April 30, 2020

Dear Participant,

Please find enclosed the Annual Funding Notice and Notice of Seriously Endangered Status for the International Painters and Allied Trades Industry Pension Plan (the “Plan”). The Fund is required by law to send these notices to Plan participants, beneficiaries and participating employers and unions. Our retirees and beneficiaries will continue to receive their checks on time and without reduction.

In addition, please find enclosed the Summary of Material Modifications. This is a summary of recent changes affecting your benefit under the Plan and serves as a modification to the Summary Plan Description for the Plan.

If you have any questions about the information presented in the enclosed notices, please do not hesitate to contact our office toll free at (800) 554-2479 or pension@iupat.org.

Sincerely,

Tim D. Maitland
Fund Administrator

Enclosures
SUMMARY OF MATERIAL MODIFICATIONS
From the IUPAT Industry Pension Fund Board of Trustees
2019 and early 2020 IUPAT Pension and Annuity Plan Changes

Distribution List
Plan Participants
Participating District Councils and Local Unions
Participating Employers

ANNUITY PLAN AMENDMENTS
This is a summary of recent changes affecting your benefits under the International Painters and Allied Trades Industry Annuity Plan (the “IUPAT Industry Annuity Plan” or “Annuity Plan”). It is a “Summary of Material Modifications” to the 2015 Summary Plan Description (“SPD”) for the Plan and is distributed in compliance with the Employee Retirement Income Security Act (ERISA). You should keep this information with your SPD as it reflects changes in the information in the SPD.

TEMPORARY COVID-19 LAYOFF DISTRIBUTIONS
The Annuity Plan has added a rule to allow a participants who have been laid off and unable to work due to the COVID-19 emergency to submit proof of unemployment and request a distribution of their account balances up to the lesser of $10,000 or the Maximum Distributable Amount (defined below).

If the participant receives a distribution under this program and remains unemployed after 90 days from the date of that distribution, he or she may make another application (with proof of continuous unemployment) for a second distribution equal to the lesser of $10,000 or the remaining Maximum Distributable Amount. The maximum that may be distributed under this program in total is the lesser of $20,000 or the Maximum Distributable Amount.

This program is temporary and no distribution due solely to layoff may be requested after September 30, 2020. The Trustees implemented a temporary change to the available distribution options to permit certain affected participants to access a portion of their account balances in the Annuity Plan in response to the severe economic problems caused by the current COVID-19 pandemic.
The “Maximum Distributable Amount” is the Participant’s current Account Balance less the following: (a) any Employer Contributions (and the earnings, losses, or other additions thereon) that were received in the two (2) years prior to the distribution, (b) any sums that were accrued in the Account Balance before January 1, 1994 (and the earnings, losses or other additions thereon).

To illustrate, assume Joe Painter began work under the Annuity Plan in 2000 and worked for with a Contributing Employer, ABC Painting. Joe is laid off on March 30, 2020. As of the time of his layoff, Joe has accumulated $24,000 in his Account Balance. Of this sum, $5,000 is attributable to contributions received in the past two years. His Maximum Distributable Amount is $19,000. Since $10,000 is less than $19,000, he may request a distribution up to the $10,000 limit. Assume further that Joe Painter requested this distribution of $10,000 on April 22, 2020 and remained unemployed as of July 30, 2020 (and did not work between March 30th and July 30th). Since more than 90 days have passed since Joe requested the first distribution, Joe may, if he chooses, request a second (and final) distribution of $9,000 (the lesser of $10,000 or the remaining Maximum Distributable Amount of $9,000).

Note that this new Layoff distribution option is in addition to, and does not replace, the “hardship” distribution options, including a “combined hardship” distribution for basic subsistence needs, currently available under the Annuity Plan. These “hardship” distribution options remain unchanged. It is expected that participants who qualify for this new Layoff distribution option will also qualify for “hardship” distributions, which may permit the participant to receive a greater share of his or her Account Balance. The hardship distribution options are described in more detail in the Annuity Plan SPD, which is available online under the “Resources” tab on the plan website – https://iupatpension.org.


Note that a distribution of any sort is a taxable event and the Fund may withhold a portion of the distribution for tax withholding purposes. As of the date of this SMM, additional penalties for early withdrawal appear to have been temporarily suspended by recent federal legislation however you should consult with a tax professional before requesting any future withdrawal from the Annuity Plan.

SEPARATION DISTRIBUTION

The Annuity Plan provides that a Participant may apply for a distribution on or after his or her “Severance Date.” Previously, this was defined as the date that a Participant terminated employment with the Contributing Employers for a period of time that showed a “separation from service” under IRS guidance, normally at least 12 months. However, a separate rule delayed a distribution of money attributable to contributions after 1989 for six (6) months for every calendar quarter in which a Participant performed other work in the “Painting and Allied Trades Industry,” as defined in the Annuity Plan, union or non-union, without Annuity Plan contributions (“Non-covered Employment”).

The Plan has been amended to modify the rules on Non-covered Employment that prevent a distribution. The Plan now explicitly reflects past practice to provide that the “Severance Date” is the first day of the calendar month after twelve calendar months have passed in which the
Participant performed no “Covered Employment” (work for which an employer is required to contribute to the Annuity Plan) and no Non-covered Employment. The definition of “Non-covered Employment” that prevents a distribution was amended to limit Non-covered Employment to work for a person or organization (including self-employment) that does not have an agreement with the IUPAT to contribute to any retirement plan. As a result of this change, a Participant may now apply for a distribution from the Annuity Plan even if he or she continues to work for an IUPAT employer who previously contributed to the Annuity Plan but now only contributes to the Pension Plan.

To illustrate, assume Joe Painter began work under the Annuity Plan in 2000 and worked for a Contributing Employer, ABC Painting. In connection with a new contract, ABC Painting stops contributing to the Annuity Plan for work after 2019. Joe nonetheless continues to work for ABC Painting. He now may apply for a distribution from the Plan on January 1, 2021.

Assume instead that Joe Painter did not continue to work for ABC Painting but instead worked for XYZ Painters for two weeks in November, 2020. XYZ Painters does not have an agreement with an IUPAT Local Union or District Council to contribute to a retirement plan. In that event, Joe Painter may not apply for a distribution until June 1, 2021 (a delay of six months from January 1, 2021) or, if he continues to work for XYZ Painters, a later date.

ORGANIZATIONS HOLDING ANNUITY PLAN ASSETS

The Annuity Plan has terminated a collective investment fund and added a collective investment fund holding Plan assets. These changes may also be reflected on the 2019 Form 5500 for the Annuity Plan. This form will be filed by October 15, 2020 and will be available at www.efast.dol.gov under the Plan’s Employer Identification Number (52-6073909) and Plan number (002) after filing.

PENSION PLAN AMENDMENTS

This is a summary of recent changes affecting your benefits under the International Painters and Allied Trades Industry Pension Plan (the “IUPAT Industry Pension Plan” or “Pension Plan”). It is a “Summary of Material Modifications” to the 2015 Summary Plan Description (“SPD”) for the Plan and is distributed in compliance with the Employee Retirement Income Security Act (ERISA). You should keep this information with your SPD as it reflects changes in the information in the SPD.

LATE RETIREMENT

If a participant continues to work past his or her Normal Retirement Date without commencing benefits, his or her benefit must be increased to its actuarial equivalent for months in which benefits would not have been suspended due to continued work between Normal Retirement Date and the date when he or she commenced benefits (“Annuity Start Date”). The Plan has been amended to provide that benefits will be increased 1.5% for each month without suspendsible work between the participant’s Normal Retirement Date and Annuity Start Date. The Plan previously provided for a 1% per month increase for the first 60 months and 1.5% for all months thereafter in which the participant did not perform suspendible work between his or her Normal Retirement Date and Annuity Start Date.
PENSION FUND TRUSTEE CHANGES

One Employer Trustee left the Board of Trustees in 2018-2019 and two new Employer Trustees and one new Union Trustee joined the Board in 2018-2019.

Exiting Employer Trustee:
Michael Cassidy

New Employer Trustees:
Terry Webb
Eureka Metal & Glass Services
9070 State Road
Philadelphia, PA 19136

Paul Morales
Borbon, Inc.
560 W. Woodland Drive
Anaheim, CA 92801

New Union Trustee:
Daniel R. Williams
IUPAT Industry Pension Fund
7234 Parkway Drive
Hanover, MD 21076

ORGANIZATIONS HOLDING PENSION PLAN ASSETS

The Pension Plan has added some collective investment funds and terminated other collective investment funds holding Plan assets. These changes may also be reflected on the 2019 Form 5500 for the Pension Plan. This form will be filed by October 15, 2020 and will be available at www.efast.dol.gov under the Plan’s Employer Identification Number (52-6073909) and Plan number (001) after filing.

QUESTIONS

The Fund Office will be happy to answer your questions and the concerns that inevitably accompany a change in benefits. Please feel free to contact the Fund Office toll free at (800) 554-2479, at (410) 564-5500, or write to the Fund Administrator at pension@iupat.org or via the address on this letter.
Notice of Seriously Endangered Status
International Painters & Allied Trades Industry Pension Plan
EIN: 52-6073909 / PN: 001
April 2020

Under the requirements of the Pension Protection Act ("PPA") of 2006, this is to inform you that, on March 30, 2020, the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor, that the International Painters & Allied Trades Industry Pension Plan (the "Plan") falls in the category of "seriously endangered status" for the Plan Year beginning January 1, 2020. Federal law requires that you receive this notice.

Seriously Endangered Status. The Plan is considered to be in "seriously endangered status" under the PPA because the Plan's actuary has determined that the Plan's funded percentage for 2020 is less than 80% and is projected to have an accumulated funding deficiency within 7 years.

Funding Improvement Plan. In accordance with Federal law, the Trustees have adopted a funding improvement plan ("FIP") aimed at improving the funded status of the plan so that the Plan may meet the applicable benchmarks established by PPA. The FIP went into effect on January 1, 2012 and a summary is on the Plan's website. The Trustees of the Plan, with the assistance of its attorneys and actuaries, will monitor the progress of the Plan's funding each year to determine whether the requirements of the PPA are met.

Contribution Limitations. After a certification that the Plan is in endangered or seriously endangered status, the Plan cannot accept a collective bargaining or related agreement that provides for a reduction in future contribution rates, a suspension of contributions, or exclusion of new hires. The rejection of an agreement may cause a withdrawal and the imposition of withdrawal liability. If an employer does not pay contributions to the plan in accordance with the FIP, an employer may also be liable for an excise tax equal to the amount of the shortfall in contributions.

Benefit Limitations. After a certification that the Plan is in endangered or seriously endangered status, the Plan cannot, directly or indirectly, increase benefits by improving benefits, changes in the accrual of benefits, or any change in the rate at which benefits become vested from the initial determination of endangered status until 2012. Once the FIP took effect in 2012, the plan can only be amended to increase benefits if the Plan actuary certifies that the benefit increases are consistent with the FIP and can be paid for out of contributions not required by the FIP.

Where to Get More Information. For more information about this Notice, you may contact the Fund Administrator, Tim Maitland at 410-564-5500, pension@iupat.org or 7234 Parkway Drive, Hanover, MD 21076. You have a right to receive a copy of the FIP from the Plan.
Annual Funding Notice
International Painters & Allied Trades Industry Pension Plan
April 2020

Introduction

This notice includes important information about the funding status of your multiemployer pension plan, the International Painters & Allied Trades Industry 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 beginning 1/1/2019 and ending 12/31/2019 (“Plan Year”)

How Well Funded Is Your Plan

The law requires the administrator of the Plan to disclose how well the Plan is funded by using a measure called the “funded percentage.” The Plan divides the plan’s 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.

<table>
<thead>
<tr>
<th>Funded Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan Year (Jan 1-Dec. 31)</strong></td>
</tr>
<tr>
<td>Valuation Date</td>
</tr>
<tr>
<td>Funded Percentage</td>
</tr>
<tr>
<td>Value of Assets</td>
</tr>
<tr>
<td>Value of Liabilities</td>
</tr>
</tbody>
</table>

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 three preceding plan years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Market Value of Assets</td>
<td>$3,525,000,000*</td>
<td>$3,185,362,036</td>
<td>$3,378,001,336</td>
<td>$3,063,064,630</td>
</tr>
</tbody>
</table>

*Estimated. Final audited information was not available.

**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 seriously endangered status in the Plan Year ending December 31, 2019 because the Plan’s funded percentage for 2019 was less than 80% and a funding deficiency was projected to occur within 6 years.

In an effort to improve the Plan’s funding situation, the trustees adopted a funding improvement plan (FIP) on April 2, 2009 which is effective from January 1, 2012 through December 31, 2026 or until the Plan is no longer in seriously endangered or endangered status.

The 2012 FIP provided two options. Under Option 1, the bargaining parties could increase their contribution rate by 35% of the rate in effect at March 1, 2009 and participants would continue to accrue benefits. Option 2 was the default option if the bargaining parties did not agree within 180 days of the expiration of a collective bargaining agreement in effect on January 1, 2009. Under the default schedule, an employer still had to increase the contribution rate by 15% of the rate in effect at March 1, 2009, but retirement benefits were frozen at their level on December 31, 2011 and were not increased for work with an employer contributing under Option 2 after 2011.

The Trustees also adjusted benefit accrual rates in conjunction with the FIP. After 2011, new pension benefits only accrue if an employer is “FIP Compliant” by contributing 135% or more of its March 2009 rate under Option 1. For employees of “FIP Compliant” employers, benefits accrue at one-half percent (0.5%) up to the contribution rate at January 1, 2006 and one percent (1%) on amounts over the 2006 rate up to the March 2009 rate (and any contribution over 135% of the March 2009 rate). After 2011, the supplemental 35% contribution does not provide any additional benefit for any participant, as it is earmarked to improve the Plan’s funding. Beginning January 1, 2013, contributions over the 135% benchmark will accrue benefits at 2% of the amount contributed over the 135% FIP Compliant Rate.

The FIP was updated in 2017 to require employers to increase their FIP Compliant Rate by 50% on or before December 31, 2021. In other words, the rate as of December 31, 2021 must be equal to or greater than 150% x 135% x March 1, 2009 rate. For example, if the March 1, 2009 rate was $1.00 per hour, the rate in 2012 became $1.35 per hour and in 2022 was capped at $4.00 per hour.

You may get a copy of the Plan’s funding improvement plan, any update to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Fund Administrator at the address at the end of this notice. If the Plan is in endangered, critical or critical and declining status for the plan year ending December 31, 2020, separate notification of that status has or will be provided.

**Participant Information**

The total number of participants and beneficiaries covered by the Plan on the valuation date was 87,126. Of this number, 38,341 were current employees, 30,187 were retired and receiving benefits, and 18,598 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 to set benefits based on expected contributions made pursuant to collective bargaining agreements in effect and to modify required contributions when necessary to maintain or improve the plan’s funding level.

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 that the investments are to be managed with the primary focus being preservation of capital. Emphasis will be placed on participation with the fixed income, equity and alternatives in line with broad market averages during times of rising markets and preservation of capital during periods of market contraction. Additionally, it is the Plan’s desire to earn total returns (income plus capital gains) in excess of major indices of each asset class over a typical market cycle by utilizing the services of investment managers.

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

<table>
<thead>
<tr>
<th>Asset Allocations</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash (Interest bearing and non-interest bearing)</td>
<td>5.4%</td>
</tr>
<tr>
<td>2. U.S. Government securities</td>
<td>1.4%</td>
</tr>
<tr>
<td>3. Corporate debt instruments (other than employer securities):</td>
<td></td>
</tr>
<tr>
<td>Preferred</td>
<td>0.0%</td>
</tr>
<tr>
<td>All other</td>
<td>2.6%</td>
</tr>
<tr>
<td>4. Corporate stocks (other than employer securities):</td>
<td></td>
</tr>
<tr>
<td>Preferred</td>
<td>0.0%</td>
</tr>
<tr>
<td>Common</td>
<td>3.9%</td>
</tr>
<tr>
<td>5. Partnership/joint venture interests</td>
<td>37.5%</td>
</tr>
<tr>
<td>6. Real estate (other than employer real property)</td>
<td>4.5%</td>
</tr>
<tr>
<td>7. Loans (other than to participants)</td>
<td>0.0%</td>
</tr>
<tr>
<td>8. Participant loans</td>
<td>0.0%</td>
</tr>
<tr>
<td>9. Value of interest in common/collective trusts</td>
<td>25.3%</td>
</tr>
<tr>
<td>10. Value of interest in pooled separate accounts</td>
<td>0.8%</td>
</tr>
<tr>
<td>11. Value of interest in 103-12 investment entities</td>
<td>6.6%</td>
</tr>
<tr>
<td>12. Value of interest in master trust investment accounts</td>
<td>0.0%</td>
</tr>
<tr>
<td>13. Value of interest in registered investment companies (e.g., mutual funds)</td>
<td>2.6%</td>
</tr>
<tr>
<td>14. Value of funds held in insurance co. general account (unallocated contracts)</td>
<td>0.5%</td>
</tr>
<tr>
<td>15. Employer-related investments:</td>
<td></td>
</tr>
<tr>
<td>Employer Securities</td>
<td>0.0%</td>
</tr>
<tr>
<td>Employer real property</td>
<td>0.0%</td>
</tr>
<tr>
<td>16. Buildings and other property used in plan operation</td>
<td>0.0%</td>
</tr>
<tr>
<td>17. Other</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

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 N1513, Washington, DC 20210, or by calling 202.693.8673. You may obtain a copy of the Plan’s annual report by making a written request to the Fund Administrator or obtain the basic Form 5500 and certain schedules from the Plan’s website at https://ijpat.org/member-information/pension/. 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 $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 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 Tim Maitland, Fund Administrator, at 7234 Parkway Drive, Hanover, MD 21076, 410-564-5500, pension@uipat.org. For identification purposes, the official plan number is 001 and the plan sponsor’s name and employer identification number or “EIN” is 52-6073909.

Issued: April 2020