



April 2022

P.O. Box 943, H2-08  
Richland, WA 99352

Dear Plan Participant:

We are providing you with the enclosed Department of Labor (DOL) Required Funding Status Notice because you are a participant in the Hanford Multi-Employer Pension Plan (the “Plan”). The Plan holds the assets of the following: Hanford Multi-Employer Pension Plan - Operations and Engineering, Hanford Multi-Employer Pension Plan - HAMTC Represented Employees, and Hanford Multi-Employer Pension Plan - Hanford Guards.

In accordance with federal law, enclosed is the Plan’s Funding Status Notice for the 2021 Plan Year, January 1, 2021 – December 31, 2021. The Funding Status Notice provides specific information about the assets and liabilities of the Plan. It also explains the protection provided by the Pension Benefit Guaranty Corporation, which is a federal agency that insures the benefits provided by defined benefit plans. Although the Plan is not insolvent and is not in reorganizational status, we are required to provide you with a general description of the rules that govern pension plans that are either insolvent or in reorganizational status.

For Plan Year 2021 the Plan was certified as neither Endangered nor Critical. In accordance with IRS Code Section 432, the Plan actuary filed an annual certification for plan years 2020 and 2021 with the IRS. The certification concludes that the Plan is in neither Endangered nor Critical Status because the plan is not currently in endangered status and is not projected to be in endangered status as of the end of the 10<sup>th</sup> plan year ending after the current year of certification. Although the IRS defines funded status levels based on certain percentage thresholds in the attached notice, please note that other factors are considered in determining a Plans certified funded status, such as the current and projected financial status of the Plan and the Plans Funding Policy.

The Plan is entirely funded by the participating employers based on annual contribution requirements calculated by the plan actuary. The Plan is projected to maintain adequate funding levels to pay the benefits and expenses.

Please keep in mind as you read this notice that all costs of funding the Plan incurred by participating employers who are sponsors of the Plan are reimbursable by the Department of Energy under contracts with the Department of Energy.

If, after reading the enclosed notice, you have any questions, please feel free to call Tiffany Orr, Hanford Mission Integration Solutions, at (509) 376-0623 or Kelly Custer, Hanford Mission Integration Solutions, at (509) 376-5905.

## ANNUAL FUNDING NOTICE

**For**

### **Hanford Multi-Employer Pension Plan**

#### Introduction

This notice includes important information about the funding status of your pension plan (“the Plan”) and 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 for the plan year beginning January 1, 2021 and ending December 31, 2021 (“Plan Year”).

#### How Well Funded Is Your Plan

Under federal law, the Plan must report how well it is funded by using a measure called the “funded percentage.” This percentage is obtained by dividing the Plan’s assets by its liabilities on the Valuation Date (January 1) for the Plan Year. In general, the higher the percentage, the better funded the Plan. Your Plan’s funded percentage for the Plan Year and each of the two preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

|                      | 2021            | 2020            | 2019            |
|----------------------|-----------------|-----------------|-----------------|
| Valuation Date       | 1/1/21          | 1/1/20          | 1/1/19          |
| Funded Percentage    | 77.1%           | 78.2%           | 82.0%           |
| Value of Assets      | \$1,456,040,577 | \$1,438,678,024 | \$1,420,107,402 |
| Value of Liabilities | \$1,887,824,158 | \$1,840,379,362 | \$1,731,365,984 |

#### Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year and are actuarial values, not market values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a Plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table:

|                             | 12/31/2021      | 12/31/2020      | 12/31/2019      |
|-----------------------------|-----------------|-----------------|-----------------|
| Fair Market Value of Assets | \$1,361,936,351 | \$1,426,886,670 | \$1,360,515,987 |

### Endangered, Critical or Critical and Declining Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the 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. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsors 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 in the Plan as of the Plan’s valuation date was 9,346. Of this number, 2,283 were active participants, 5,633 were retired or separated from service and receiving benefits, and 1,430 were retired or separated from service and entitled to future benefits.

### Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to fund the ERISA Minimum Required contribution, excluding credit balances, for the Plan Year.

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. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is to meet or exceed the current actuarial interest assumption of 6.5% per annum over the long term (defined as 5 years and beyond). The Plan’s asset allocation target is 25% (U.S. Equities - Large Cap), 5% (U.S. Equities - Small Cap), 20% (International Equities - Developed), 10% (International Equities - Emerging Market), 21% (Fixed Income - Core), 3% (Fixed Income - Emerging Markets), 13% (Real Estate) and 3% (Senior Bank Loan Fund).

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   | 0%                |
| 2. U.S. Government securities   | 11%               |
| 3. Corporate debt instruments (other than employer securities):                     |                   |
| Preferred   | 0%                |
| All other   | 7%                |
| 4. Corporate stocks (other than employer securities):                               |                   |
| Preferred   | 0%                |
| Common  | 28%               |
| 5. Partnership/joint venture interests  | 0%                |
| 6. Real estate (other than employer real property)                                  | 14%               |
| 7. Loans (other than to participants)   | 0%                |
| 8. Participant loans  | 0%                |
| 9. Value of interest in common/collective trusts                                    | 32%               |
| 10. Value of interest in pooled separate accounts                                   | 0%                |
| 11. Value of interest in master trust investment accounts                           | 0%                |
| 12. Value of interest in 103-12 investment entities                                 | 0%                |
| 13. Value of interest in registered investment companies (e.g., mutual funds)       | 5%                |
| 14. Value of funds held in insurance co. general account (unallocated contracts)    | 0%                |
| 15. Employer-related investments:   |                   |
| Employer securities   | 0%                |
| Employer real property  | 0%                |
| 16. Buildings and other property used in plan operation                             | 0%                |
| 17. Other (Emerging Market Debt Fund LP, Real Estate Debt Fund LP, Municipal Bonds) | 3%                |

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact Kelly M. Custer, Hanford Mission Integration Solutions, at (509) 376-5905; or in writing at P.O. Box 943, Mail Stop: H3-08, Richland, WA 99352.

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

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the annual report 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. For 2009 and subsequent plan years, you may obtain an electronic copy of the Plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the Form 5500 search function or by going to the Plan Administrator's web page at <http://hmis.hanford.gov/hr/?page=88>. You may obtain a hard copy of the Plan's annual report by making a written request to the Plan Administrator. Individual information, such as the amount of your accrued benefit under the Plan, is not contained in the annual report. If you are seeking information regarding your benefits under the Plan, contact the Plan Administrator identified below under "Where To Get More Information."

### Summary of Rules Governing Plans in Reorganization and 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 multi-employer plans. Your Plan is covered by PBGC's multi-employer 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 the 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.

#### Where to Get More Information

For more information about this notice, you may contact Tiffany Orr, Hanford Mission Integration Solutions, at (509) 376-0623 or Kelly M. Custer, Hanford Mission Integration Solutions, at (509) 376-5905; or in writing at P.O. Box 943, Mail Stop: H3-08, Richland, WA 99352. For identification purposes, the official plan number is 003 and the plan sponsor's employer identification number or "EIN" is 90-0501441. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).