Southern California Lumber Industry Retirement Fund

Established Jointly by Employers and Local Unions

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To: Participants, Beneficiaries and Alternate Payees, Participating Employers, Labor Unions and the PBGC

From: The Southern California Lumber Industry Retirement Fund
EIN #95-6035266 Plan #001

Re: Annual Funding Notice for the Southern California Lumber Industry Retirement Plan

Date: April 2022

Introduction

This notice includes important information about the funding status of the Southern California Lumber Industry Retirement Plan ("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 beginning January 1, 2021 and ending December 31, 2021 ("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." 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.

Funded Percentage

	Plan Year 2021	Plan Year 2020	Plan Year 2019
Valuation Date	January 1, 2021	January 1, 2020	January 1, 2019
Funded Percentage	105.72%	102.22%	99.85%
Value of Assets	$230,103,125	$229,016,566	$234,862,737
Value of Liabilities	$217,643,157	$224,047,272	$235,222,795

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, 2021	December 31, 2020	December 31, 2019
Fair Market Value of Assets	$241,987,466 (unaudited)	$241,987,466	$237,516,673

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 not in endangered, critical, or critical and declining status in the 2021 Plan Year.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 6,006. Of this number, 937 were current employees, 3,267 were retired and receiving benefits, and 1,802 were retired or no longer working 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 Trustees 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.

Pension plans also have investment policies. These generally are written guidelines of general instructions for making investment management decisions. The investment policy of the Plan is:

Considering that the Fund assets have been accumulated for the purpose of paying for future retirement benefits of participants and beneficiaries, it is the general investment objective to preserve principal while at the same time realizing a relatively high rate of return on principal (through income and appreciation) commensurate with an acceptable degree of risk. The following metric shall be used as a benchmark in determining whether the total Fund investment objectives are met over a full market cycle (typically considered to be three to five years):

> A total return in excess of a custom Policy Index, which is defined as the market return weighted in proportion to the target asset allocation specified in Section 3.03 of the Investment Policy Statement (as revised and restated August 13, 2020).

"Total return" for purposes of these investment objectives shall mean a combination of interest and dividend income plus or minus realized and unrealized gains or losses, measured as the time weighted average annualized rate of return.

The achievement of this objective shall be measured over multiple periods on a quarterly basis with particular emphasis on achievement over a full market cycle. For purposes of the measurement, all investments shall be valued at market value or in the case of assets for which a market value is not readily ascertainable at fair value or contract value.

The investment of Fund assets shall be in compliance with the Employee Retirement Income Security Act of 1974 ("ERISA"), the requirements of the Department of Labor's "Prudence Rule Regulation" (29 CFR Sec. 2550 404a-1), and all other applicable laws and regulations.

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, December 31, 2021. These allocations are percentages of total assets:

Asset Allocation	**Percentage**
1. Cash (interest bearing and non-interest bearing)	1.4%
2. U.S. Government securities	2.5%
3. Corporate debt instruments:	
Preferred	0.0%
Standard/General	22.1%
High Yield	0.0%
4. Corporate stocks:	
U.S. Preferred	0.0%
U.S. Common	33.2%
International	18.7%
5. Partnership/Joint Venture interests	0.0%
6. Real estate	8.8%
7. Other (includes Mortgages, Commodities, Emerging Market Debt, Private Debt, Multi-Asset and Municipal Bonds)	13.4%

In the above asset allocation, 100% of the International stock investments and 68% of the fixed income investments are in mutual funds. For information about the Plan's investment in these types of vehicles, contact the Plan Administrator identified below under "Where to Get More Information."

** "Other" consists of 5.56% Multi-Asset,5.43% Private Debt and 2.26% Mortgages (held by Schroders) and 0.12% Foreign/Municipal Bonds (held by Schroders).*

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the U.S. 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 U.S. 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 Benefit Programs Administration, 1200 Wilshire Blvd. Fifth Floor, Los Angeles, California 90017-1906, (562) 463-5080 or (800) 824-4427. 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 to 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 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 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 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 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 the 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 special 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 at Benefit Programs Administration, 1200 Wilshire Blvd. Fifth Floor, Los Angeles, California 90017-1906 (562) 463-5080 or (800) 824-4427. For identification purposes, the official Plan number is #001 and the Plan Sponsor's name and employer identification number or "EIN" is the Board of Trustees of the Southern California Lumber Industry Retirement Fund, EIN #95-6035266.