April 30, 2021

Dear Participants,

Enclosed along with this letter are two notices related to the funding status of the International Painters and Allied Trades Pension Fund (the “Pension Fund”): (1) the Annual Funding Notice for the 2020 plan year, and (2) the Notice of Endangered Status for the 2021 plan year. Federal law requires that you receive these notices. Please read on for more information.

The Pension Fund has faced many challenges over the past several years. The Trustees understand that the changes to benefits and contributions under the original Funding Improvement Plan (“FIP1”) and the updated Funding Improvement Plan in 2017 (“FIP2”) were difficult. The COVID-19 pandemic and the ensuing volatility in our economy during 2020 helped the Trustees come to the realization that FIP2 is not enough. A more robust action plan is needed to strengthen our Pension Fund, and the Board of Trustees is committed to a strategy that will achieve our stated goals.

Recent Challenges

When the Board of Trustees adopted FIP2 in 2017, we were hopeful it would be enough to enable the Pension Fund to emerge from endangered status and eventually return to the “green zone.”

Recent years, however, have been challenging for the Pension Fund. Investment markets have been volatile, and contribution hours have fallen short of expectations. Last year, the global pandemic caused further economic uncertainty. Until the market rebounded in late 2020, it was possible that the Pension Fund would have had another negative investment return in 2020, meaning a zero benefit accrual for 2022. Fortunately, this did not occur.

Seriously Endangered Status for 2021

As described in the enclosed notices, the Pension Fund is in seriously endangered status (the “orange zone”) for 2021. Under the Pension Protection Act of 2006 (“PPA”), the Pension Fund is in seriously endangered status because it is under 80% funded and has a projected funding deficiency in the next seven years.

While the Pension Fund is in seriously endangered status for 2021, it is projected to be in critical status (the “red zone”) within the next five years. As a result, the law permits the Board of Trustees to designate the Pension Fund in critical status for this 2021 plan year. The Trustees have elected not to go into critical status now and instead to remain in seriously endangered status.
status for 2021, so we can explore our options and do what is best for the Pension Fund and its participants, including utilizing the tools available by electing red zone status as early as 2022.

Looking Ahead

The Trustees understand that FIP2 is not working as intended. The Pension Fund has failed to make scheduled progress toward its funding benchmarks in three out of the four years since the adoption of the plan. Now, as noted earlier, the Pension Fund is projected to enter critical status, not emerge into the green zone.

The Trustees are reviewing all of our options for the Pension Fund, including possibly entering critical status as early as 2022. If the Pension Fund enters critical status, the Trustees will be required by law to adopt a Rehabilitation Plan, which will replace the existing Funding Improvement Plan.

Under federal law, multiemployer plans in critical status have more tools to simplify their benefit design and strengthen funding levels. These tools can help critical status plans strengthen funding levels and reach the green zone faster than plans in endangered (or seriously endangered) status.

The law also provides more flexibility to plans in critical status, while it requires plans in endangered status to meet rigid funding benchmarks. This additional flexibility while in critical status can help avoid changes to benefits and contributions every few years, as we have seen with the FIP1 and FIP2.

**Please keep in mind** that if the Pension Fund does enter critical status in a future year, the benefits you have already earned will remain protected. The law prohibits any reductions to benefits payable at normal retirement age (age 65) or to benefits already in payment status (for current retirees).

The American Rescue Plan Act of 2021

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (“ARPA”). Among many other measures, ARPA provides financial assistance to multiemployer pension plans facing solvency issues, which will be paid by the Pension Benefit Guaranty Corporation (“PBGC”).

While the Pension Fund faces its own funding challenges, it is not projected to run out of money at any point in the future. For that reason, the Pension Fund is not eligible for financial assistance under ARPA.

The good news for the Pension Fund is that ARPA avoided crippling reforms that had been proposed in other legislation. For example, ARPA does not include harsh changes to funding rules or exorbitant increases in PBGC premium rates.
Closing

The Board of Trustees is fully committed to designing a strategy that will strengthen the Pension Fund for past, current, and future generations. We are engaging with District Council leadership to hear their concerns and to develop a strategy that balances the needs of all members and retirees. We will keep you updated over the next several months as the situation develops.

For more information, please contact the Fund Administrator, Tim Maitland at 410-564-5500, pension@iupat.org, or 7234 Parkway Drive, Hanover, MD 21076.

Sincerely,

The Board of Trustees
Notice of Seriously Endangered Status
International Painters & Allied Trades Industry Pension Plan
EIN: 52-6073909 / PN: 001
April 2021

Under the requirements of the Pension Protection Act (“PPA”) of 2006, this is to inform you that, on March 31, 2021, 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, 2021. 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 2021 is less than 80% and it 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 available 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.
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 January 1, 2020 and ending December 31, 2020 (“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>
<th>2020 Plan Year</th>
<th>2019 Plan Year</th>
<th>2018 Plan Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation Date</td>
<td>January 1, 2020</td>
<td>January 1, 2019</td>
<td>January 1, 2018</td>
</tr>
<tr>
<td>Funded Percentage</td>
<td>63.7%</td>
<td>62.1%</td>
<td>61.9%</td>
</tr>
<tr>
<td>Value of Assets</td>
<td>$3,577,803,045</td>
<td>$3,414,777,098</td>
<td>$3,326,181,666</td>
</tr>
<tr>
<td>Value of Liabilities</td>
<td>$5,615,597,273</td>
<td>$5,497,065,501</td>
<td>$5,377,511,693</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 following chart 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.
Annual Funding Notice
For
International Painters & Allied Trades Industry Pension Plan
April 2021

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
<th>December 31, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Market Value of Assets</td>
<td>$3,807,000,000*</td>
<td>$3,610,439,628</td>
<td>$3,185,362,036</td>
<td>$3,378,001,336</td>
</tr>
</tbody>
</table>

* Estimated. Final audited information is not yet 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, 2020 because the Plan's funded percentage for 2020 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 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 must reach $2.03 per hour by 2022. The 50% increase is 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, 2021, 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 88,394. Of this number, 39,283 were current employees, 30,678 were retired and receiving benefits, and 18,433 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:
### Asset Allocations

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash (Interest bearing and non-interest bearing)</td>
<td>9.8%</td>
</tr>
<tr>
<td>2. U.S. Government securities</td>
<td>0.8%</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>2.1%</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>1.3%</td>
</tr>
<tr>
<td>5. Partnership/joint venture interests</td>
<td>36.5%</td>
</tr>
<tr>
<td>6. Real estate (other than employer real property)</td>
<td>4.2%</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>24.2%</td>
</tr>
<tr>
<td>10. Value of interest in pooled separate accounts</td>
<td>2.0%</td>
</tr>
<tr>
<td>11. Value of interest in 103-12 investment entities</td>
<td>7.0%</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>9.0%</td>
</tr>
</tbody>
</table>

For information about the Plan's investment in any of the following types of investments - common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the Fund Administrator, at 7234 Parkway Drive, Hanover, MD 21076, 410-564-5500, [pension@iupat.org](mailto:pension@iupat.org).

### 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. The COVID-19 pandemic has caused thousands of fatalities, extreme market volatility, the closing of non-essential businesses, and the issuance of stay-at-home orders for citizens. The American Rescue Plan Act of 2021 was passed in March of 2021 in response to COVID-19 and provided some relief to pension plans. Further clarity on how to apply the funding relief is still outstanding. The effects of coronavirus, and subsequent legislation, on the Plan’s funded status are not yet quantifiable.
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://iupat.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@iupat.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 2021