

**ANNUAL FUNDING NOTICE
FOR
BAKERY AND CONFECTIONERY UNION AND INDUSTRY
INTERNATIONAL PENSION FUND**

April 29, 2020

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 required by federal law. This notice is for the Plan Year that began January 1, 2019 and ended December 31, 2019 (“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 by using a measure called the “funded percentage.” This 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.

Funded Percentage			
	2019 Plan Year	2018 Plan Year	2017 Plan Year
Valuation Date	January 1, 2019	January 1, 2018	January 1, 2017
Funded percentage	50.4%	51.6%	54.7%
Value of Assets	\$3,889,228,400	\$4,076,532,933	\$4,374,693,555
Value of Liabilities	\$7,713,887,977	\$7,896,426,238	\$7,998,091,240

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.

	December 31, 2019	December 31, 2018	December 31, 2017
Fair Market Value of Assets	\$3,865,208,774*	\$3,765,591,498	\$4,285,857,111

*Preliminary

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 in “critical and declining” status in the Plan Year ending December 31, 2019 because the following conditions were present in the Actuarial Certification of Plan Status as of January 1, 2019:

- A funding deficiency was projected within ten years from January 1, 2019
- The Plan was in critical status in the plan year beginning January 1, 2018
- The ratio of inactives to actives is at least 2 to 1
- Insolvency is projected within 20 years

The Plan is projected to be insolvent in the 2029 Plan Year. This is based on a specific set of assumptions, which may or may not prove true in future years between now and 2029. Such an insolvency may result in benefit reductions. In an effort to improve the Plan’s funding situation, the trustees adopted a rehabilitation plan in November of 2012. The Rehabilitation Plan was reviewed by the Trustees each year 2013 through 2019 and has been updated most recently effective November 30, 2017. The Rehabilitation Plan describes the actions to be taken by the Plan’s Trustees, and the benefit and contribution changes to be bargained by the bargaining parties, to improve the funded status of the Plan. 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 remains in critical and declining status for the plan year ending December 31, 2020. A separate notification of that status is enclosed.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 107,912. Of this number, 17,186 were current employees, 56,911 were retired and receiving benefits, and 33,815 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 Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the Plan’s participants. The funding policy of the Plan is to provide benefits to participants at levels that are expected (based upon reasonable actuarial assumptions) to be sustained in the long term from the assets of the Plan, expected income from the investment of those assets, and future employer contributions.

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 grow plan assets at a rate sufficient to meet promised benefits to participants while minimizing the degree of uncertainty associated with achieving those returns. In brief summary, the investment policy of the Plan is to maximize investment returns within prudent levels of risk through portfolio diversification across different classes of assets and a variety of asset management styles. With the assistance of an Investment Consultant, the Trustees, acting through an Investment Committee comprised of two Union trustees and two Employer trustees, select professional Investment Managers and/or commingled funds and allocate the assets of the Plan to seek to achieve the stated investment objectives and to control risk. The Trustees establish reasonable guidelines for each asset class and investment account, specifying acceptable and/or prohibited investments, limits on asset and asset class exposures, risk constraints and investment return objectives. The Trustees have also adopted benchmarks for each Manager and each asset class and regularly monitor the performance of each Manager and each commingled fund, as well as their compliance with the Investment Policy.

Under the Plan’s investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the 2019 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	<u>04.00%</u>
2. U.S. government securities	<u>02.00%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	<u>00.00%</u>
All other	<u>03.82%</u>
4. Corporate stocks (other than employer securities):	
Preferred	<u>00.03%</u>
Common	<u>27.76%</u>
5. Partnership/joint venture interests	<u>07.00%</u>
6. Real estate (other than employer real property)	<u>06.36%</u>
7. Value of interest in common/collective trusts	<u>30.56%</u>
8. Value of interest in 103-12 investment entities	<u>04.44%</u>
9. Value of interest in registered investment companies (e.g., mutual funds)	<u>00.00%</u>
10. Other	<u>14.03%</u>

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 B&C Union and Industry International Pension Fund Board of Trustees at the address on the next page under “Where to Get More Information.” 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 $\$357.50$ ($\$35.75 \times 10$).

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 $\$177.50$ ($\$17.75 \times 10$).

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 the 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 About Your Plan," below.

Where to Get More Information

For more information about this notice, you may contact the:

Plan Administrator
B&C Union and Industry International Pension Fund
10401 Connecticut Avenue, Suite 320, Kensington, MD 20895-3960
(301) 468-3742

For identification purposes, the official plan number is 001, the plan sponsor's name is Joint Board of Trustees, Bakery & Confectionery Union & Industry International Pension Fund, and the plan sponsor's employer identification number or "EIN" is 52-6118572. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov.