



August 26, 2020

TO: Participants, Beneficiaries, Contributing Employers and Bargaining Parties
Building Service Pension Trust

FROM: Board of Trustees
Building Service Pension Trust

RE: Building Service Pension Trust Required Notifications:
2020 Notice of Endangered Status and 2019 Annual Funding Notice

This cover letter is intended to provide a quick summary of the above mentioned notice, additional details are provided in the enclosed notice. The law requires that these notices be provided each year and include certain content. These are for informational purposes only; you are not required to respond in any way.

2020 Notice of Endangered Status

This notice is required for any year in which the Plan is certified to be in endangered status.

For the plan year beginning May 1, 2020, the plan's actuary has certified that the plan has emerged from critical status to endangered status. This emergence is largely due to the successful implementation of the rehabilitation plan over the last ten years. While this signifies the progress we've made, further progress is needed to return to a healthy plan.

The notice explains that we will need to develop a Funding Improvement Plan. While not final yet, we expect such a plan to be an extension of the prior Rehabilitation Plan, with no other anticipated changes to plan benefits or operations.

2019 Annual Funding Notice

This notice is related to the Plan's funding status for the plan year ending April 30, 2020.

The asset and liability measures used to determine the Plan's funded status for, 2017, 2018 and 2019 are summarized in the table on page 1 of the Notice. Please note that this information is as of the *first* day of each year and is calculated using smoothed actuarial values of assets.

The section entitled "*Year-End Fair Market Value of Assets*" shows the Fair Market Value of the Plan's assets on the last day of each of the three most recent plan years ending with April 30, 2020. This information is provided so that you can see how the assets have changed during that period.

The notice also includes information about the funding rehabilitation plan that was most recently updated in June 2020. This information can be found in the section entitled "*Critical or Endangered Status*" starting on page 1. Due to Plan's new endangered status, this section is not as relevant as prior years.

More Information

Please contact the Administration Office if you have any questions regarding these documents.

**NOTICE OF ENDANGERED
STATUS
For the
Building Service Pension Plan
August 26, 2020**

**TO: ALL PARTICIPANTS, BENEFICIARIES, LOCAL UNIONS, CONTRIBUTING EMPLOYERS,
PENSION BENEFIT GUARANTY CORPORATION AND SECRETARY OF LABOR**

The purpose of this notice is to inform you that on July 29, 2020 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor, the Board of Trustees, that the Building Service Pension Plan (the "Plan") is in endangered status for the plan year beginning May 1, 2020. Federal law requires that you receive this notice. As you were notified in prior years, the Plan was in critical status for the plan years beginning May 1, 2010 through May 1, 2019.

Endangered Status

The Plan is considered to be in endangered status because it has emerged from critical status, and its funded percentage is less than 80%. As of May 1, 2020, the funded percentage was 75%. The funded percentage compares the plan's assets to the present value of accumulated benefits.

Funding Improvement Plan

Federal law requires pension plans in endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. A funding improvement plan must meet certain benchmarks for improving the Plan's financial condition over a period of years. The funding improvement plan has not yet been adopted by the trustees. You will be notified once it has been adopted.

Where to Get More Information

For more information about this Notice, you may contact the Plan's Administrative Office, Northwest Administrators, Inc.

Address: Building Service Pension Trust
 2323 Eastlake Ave. E
 Seattle, WA 98102

Telephone: (206) 726-3266

You have a right to receive a copy of the funding improvement plan from the Plan, once it is adopted.

ANNUAL FUNDING NOTICE
For the
Building Service Pension Plan
August 26, 2022

**TO: ALL PARTICIPANTS, BENEFICIARIES, LOCAL UNIONS, CONTRIBUTING EMPLOYERS,
PENSION BENEFIT GUARANTY CORPORATION AND SECRETARY OF LABOR**

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 for the plan year beginning May 1, 2019 and ending April 30, 2020 (“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.

	2019 Plan Year	2018 Plan Year	2017 Plan Year
Valuation Date	May 1, 2019	May 1, 2018	May 1, 2017
Funded Percentage	73%	68%	74%
Value of Assets	\$56,301,458	\$52,526,637	\$50,562,549
Value of Liabilities	\$77,180,922	\$77,713,807	\$68,451,929

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.

	April 30, 2020	April 30, 2019	April 30, 2018
Fair Market Value of Assets	\$56,616,992	\$56,728,561	\$53,094,881

The April 30, 2020 fair market value of assets figure above is an estimate based on the Plan’s unaudited financial statements. The final figure may differ from this estimate following completion of the Plan’s regular audit by a certified public accounting firm.

Critical or Endangered 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 was in “critical” status in the Plan Year ending April 30, 2020 because an accumulated funding deficiency was projected to occur at the end of the Plan year. You were provided notice of the Plan’s “critical” status in August of 2019. In an effort to improve the Plan’s funding situation, the trustees adopted a Rehabilitation Plan on February 9, 2011, and adopted small changes to the contribution schedules in early 2013. Further changes to the contribution schedule were incorporated in an update to the rehabilitation plan in March 2016 and again in May 2020. In general, a rehabilitation plan schedule must be constructed so that the Plan is projected to emerge from critical status within ten years. The Rehabilitation Plan requires increases in employer contribution rates and reduces certain Plan benefits.

You may obtain a copy of the Plan’s Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

The Plan is in endangered status for the plan year ending April 30, 2021, separate notification of that status is provided with this notice.

Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 6,349. Of this number, 3,118 were current employees, 1,059 were retired and receiving benefits, and 2,172 were retired or no longer working for an 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 to maintain a balance such that plan resources will fund plan obligations. Plan resources include accumulated plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expenses paid from plan assets. In implementing this funding policy, the Plan’s Trustees will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of plan obligations. Over time, the Trustees may adjust plan benefits in response to investment returns and other plan experience, or seek additional contributions from the bargaining units.

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 to direct the investment of Plan assets for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the Plan. In carrying out this policy, the Plan will engage investment managers who will have discretion to invest assets in various asset classes. The Plan will communicate to the investment managers the general investment objective of the Plan, which is to achieve an overall return sufficient to support the benefits provided under the Plan while minimizing volatility of market prices and returns.

Investment managers will provide a written report to the Plan at least quarterly. Each investment manager shall be assigned a benchmark based on the investment strategy for which they are utilized. The performance of investment managers is reviewed periodically, and they are expected to meet performance standards over the course of a market cycle.

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:

<u>Asset Allocations</u>	<u>Percentage</u>
1. Global Equity	35%
2. U.S. Small Cap Equity	2%
3. Non U.S. Small Cap Equity	3%
4. US Fixed Income	31%
5. Real Estate	4%
6. Short-Term TIPS	5%
7. Marketable Alternatives	14%
8. Cash Equivalents	6%

Note that the above asset allocation percentages are based on calculations of fair market values of plan assets as of April 30, 2020, which are preliminary and subject to change following completion of the Plan's regular audit by a certified public accounting firm.

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, 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. The Plan is not insolvent.

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 ($\35.75×10).

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 ($\17.75×10).

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 the 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 the Plan's Administrative Office at 2323 Eastlake Ave. E, Seattle, WA 98102, (206) 726-3266. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 91-6034670. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.