

---

**Annual Funding Notice For  
Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity**

---

**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 beginning January 1, 2022 and ending December 31, 2022 (“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, 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.

<b>Funded Percentage</b>			
	2022*	2021	2020
Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
Funded Percentage	54.8%	54.1%	53.7%
Value of Assets	\$367,501,000	\$361,629,760	\$358,086,067
Value of Liabilities	\$670,176,000	\$668,350,967	\$666,593,045

\*Estimated

---

**Annual Funding Notice For  
Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity**

---

**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.” Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. Despite these 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, 2022	December 31, 2021	December 31, 2020
Fair Market Value of Assets	\$353,877,000*	\$403,510,853	\$369,991,228

\* Estimated. Audited financial statements were 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 critical status in the Plan Year ending December 31, 2022 because the plan’s actuary determined that the Plan had a funding deficiency in the 2022 Plan Year.

In an effort to improve the Plan’s funding situation, the trustees adopted a rehabilitation plan in November 2016. The Rehabilitation Plan schedules of contributions and benefits have been formulated by the Trustees to enable the Plan to forestall insolvency. You may get a copy of the Plan’s rehabilitation plan, any update to such plan, and the actuarial and financial data that

---

**Annual Funding Notice For  
Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity**

---

demonstrate any action taken by the Plan toward fiscal improvement. You may get this information by contacting the plan administrator.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending December 31, 2023, 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 10,772. Of this number, 1,880 were current employees, 4,676 were retired and receiving benefits, and 4,216 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 meet all the requirements of the Rehabilitation Plan.

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 as follows: The Board of Trustees has appointed Investment Performance Services, LLC (“IPS”) as an investment fiduciary and has directed IPS to invest the assets of the Plan in a manner consistent with the fiduciary standards of ERISA, namely: (a) all transactions undertaken must be for the sole interest of Plan participants and their beneficiaries to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments and to achieve a rate of return commensurate with contemporary economic conditions, recognizing that the actuarial interest rate for the Plan is 7.25%.

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. These allocations are percentages of total assets:

---

**Annual Funding Notice For  
Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity**

---

<u>Asset Allocations</u>	<u>Percentage</u>
Stocks	3.5%
Investment grade debt instruments	0.0%
High-yield debt instruments	0.0%
Real estate	0.0%
Other*	96.5%

\* The Plan invests in common collective trusts, limited partnerships and money market mutual funds. The underlying investments of the common collective trusts and limited partnerships include equity securities, fixed income securities, real estate, hedge funds and other alternative investments.

**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](http://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. Alternatively, you may also obtain a copy of the Plan’s annual report by making a written request to the plan administrator. 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

---

**Annual Funding Notice For  
Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity**

---

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 multi-employer 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](http://www.pbgc.gov/multiemployer). Please contact your employer or plan administrator for specific information about your pension plan or pension

---

**Annual Funding Notice For  
Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity**

---

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 Fund Office by writing to Pension Fund for Hospital and Health Care Employees – Philadelphia and Vicinity, 1319 Locust Street, Philadelphia, PA 19107 or by calling 215-735-5720 if you are in Philadelphia or 800-531-1199 if you are outside of Philadelphia. For identification purposes, the official plan number is 001, the plan sponsor’s name is the Board of Trustees, Pension Plan for Hospital and Health Care Employees – Philadelphia and Vicinity and the employer identification number or “EIN” is 23-2627428.

Issued: April 2023

N:\1000\2022\notices\1199c Annual Funding Notice 2022.docx