

AUTOMOTIVE INDUSTRIES PENSION TRUST FUND



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ANNUAL FUNDING NOTICE

For The AUTOMOTIVE INDUSTRIES PENSION TRUST FUND

Introduction

This notice provides key details about your multiemployer pension plan (the “Plan”) for the plan year beginning January 1, 2025 and ending December 31, 2025 (“Plan Year”).

This is an informational notice. You do not need to respond or take any action.

This notice includes:

- Information about your Plan’s funding status.
- Details on your benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency.

What if I have questions about this notice, my Plan, or my benefits?

Contact your plan administrator at:

- Fund Manager
Automotive Industries Pension Trust Fund
c/o Health Services & Benefit Administrators, Inc.
- **Phone:** (800) 635-3105
- **Address:** 4160 Dublin Blvd., Suite 100 Dublin, CA 94568
- **Email:** aisupport@hsba.com

To better assist you, provide your plan administrator with the following information when you contact them:

- **Plan Number:** 001
- **Plan Sponsor Name:** Board of Trustees of Automotive Industries Pension Trust Fund
- **Employer Identification Number:** 94-1133245.

What if I have questions about PBGC and the pension insurance program guarantees?

Visit www.pbgc.gov/prac/multiemployer for more information. For specific information about your pension plan or pension benefits, you should contact your employer or plan administrator as PBGC does not have that information.

Federal law requires all traditional pension plans, also known as defined benefit pension plans, to provide this notice every year regardless of funding status. This notice does not mean your Plan is terminating.

How Well Funded Is Your Plan?

The law requires the Plan’s administrator to explain how well the Plan is funded, using a measure called the “funded percentage.” The funded percentage is calculated by dividing Plan assets by Plan liabilities. In general, the higher the percentage, the better funded the plan. The chart below shows the Plan's funded percentage for the Plan Year and the two preceding plan years. It also lists the value of the Plan's assets and liabilities for those years.

Funded Percentage			
	2025 Plan Year	2024 Plan Year	2023 Plan Year
Valuation Date	January 1	January 1	January 1
Funded Percentage	49%	43%	44%
Value of Assets	\$1,140,129,538	\$1,002,760,561	\$986,303,668
Value of Liabilities	\$2,323,569,545	\$2,346,988,648	\$2,247,023,227

In accordance with Treasury Department guidance, the funded percentage and asset values in the chart above do not reflect the special financial assistance paid to the Plan on August 21, 2023 by the PBGC under the American Rescue Plan Act of 2021 (ARPA).

Year-End Fair Market Value of Assets

To provide further insight into the Plan’s financial position, the chart below shows the fair market value of the Plan’s assets on the last day of the Plan Year and each of the two preceding plan years as compared to the actuarial value of the Plan’s assets on January 1.

- **Actuarial values (shown in the chart above)** account for market fluctuations over time. Unlike market values, actuarial values do not change daily with stock or market shifts.
- **Market values (shown in the chart below)** fluctuate based on investment performance, providing a more immediate snapshot of the plan’s funding status. The asset values in the chart below include the amount of the Plan’s special financial assistance received from the PBGC.

	December 31, 2025	December 31, 2024	December 31, 2023
Fair Market Value of Assets	\$2,161,140,013*	\$2,119,809,307	\$2,100,514,212

*Unaudited figure, subject to change.

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan’s funding status determines the steps a plan must take to strengthen its finances and continue paying benefits:

- **Endangered:** The plan’s funded percentage drops below 80 percent. The plan’s trustees must adopt a funding improvement plan.
- **Critical:** The plan’s funded percentage falls below 65 percent or meets other financial distress criteria. The plan’s trustees must implement a rehabilitation plan.
- **Critical and Declining:** A plan in critical status is also designated as critical and declining if projected to become insolvent—meaning it will no longer have enough assets to pay out benefits—within 15 years (or within 20 years under a special rule). The plan’s trustees must continue to implement the rehabilitation plan. The plan’s sponsor may seek approval to amend the plan, including reducing current and future benefits.

Critical Status: Rehabilitation Plan

The Plan was in critical status in the Plan Year 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 is 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 is projected in five years, and the funded percentage is less than 65%.
- The Plan was in critical status for the immediately preceding plan year and a funding deficiency is projected for the plan year or any of the next nine plan years.

Under federal pension law, the Plan is also considered to be in critical status in the Plan Year ending 2025 because the Plan received special financial assistance from the PBGC under the ARPA. The trustees of a plan in critical status must adopt a rehabilitation plan with benchmarks for pension plans to improve their funding status over a period of time.

The Board of Trustees adopted a Rehabilitation Plan on March 28, 2008 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.

Special Financial Assistance from the PBGC

You were previously advised that ARPA provides various forms of funding relief for multiemployer pension plans from the PBGC in order to keep them solvent.

The Board of Trustees, therefore, filed for special financial assistance on March 8, 2023. The Pension Fund received \$1,081,455,841 from the PBGC on August 21, 2023. Thus, 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.

The Plan is making scheduled progress in meeting the requirements of its Rehabilitation Plan based on the established standards. Under ARPA, the Plan will be deemed to be in critical status through June 30, 2051, because it received special financial assistance.

You may request a copy of the Plan's Rehabilitation Plan by contacting the plan administrator. You can also ask for any updates to the Rehabilitation Plan and the actuarial and financial data showing actions taken to improve the Plan's finances.

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 Multiemployer Pension Reform Act of 2014 (MPRA).

Participant and Beneficiary Information

The following chart shows the number of participants and beneficiaries covered by the Plan on the last day of the Plan Year and the two preceding plan years.

Number of participants and beneficiaries on last day of relevant plan year	Plan Year 2025	Plan Year 2024	Plan Year 2023
1. Last day of plan year	December 31	December 31	December 31
2. Participants currently employed	3,003	2,999	3,054
3. Participants and beneficiaries receiving benefits	10,029	9,747	9,818
4. Participants and beneficiaries entitled to future benefits (but not receiving benefits)	7,328	7,802	8,218
5. Total number of covered participants and beneficiaries (<i>Lines 2 + 3 + 4 = 5</i>)	20,360	20,548	21,090

Funding & Investment Policies

Funding Policy

Every pension plan must establish a funding policy to meet its objectives. The funding policy relates to how much money is needed to pay promised benefits. The Plan's funding policy 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 this Plan for the exclusive purpose of providing benefits to Plan participants and beneficiaries and to defray reasonable expenses of administration.

Investment Policy

Pension plans also have investment policies that provide guidelines for making investment management decisions. The Plan's investment policy 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 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%, and 5.50% effective January 1, 2024. This was 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. Additionally, the Investment Policy is consistent with the restrictions and limitations on investments applicable to special financial assistance paid to the Plan by the PBGC.

As of the end of the Plan Year, the Plan’s assets were allocated among the following investment categories as percentages of total assets:

Non-SFA Asset Allocations	Percentage
Public Equity	55.0%
Private Equity	0.6%
Investment grade debt instruments	24.2%
High-yield debt instruments	4.2%
Real estate	6.9%
Other	9.1%

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

The average returns on assets for the Plan Year were as follows:

- Non-SFA Assets = 13.40%
- SFA Assets = 6.69%

Events Having a Material Effect on Assets or Liabilities

By law, this notice must include an explanation of any new events that materially affect the Plan’s liabilities or assets. These events could affect the Plan’s financial health or its ability to meet its obligations.

For the plan year beginning on January 1, 2026 and ending on December 31 2026, there are no known such events.

Right to Request a Copy of the Annual Report

Pension plans must file an annual report, called the Form 5500, with the U.S. Department of Labor. The Form 5500 includes financial and other information about these pension plans.

You can get a copy of your Plan’s Form 5500:

- **Online:** Visit www.efast.dol.gov to search for your Plan’s Form 5500.
- **By Mail:** Submit a written request to your plan administrator.

- **By Phone:** Call 202-693-8673 to speak with a representative of the U.S. Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room.

The Form 5500 does not include personal information, such as your accrued benefits. For details about your accrued benefits, contact your plan administrator.

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 PBGC, below), the plan must apply to PBGC for financial assistance. 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 PBGC

Only vested benefits—those that you’ve earned and cannot forfeit—are guaranteed.

What PBGC Guarantees

PBGC guarantees “basic benefits” including:

- Pension benefits at normal retirement age.
- Most early retirement benefits.
- Annuity benefits for survivors of plan participants.
- Disability benefits for disabilities that occurred before the earlier of the date the plan terminated or the sponsor’s bankruptcy date.

What PBGC Does Not Guarantee

PBGC does not guarantee certain types of benefits, including:

- A participant’s pension benefit or benefit increase until it has been part of the plan for 60 full months. Any month in which the multiemployer plan was insolvent or terminated due

to mass withdrawal does not count toward this 60-month requirement.

- Any benefits above the normal retirement benefit.
- Disability benefits in non-pay status.
- Non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Determining Guarantee Amounts

The maximum benefit PBGC guarantees is set by law. Your plan is covered by PBGC's multiemployer program. The maximum PBGC guarantee is \$35.75 per month, multiplied by a participant's years of credited service.

PBGC guarantees a monthly benefit based on the plan's monthly benefit accrual rate and your years of credited service. The guarantee is calculated as follows:

Take 100 percent of the first \$11 of the Plan's monthly benefit accrual rate.

Take 75 percent of the next \$33 of the accrual rate.

Add both amounts together.

Multiply the total by your years of credited service to determine your guaranteed monthly benefit.

Example 1: Participant with a Monthly \$600 Benefit and 10 Years of Service.

1. Find the accrual rate: $\$600/10 = \60 accrual rate.

Apply PBGC formula:

Take 100 percent of the first \$11 = \$11

Take 75 percent of the next \$33 = \$24.75

Add the two amounts together: $\$11 + \$24.75 = \$35.75$

Multiply by years of credited service: $\$35.75 \times 10 \text{ years} = \357.50

In this example, the participant's guaranteed monthly benefit is 357.50.

Example 2: Participant with a \$200 Monthly Benefit and 10 Years of Service.

1. Find the accrual rate: $\$200/10 = \20 accrual rate.

2. Apply PBGC formula:

Take 100 percent of the first \$11 =

\$11

Take 75 percent of the next \$9 =

\$6.75

Add the two amounts together: $\$11 + \$6.75 = \$17.75$

Multiply by years of credited service: $\$17.75 \times 10 \text{ years} = 177.50$

In this example, the participant's guaranteed monthly benefit is \$177.50