AUTOMOTIVE INDUSTRIES PENSION TRUST FUND

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DATE: APRIL 2024

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

FROM: BOARD OF TRUSTEES

2023 ANNUAL FUNDING NOTICE
FOR THE
AUTOMOTIVE INDUSTRIES PENSION TRUST FUND

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, and the Special Financial Assistance ("SFA") that PBGC provided to the Plan. 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 January 1, 2023 and ending December 31, 2023 ("2023 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 2023 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 Plan Year	**2022 Plan Year**	**2021 Plan Year**
Valuation Date	January 1, 2023	January 1, 2022	January 1, 2021
Funded Percentage	44.2%	55.1%	51.9 %
Value of Assets	$986,303,668	$1,238,193,306	$1,172,977,684
Value of Liabilities	$2,233,576,064	$2,247,023,227	$2,258,488,490

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. Additionally, the asset values in the chart above do not include the amount of the SFA.

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 2023 Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding Plan Years. The asset values in the chart below for the Plan Year ending December 31, 2023 include the amount of the Plan's SFA.

	December 31, 2023	**December 31, 2022**	**December 31, 2021**
Fair Market Value of	$2,096,790,070*	$986,303,668	$1,238,193,306

* Unaudited figure, subject to change.

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 was considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is in critical status due to the following reasons. Note that any single reason by itself is sufficient to result in the Plan being certified as being in critical status.

- A funding deficiency was projected in four years.

- A funding deficiency was projected in five years and the present value of vested benefits for non-actives is more than the present value of vested benefits for actives and the normal cost, plus interest, on unfunded actuarial accrued liability (unit credit basis) is greater than the contributions for the current year.

- A funding deficiency was projected in five years and the funded percentage is less than 65

The Plan was also in critical and declining status because:

- The Plan was in critical status and the Plan was projected to be insolvent within 15 years.

- The Plan was in critical status and (1) the ratio of its inactive participants to active participants is at least 2 to 1, and (2) the Plan was projected to be insolvent within 20 years.

- The Plan was in critical status and (1) the funded percentage is less than 80% and (2) the Plan was projected to be insolvent within 20 years.

Note that any single reason by itself is sufficient to result in the Plan being certified as being in critical and declining status.

As a result of the Plan first being categorized as being in critical status in 2008, the Trustees adopted a Rehabilitation Plan to enable the plan to cease being in critical status by the end of the Rehabilitation Period. Under the Rehabilitation Plan, new collective bargaining agreements negotiated on or after April 28, 2008 were to include the maximum benefit reductions allowed by law. These reductions included the removal of all early retirement subsidies, joint and survivor subsidies, disability pensions, the 36-payment pre-retirement death benefit and all benefit options besides the single life annuity, automatic joint and 50% survivor benefit or 75% joint and survivor option. The Rehabilitation Plan also included supplemental off-benefit contributions to the Plan beginning January 1, 2013.

The Trustees elected under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA) to freeze the Zone Status for 2009 at the level it was assigned for 2008, (i.e., critical). As a result, an update to the Rehabilitation Plan was not required in the 2009 Plan Year. The Trustees also elected under WRERA to extend the Rehabilitation Period by three additional years.

Due to adverse actuarial experience, the Trustees subsequently determined that they could not make any reasonable updates to the original Rehabilitation Plan that would enable expected emergence from critical status. As a result, the Rehabilitation Plan was updated in 2012 for the Trustees' decision to forestall Plan insolvency. Working toward that goal, the Trustees eliminated early retirement benefits for inactive participants and reduced the supplemental off-benefit contributions to encourage continued Plan participation.

You may obtain a copy of the Plan's Rehabilitation Plan, any update to such Plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may get this information by contacting the Plan administrator.

Multi-Employer Pension Reform Act of 2014 (MPRA)

As a result of the passage of the Multiemployer Pension Reform Act of 2014 (MPRA), the Plan was first certified as being in critical and declining status for the 2015 Plan Year and again for the 2016 Plan Year. Under MPRA, trustees of plans in critical and declining status may apply to the Treasury Department to "suspend benefits" for participants in pay status and apply suspensions to the accrued benefits of participants not in pay status. The specific benefit suspensions must be projected to prevent a plan from becoming insolvent, but cannot exceed the amount necessary to prevent insolvency. The Board of Trustees has taken the following legally permitted action to prevent insolvency: On September 27, 2016, the Board of Trustees filed an application for benefit suspensions with the Treasury Department. The recipients of this Annual Funding Notice were previously sent information pertaining to MPRA, as well as notice of the Pension Plan's application to the Treasury Department, which further details the proposed benefit suspension. In May 2017, the Treasury denied the Pension Plans MPRA application.

If the Plan is in endangered, critical, or critical and declining status for the Plan Year ending December 31, 2024, separate notification of that status has or will be provided.

Prohibition Against Future MPRA Suspensions

Because the Plan received special financial assistance, the Plan may not submit an application to the Secretary of the Treasury to suspend or reduce your benefits in the future under MPRA.

Events Having Material Effect on Assets or Liabilities: American Rescue Plan Act of 2021 (ARPA)

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.

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. Among other things, ARPA provides various forms of funding relief for multiemployer pension plans. Most notably, ARPA established a new program under which the PBGC will provide severely distressed multiemployer plans with SFA in order to keep them solvent.

The Board of Trustees, therefore, filed for SFA in 2023. The Pension Fund received $1,081,455,840 on August 21, 2023, from the PBGC.

Because the Plan received special financial assistance from PBGC under ARPA, the Plan is required to be administered in accordance with conditions described in PBGC regulations. These conditions relate to benefit increases; allocation of Plan assets; reductions in employer contribution rates; diversion of contributions to, and allocation of expenses to, other benefit plans; transfers or mergers; and withdrawal liability. Under certain circumstances, a plan may request approval from PBGC for an exception from the conditions relating to benefit increases, reductions in employer contribution rates, transfers or mergers, and withdrawal liability.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 23,270. Of this number, 3,054 were current employees, 11,998 were retired and receiving benefits, and 8,218 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 that participating employers contribute such amounts as are specified in the collective bargaining agreements. There are no employee contributions to this Plan. In addition, the Plan Actuary advises on the ability of the Plan to meet the minimum funding requirements under ERISA. All contributions are placed in a trust fund for the exclusive purpose of providing benefits to Plan participants and beneficiaries and to defray reasonable expenses of administration.

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 achieve the timely payment of benefits as they become due and a rate of return, net of expenses, which meets or exceeds the Plan's stated actuarial return of 6.0% over a full market cycle. Effective January 1, 2020, the Plan's assumed rate of return on investments was changed from 6.50% to 6.00%, due to the interest rate environment, target asset allocation expectations of future investment returns for various asset classes, and the Plan's projected insolvency.

The policy seeks to balance the investment risk and investment return through a combination of capital appreciation and income, and through the diversification of Plan assets. Although it is understood that from time to time the Plan may not achieve its specified investment objectives and goals, the objective is to meet them over the long term.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the 2023 Plan Year. These allocations are percentages of total assets:

Non-SFA Asset Allocations	Percentage
Stocks	55%
Investment grade debt instruments	17%
High-yield debt instruments	7%
Real estate	9%
Other	12%

SFA Asset Allocations	Percentage
Return Seeking Assets	--
Investment grade debt instruments (and cash)	100%

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.

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 $11of 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).
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> *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,” below.

Where to Get More Information

For more information about this notice, you may contact:

Mr. Charles Besocke, Fund Manager
Automotive Industries Pension Trust Fund
c/o Health Services & Benefit Administrators, Inc.
4160 Dublin Blvd., Suite 400
Dublin, CA 94568
Telephone: (800) 635-3105

For identification purposes, the official Plan number is 001 and the Plan sponsor’s name and employer identification number or “EIN” are the Board of Trustees of the Automotive Industries Pension Trust Fund, 94-1133245.