CENTRAL STATES PENSION FUND
SINCE 1955

April 2024

Dear Participant/Beneficiary:

It's that time of the year again and we're writing to provide our annual update on the financial status of the Fund.

In short, Central States Pension Fund is in excellent financial condition! **After including the $35.8 billion special financial assistance (SFA) received last year, the Fund is 98.5% funded as of 2023;** and all assets are invested in highly secure US Treasury and investment grade corporate bonds. The Fund is on track to become fully funded soon.

98.5%
FUNDED STATUS
AS OF 1/1/2023

There are two notices enclosed which must follow specific pension regulations:

- The 2023 Annual Funding Notice shows Central States' funded percentage (obtained by dividing the Fund's assets by its benefit liabilities) as of January 1, 2023 disregarding the $35.8 billion SFA.

- The 2024 Notice of Critical Status – all pension funds that receive SFA are deemed to be in critical status until 2051 no matter how well funded the plan is.

It is important to reiterate that pension regulations dictate that the $35.8 billion SFA received by Central States be disregarded for these notices. However, because of the SFA, Central States projects that it will no longer become insolvent and instead will be well funded into the future.

For more than half a century, Central States has provided retirement security for over 670,000 Teamster retirees and their families. Central States has a bright future, and the benefit promises made to all the participants and beneficiaries will continue to be met. Retirees can rest assured that their benefits are secure, and active participants can continue their hard work knowing that the promised pensions will be paid when they retire.

Sincerely,

Thomas C. Nyhan
Executive Director

2023 ANNUAL FUNDING NOTICE
FOR
CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS
PENSION PLAN

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, 2023 and ending December 31, 2023 ("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.

Funded Percentage			
	2023	2022	2021
Valuation Date	January 1, 2023	January 1, 2022	January 1, 2021
Funded Percentage	14.0%	14.5%	17.1%
Value of Assets	$5,937,242,356	$8,012,070,196	$9,791,415,221
Value of Liabilities	$42,334,779,122	$55,358,547,619	$57,182,929,661

In accordance with Treasury Department guidance, the funded percentage and asset values in the chart above do not reflect the special financial assistance ("SFA") paid to the Plan by the PBGC under the American Rescue Plan Act ("ARPA"). If the SFA paid to the Plan on January 12, 2023 were to be reflected in the above chart, the funded percentage as of January 1, 2023, is 98.5% and the value of assets is $41,702,152,466.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They 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. Additionally, the asset values in the chart above do not include the amount of the SFA paid to the Plan by the PBGC under the ARPA.

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 year-end market values for the Plan Year and two preceding plan years. The asset values in the chart below for 2023 include the amount of the SFA received by the Plan on January 12, 2023.

	December 31, 2023	December 31, 2022	December 31, 2021
Fair Market Value of Assets	$41,776,279,289	$5,715,700,020	$8,158,227,818

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.

Under federal pension law, the Plan is considered to be in critical status in the Plan Year ending 2023 because the Plan received SFA from the PBGC under the ARPA. The trustees of a plan in critical status must adopt a rehabilitation plan. A rehabilitation plan establishes steps and benchmarks for pension plans to improve their funding status over a period of time.

In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan on March 25, 2008, and the trustees have made subsequent updates to the rehabilitation plan. The rehabilitation plan was expected to last indefinitely. The rehabilitation plan generally requires, as a condition of maintaining current benefit levels (with the limitation that benefits are not payable prior to age 57), that all contributing employers enter into contracts providing for 8% annual pension contribution rate increases in the early years, followed by 4%-6% increases in later years (the rehabilitation plan's "Primary Schedule"); however, under a 2023 amendment to the rehabilitation plan, the required annual contribution rate increases under the Primary Schedule will be phased out as employers enter into new contracts after April 3, 2023. Further, contribution rate increases are not required beyond $69.60 per day or $344 per week for employers whose participants are covered under Benefit Class 18+, and $68.40 per day or $338 per week for all other employers. As required by law, the rehabilitation plan also includes a "Default Schedule" which eliminates various "adjustable benefits." The Default Schedule requires 4% annual contribution rate increases, and reduces or eliminates all "early retirement," pre-age 65 benefit subsidies for bargaining units that agree to adopt it, or units that become subject to it by operation of law. In many instances, the rehabilitation plan also eliminates the adjustable benefits of bargaining units that withdraw completely from participation in the Plan, by (for example) agreeing to a new collective bargaining agreement that eliminates the contribution obligation to the Plan. The rehabilitation plan defines withdrawals of this type, which cause a loss of adjustable benefits, a "Rehabilitation Plan Withdrawal." Under the Default

Schedule or a Rehabilitation Plan Withdrawal, the benefits of participants who retire prior to age 65 are reduced under an actuarial equivalency table.

Also, the rehabilitation plan includes a Distressed Employer Schedule that applies to participants whose last year of Contributory Service Credit was earned with Yellow Corporation companies (including YRC, Inc. and USF Holland, Inc.). Generally, the Distressed Employer Schedule has a benefit structure similar to the Default Schedule with certain exceptions for participants that had retired prior to September 24, 2010, or met certain age and service requirements as of the date of the Distressed Employer's termination of participation in the Fund.

In addition, the rehabilitation plan includes a New Employer "Hybrid Method" Schedule. This schedule applies to those employers that qualify as New Employers under the Plan's "hybrid withdrawal liability method." Generally, an employer is a New Employer if: (1) the employer never had an obligation to contribute to the Plan for any period prior to October 14, 2011; or (2) the employer had an obligation to contribute to the Plan before October 14, 2011, and the employer satisfied its withdrawal liability obligations to the Plan but has agreed to continue contributing to the Plan for a period of time at a specified minimum level. Contribution rate increases are not required for those New Employers that become part of the direct attribution (Hybrid Method) plan.

You may get a copy of the Plan's rehabilitation 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 your plan administrator. Your plan administrator is identified below under "Where to Get More Information."

If the Plan is in endangered, critical, or critical and declining status for the plan year ending December 31, 2024, 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 349,729. Of this number, 48,538 were current employees, 187,227 were retired and receiving benefits, and 113,964 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 established by the Trustees who set contribution rate increases and benefit levels in the rehabilitation plan schedules.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The current investment policy of the Plan is that assets will be managed in a reasonable and prudent manner with a primary objective to avoid insolvency, and a secondary objective to grow the Solvency Ratio (the ratio of market value of assets to the liability for accrued benefits) towards 100% over the next 30 years. SFA Assets will be managed in accordance with the ARPA, and the regulations promulgated by the PBGC in 29 C.F.R. Part 4262 (SFA Final Rule). A majority of the SFA Assets will generally be invested in investment grade fixed income assets and to the extent there are return-seeking assets as defined by the SFA Final Rule, their levels will be monitored by the Named Fiduciary. SFA Assets will be at all times kept separate from Assets in the Fund prior to the infusion of SFA Assets (such pre-existing Assets defined as “Legacy Assets”) through such activities as the maintenance of separate custody accounts for each appointed investment manager and no rebalancing between Legacy and SFA Assets. Legacy Assets will generally be invested in a diversified range of Assets designed to help the Fund achieve its objectives.

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. The allocations are percentages of the Plan’s total assets, which include SFA paid to the Plan and earnings thereon.

Asset Allocations	**Percentage**
Investment grade debt instruments	100%

Events Having a Material Effect on Assets or Liabilities

On January 12, 2023, the Plan received $35,764,910,109.99 in SFA under the ARPA from the PBGC. Because the Plan received SFA from the PBGC, the Plan is required to be administered in accordance with conditions described in PBGC regulations. These conditions relate to benefit increases; allocation of plan assets; reductions in employer contribution rates; diversion of contributions to, and allocation of expenses to, other benefit plans; transfers or mergers; and withdrawal liability. Under certain circumstances, a plan may request approval from PBGC for an exception from the conditions relating to benefit increases, reductions in employer contribution rates, transfers or mergers, and withdrawal liability.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. This 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 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 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 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 can not 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 $500, 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 ($500/10), which equals $50. The guaranteed amount for a $50 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/prac/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 Thomas C. Nyhan, Executive Director at Central States, Southeast and Southwest Areas Pension Plan, 8647 West Higgins Road, Chicago, IL 60631, phone number 1-800-323-5000. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Trustees of the Central States, Southeast and Southwest Areas Pension Plan, EIN 36-6044243.

Notice of Critical Status
Central States, Southeast and Southwest Areas Pension Plan

This is to inform you that on March 29, 2024, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2024. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the plan has an accumulated funding deficiency for the current plan year, and pursuant to section 4262(m) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended by the American Rescue Plan Act of 2021 (ARPA) and the regulations thereunder, the plan is deemed to be in critical status through 2051 due to its receipt of Special Financial Assistance (SFA).

The plan's application for SFA under the ARPA was approved by the Pension Benefit Guaranty Corporation (PBGC), and on January 12, 2023, the plan received $35,764,910,109.99 in SFA. Due to the receipt of the SFA, the plan projects that it will no longer become insolvent, but instead will be funded well into the future.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the plan has been in critical status after the prior eight years of being in critical and declining status (such status was added by the Multiemployer Pension Reform Act of 2014 (MPRA)). The seven years before that the plan was in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If your adjustable benefits were reduced or eliminated, you would have received a separate notice. On April 8, 2008, the plan sent notification that, as of April 8, 2008, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 8, 2008.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- ☒ Post-retirement death benefits;
- ☒ Sixty-month payment guarantees;
- ☒ Disability benefits (if not yet in pay status);
- ☒ Early retirement benefit or retirement-type subsidy;
- ☒ Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- ☐ Recent benefit increases (i.e., occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the plan.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact Thomas C. Nyhan, Executive Director, Central States, Southeast and Southwest Areas Pension Plan, 8647 West Higgins Road, Chicago, IL 60631, phone number 1-800-323-5000. You have a right to receive a copy of the rehabilitation plan from the plan.