

APRA FILING UPDATE NOTICE

March 17, 2022

To: All Plan Participants, Beneficiaries and Employers

From: Board of Trustees (“Board”), Western States Office and Professional Employees Pension Fund (“Pension Plan”)

Subject: American Rescue Plan Act of 2021 (“APRA”) Filing Update

This Notice provides an update on the **American Rescue Plan Act of 2021** (“ARPA”) application process.¹ Previous ARPA Notices, including Questions and Answers, are available on the Pension Plan’s website. You can access the Pension Plan’s website at: www.wspensionbenefits.org.

- The Board met on February 9, 2022 and voted to direct the Pension Plan professionals to prepare an ARPA application filing for the Board’s review and final approval.
- Once the ARPA application is filed and approved by the PBGC:²
 - The MPRA reductions will be restored for all Participants (Actives, Vested Inactives and Retirees) and Beneficiaries.³
 - MPRA reduced monthly benefit payments will be restored to their original benefit amount after the PBGC approves the ARPA application filing.
 - Participants in pay status will receive make-up payments to restore benefit payments reduced under MPRA. Make-up payments will be made back to October 1, 2018 (the effective date of the MPRA reductions), no matter when the ARPA filing is submitted and approved.

¹ ARPA was signed into law in March 2021.

² The “PBGC” is the Pension Benefit Guaranty Corporation, the federal government agency that approves ARPA applications. You can access the PBGC ARPA website at: <https://www.pbgc.gov/arp-sfa>.

³ “MPRA” refers to the Multiemployer Pension Reform Act of 2014. Information about the MPRA benefit cuts is available on the Pension Plan’s website.

- As a condition of accepting APRA funding, the Plan will remain in the Red Zone. More details associated with the APRA filing will be included in a future Q&A.
- In order to maximize the APRA funding the Pension Plan receives, the Board will determine the best filing date based on the value of plan assets. Here is why timing the APRA application is important:
 - As noted in earlier Notices, an ARPA application filing is based, in part, on the value of the Pension Plan's assets as of the last day of the quarter preceding the filing date. For example, a filing made in the first quarter of 2022 is based on Plan assets as of December 31, 2021.
 - For the Pension Plan, the current value of Pension Plan assets has declined since December 31, 2021. That is because both stock market and bond returns, in general, have been negative so far this year.
 - What happens if the APRA application filing is made now, when the value of the Pension Plan's assets as of December 31, 2021 are higher than the current value? The Pension Plan will receive less funding from the PBGC. That is because the PBGC will think the Pension Plan's assets are worth more than they are currently.
- The more funding the Pension Plan receives from the PBGC the better for all Participants, including Retirees and Active Participants. That is why the Board decided to prepare an ARPA application, but submit the filing at the appropriate time as determined by the guidance of the Plan Professionals. This will allow the Pension Plan to time the application to maximize the amount the Pension Plan receives. Receiving more funding from the PBGC will be beneficial for the Pension Plan and all Participants, both in the short and long term.
- The delay in filing will not affect the amount of benefits restored. As noted above, make-up payments to restore MPRA suspended benefits will be made back to October 1, 2018, no matter when the application is filed.
- Also, the APRA application does not have to be filed immediately. The Pension Plan can file the application at any time before December 31, 2025.
- Finally, there is no risk of funding running out. ARPA directs the U.S. Department of the Treasury to fully fund all PBGC approved ARPA applications.