Notice of Critical and Declining Status
For
Kansas Construction Trades Open End Pension Trust Fund

This is to inform you that on March 29, 2024 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical and declining status for the plan year beginning January 1, 2024. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical and Declining Status

The Plan is considered to be in critical and declining status because it is projected to satisfy the following:

> <u>Projected accumulated funding deficiency within the current or next 3 plan years</u>
> The Plan's actuary projects that, if no further action is taken, the Plan has an existing accumulated funding deficiency and will have an accumulated funding deficiency for the plan year ending December 31, 2024. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements.
>
> <u>Projected insolvency within the current or next 20 plan years and number of inactives is more than twice that of actives</u>
> The Plan's actuary determined that the ratio of inactives to actives is 7.53. The Plan's actuary also projects that, if no further action is taken, the Plan will have a projected insolvency in the plan year ending December 31, 2043. Insolvent means that the Plan's available resources will not be sufficient to pay benefits under the Plan during the Plan Year for which they are due.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated (for all participants, including those not yet in pay status) as part of any rehabilitation plan the Pension Plan may adopt:

- Disability benefits;
- Early retirement benefits or subsidies;

As of May 22, 2010, certain benefits were reduced pursuant to the rehabilitation plan, and you were mailed a notice of these reductions on January 21, 2010. As of January 1, 2017, additional benefits were reduced pursuant to the rehabilitation plan, and you were mailed a notice of these additional changes on December 16, 2016. If the Trustees of the Plan determine that the additional benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. But you should know that whether or not the Plan reduces adjustable benefits, the Plan is not permitted to pay any lump sum benefits in excess of $7,000 (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical and declining status.

Special Financial Assistance

A law was passed in 2021 which makes the Plan eligible for what is called special financial assistance (SFA). The amount of SFA is intended to be enough to pay benefits and expenses under the Plan through 2051. To the extent the Plan can earn more than the special interest rates used by law to determine SFA, the Plan will continue to be solvent past 2051. The Plan actuary has projected that the extra earnings are expected to be enough to keep the Plan solvent indefinitely.

At the moment, the Plan's application for SFA is under review by the Pension Benefit Guaranty Corporation or PBGC with an anticipated approval in the near future. Once approved, the PBGC has 60 to 90 days to wire the money to the Plan. The SFA is not a loan and does not have to be paid back. However, there are some conditions that do apply. This includes a restriction which does not allow for plan benefits to be improved without paying for them with a contribution rate increase or with special approval from the PBGC.

Future Experience and Possible Adjustments

The rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 7.25% in the 2024 plan year or later, a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Where to Get More Information

You have a right to receive a copy of the rehabilitation plan and any updates to that plan. To receive a copy of the latest version, you may contact the Plan Administrator at 4101 SW Southgate Drive, Topeka KS 66609-1227 or by telephone at (785) 267-0140.