other than employer real property)                           | 14.48%            |
| 6. Value of interest in common/collective trusts                             | 41.86%            |
| 7. Value of interest in registered investment companies (e.g., mutual funds) | 43.59%            |
| 8. Total   | 100.00%           |

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

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. For the plan year beginning on June 1, 2023 and ending on May 31, 2024, the Williams Group (WISG), the parent company of Koontz-Wagner Custom Controls, filed for bankruptcy on July 22, 2023. The Plan was receiving quarterly Withdrawal Liability payments totaling \$257,316 annually which were expected to continue through July 1, 2038. It is unknown at this time how much the plan may recover from the WISG bankruptcy. As a result, this will have a detrimental impact on the plan's ability to remain solvent in the long-term.

### **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 N-1513, 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 \$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 ( $.75 \times \$33$ ), 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.pb.gc.gov/multiemployer](http://www.pb.gc.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 the Fund Office, at (517) 321-7502, 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" for IBEW Local 1392 Fringe Benefit Funds is 35-6244875.

# IBEW LOCAL 1392

## FRINGE BENEFIT FUNDS

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|--|------------------------------|
| International Brotherhood of Electrical Workers Local No. 1392 Health and Welfare Fund | Managed for the Trustees by: |
| International Brotherhood of Electrical Workers Local No. 1392 Pension Fund            | TIC MIDWEST                  |

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### **Notice of Critical and Declining Status For**

#### **International Brotherhood of Electrical Workers Local Union No. 1392 Pension Plan**

This is to inform you that on August 29, 2024 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Plan is in critical and declining status for the plan year beginning June 1, 2024. Federal law requires that you receive this notice.

#### **Critical and Declining Status**

The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined the Plan is projected to have an accumulated funding deficiency for the current plan year or the next three plan years. The Plan is considered to be in critical and declining status because it meets the above criteria for critical status and because the Plan is projected to become insolvent within the current or the next 19 years. Currently, the Plan is projected to become insolvent during the plan year ending June 1, 2039.

#### **Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after September 30, 2024. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of September 30, 2024, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

#### **Adjustable Benefits**

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- ☐ Post-retirement death benefits;
- ☐ Sixty-month payment guarantees;
- ☐ Disability benefits (if not yet in pay status);
- X Early retirement benefit or retirement-type subsidy;
- X Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- ☐ Recent benefit increases (i.e., occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the Plan

**Employer Surcharge**

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status.

**Where to Get More Information**

For more information about this Notice, you may contact James Schreiber of TIC Midwest at 517-321-7502, 6525 Centurion Drive, Lansing, MI 48917-9275. You have a right to receive a copy of the rehabilitation plan from the Plan.