

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 “endangered” status in the Plan Year ending June 30, 2020 because the Plan’s funded percentage was less than 80%. In an effort to improve the Plan’s funding situation, the Trustees adopted the Plan’s “Funding Improvement Plan” on May 10, 2016. The Trustees updated the funding improvement plan on September 9, 2020. The Funding Improvement Plan made no changes to the benefits provided by the Plan and made no changes to the contribution rates required of contributing employers. The expected duration of the Funding Improvement Plan is from July 1, 2016 through June 30, 2026. You may obtain a copy of the Funding Improvement Plan, any updates, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may obtain this information by contacting the plan administrator.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending June 30, 2021, separate notification of that status will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the most recently published valuation date was 31,560. Of this number, 11,470 were current employees, 16,109 were retired and receiving benefits (includes beneficiaries), and 3,981 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: the Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan’s participants.

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: assets of the Pension Fund are invested in a well-diversified portfolio managed by professional institutional investment managers and monitored by an investment consultant. The asset allocation is set by the Board of Trustees with the guidance of the investment consultant and is closely monitored. The primary investment objective is preservation of principal and above average investment returns compared to similar Pension Funds.

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:

1. Cash (Interest bearing and non-interest bearing)	0.30%
2. U.S. government securities	0.00%
3. Corporate debt instruments (other than employer securities):	0.00%
Preferred	0.00%
All other	
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	0.00%
5. Partnership/joint venture interests	7.98%
6. Real estate (other than employer real property)	35.90%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trusts	35.22%
10. Value of interest in pooled separate accounts	0.00%
11. Value of interest in 103-12 investment entities	0.62%
12. Value of interest in registered investment companies (e.g., mutual funds)	17.65%
13. Value of funds held in insurance co. general account (unallocated contracts)	
14. Employer-related investments:	0.00%
Employer Securities	0.00%
Employer real property	0.00%
15. Buildings and other property used in plan operation	2.33%
16. Other	0.00%

For information about the Plan's investment in any of the following types of investments-common/collective trusts, pooled separate accounts, or 103-12 investment entities – contact Joseph R. Ehrbar, Fund Manager, Operating Engineers Pension Trust, 100 Corson Street, Suite 100, Pasadena, CA 91103. Phone inquiries may be made toll free to 1-866-400-5200.

Events Having a Material Effect on Assets or Liabilities

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. For the plan year beginning on July 1, 2020 and ending on June 30, 2021, the Plan does not expect any events to have such an effect.

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 1-202-693-8673. 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 the 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 \$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 PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefits. 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:

Joseph R. Ehrbar
Fund Manager
Operating Engineers Pension Trust
100 Corson Street, Suite 100, Pasadena, CA 91103

Phone inquiries may be made toll free to 1-866-400-5200.

For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is 95-6032478. For more information about the PBGC and benefit guarantees, go to PBGC's website, 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).