Lifetime Income Security Accrual Fund

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Administered by
Welfare & Pension Administration, Service, Inc.

October 20, 2025

Lifetime Income Security Accrual Fund

The Board of Trustees is pleased to provide you with highlights about benefits that you can earn under the terms of an exciting new Lifetime Income Security Accrual Fund ("LISA Fund") that has been negotiated as part of your collective bargaining agreement. The LISA Fund is effective for hours you work on and after January 1, 2025 with an Employer that is required to make contributions to the Fund on your behalf ("**Employers**"). The LISA Fund offers you a guaranteed monthly pension benefit when you reach retirement age and provides you with another important building block toward financial security when you retire.

OVERVIEW

The following are highlights of how the LISA Fund works. Additional important details of how the LISA Fund works are described in this FAQ.

1. What is the LISA Fund?

The LISA Fund is a **pension plan** that provides you with a **monthly retirement benefit for life**, based on how long you work for a contributing employer and how the plan's investments perform. It's **employer-funded**—you do not contribute to it. Also, unlike **defined contribution** plans (e.g., 401k, IRA), a defined benefit plan such as the LISA Fund generally provides a monthly benefit for the rest of your life.

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2. When do I become a participant?

You become a participant in the LISA Fund on the **first day of the month** after:

- You complete **1,000 hours of work** for a contributing employer during your first 12 months, or
- Any calendar year after that where you work at least 1,000 hours

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3. When do I become vested?

You are **100% vested** (your benefit is locked in) after:

- **5 years** of service with 1,000+ hours worked each year

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4. How is my pension calculated?

Each year, you earn a benefit based on:

1. **Employer contributions** on your behalf
2. Whether you worked **1,000+ hours**
3. The **Fund's investment performance**

You earn an **Annual Credit** equal to **5%** of employer contributions made for you that year.

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5. What makes this pension different from a traditional plan?

Your benefit **adjusts annually** based on the Fund's investment returns:

- If returns are **above 5%**, your benefit may **increase**
- If returns are **below 5%**, it may **decrease**
- A **Stabilization Reserve** may help cushion decreases

◆ **6. Can my benefit go down?**

Yes, in years when investment returns fall **below 5%**, your monthly benefit could decrease. However, a **Stabilization Reserve** may be used to limit or offset reductions.

◆ **7. When can I start receiving benefits?**

You can start receiving full benefits when you:

- Are **age 65 or older**, and
- **Retire from your employer**

Early retirement is available starting at **age 55**, but benefits are **reduced**.

◆ **8. Do I have to stop working to receive my pension?**

Yes. You must be **retired** and **not work for your employer for at least 60 days** to begin collecting benefits.

◆ **9. What happens if I become disabled?**

If you become **Totally and Permanently Disabled** and have at least **10 years of Vesting Credit**, you may qualify for a **Disability Pension**—even before age 65.

◆ **10. What forms of payment are available?**

You can choose:

- **Single Life Annuity** (monthly payment for your life only)
- **50% or 75% Joint & Survivor Annuity** (you receive less, but your spouse receives part after you die)
- **Lump sum** payment if the value of your total benefit is **$7,000 or less**

◆ **11. Will my benefit continue to adjust after I retire?**

Yes. Each year, your benefit will still adjust based on investment returns—even **after retirement**.

◆ **12. What if I die before I retire?**

If you're **vested**, your spouse may receive a **reduced pension** starting when you would have been eligible to retire.

◆ **13. When must I start receiving my benefit?**

Federal law requires you to start receiving your benefit by **age 72**.

◆ **14. Who do I contact if I have questions?**

LISA Fund – Board of Trustees (Plan Administrator)

📍 PO Box 34203, Seattle, WA 98124

📞 Phone: (844) 933-8756

🖉 Administered by WPAS, Inc.

The following is a timeline to assist you in monitoring your status and the amount of your pension:

Employer contributions made to LISA on your behalf → You receive Fund information from the administrator, WPAS → Go to portal and create your Account → Look out for periodic Annual Benefit Statements → Track your vested status under the Fund → Track the amount of your pension benefit on the portal

Scan this QR Code to fill out your
Employee Information Form today!

WHEN DO YOU BECOME A PARTICIPANT IN THIS PLAN?

You will become a Participant on the first day of the month following your completion of 1,000 Hours of Service with an Employer in your first 12-consecutive month period of employment or in any Plan Year after the commencement of your Covered Service. The Plan Year is the calendar year.

- ***"Covered Service"*** means employment with an Employer for which contributions are required to be paid to the LISA Fund on your behalf.

- ***"Hour of Service"*** means an hour of work for which you are paid or entitled to payment by an Employer, including certain hours of back pay.

WHEN DO I HAVE A RIGHT TO MY PENSION BENEFITS EARNED UNDER THE LISA FUND?

After you earn five years of Vesting Service, you are **"Vested"**. You earn one year of **"Vesting Service"** for each Plan Year during which you work at least 1,000 Hours of Service. Once you are vested, your right to a variable benefit under the LISA Fund cannot be taken away from you.

IF I BECOME DISABLED, DOES THE LISA FUND PROVIDE A DISABILITY PENSION BENEFIT?

Yes. If your Covered Employment is terminated due to a Total and Permanent Disability, you may be eligible for a Disability Pension if you have at least 10 years of Vesting Credit and you were in Covered Service generally close to when your disability begins.

AFTER I AM ELIGIBLE FOR MY PENSION, WHAT FORMS OF PAYMENT ARE AVAILABLE?

Monthly Annuity Payments.

- **Single Life Annuity:** a monthly payment to you during your lifetime. No payments are made after your death.
- **50% Qualified and Joint and Survivor Annuity:** a reduced lifetime monthly benefit to you and then 50% of that monthly pension benefit to your qualified spouse after your death.
- **75% Joint and Survivor Annuity:** a reduced lifetime monthly benefit to you and then 75% of that monthly pension benefit to your qualified spouse after your death.

Lump Sum Payments. If the present value of your monthly annuity payments is $7,000 or less, your pension benefits will be paid to you only in a single lump sum payment instead of future monthly pension payments, regardless of your marital status.

HOW IS MY PENSION BENEFIT CALCULATED?

Your pension benefit is calculated based on three main factors:

1. Annual Credit: The Annual Credit is the rate at which you earn a Fund benefit, based on a percentage of the Employer contributions made on your behalf in a year. For example, if you work 1,000 hours or more in 2025, your benefit earned for 2025 will be based on 2.5% of the Employer contributions made on your behalf. For example, if your employer contributed $720 on your behalf in year one of the LISA Fund, your Annual Credit would be $18 ($720 x 2.5%). If the exact same amount was contributed for ten years you would have ten Annual Credits of $18 each year for a total Accrued Benefit of $180 before adjustments based on the plan's annual investment returns.

2. Years of Credited Service: **"Credited Future Service"** is based on your Covered Service for which contributions to the Trust Fund are payable by an Employer. One full year of Credited Future Service will be given for 1,000 or more Hours of Covered Service. The longer you work in service credited under the LISA Fund, the higher your potential benefit.

3. Investment Returns: The LISA Fund's investment performance plays an important role in determining the value of your monthly benefit. While your benefit is guaranteed for life, it will increase or decrease depending on how the LISA Fund's investments perform.

HOW DOES THE ANNUAL ADJUSTMENT FACTOR WORK?

At the end of each Plan Year, your pension benefit is adjusted based on the plan's investment returns. Here's how it works:

- The plan has a **hurdle rate** of 5.0%. If the plan's annual investment returns exactly meet this rate, your monthly benefit remains unchanged.
- If investment returns exceed the hurdle rate, up to a **ceiling** of 8.0%, your monthly benefit increases for that year. Any returns above 8.0% are directed to the "Stabilization Reserve", which can be used at the discretion of the Trustees to protect against future downturns and decreases to the total monthly benefits.
- If returns fall below the hurdle rate, your total monthly benefit decreases for that year. However, the Stabilization Reserve can be used at the discretion of the Trustees to cushion against the reductions that apply for that year to limit the amount of any decrease.
- The important thing to remember is that the adjustments are made annually based on investment performance for the prior year and the adjustments are applied to your total monthly benefit calculated through the prior Plan Year.

Your Accrued Benefit for 2025 is equal to your Annual Credit for 2025 because that is the first year of the LISA Fund. In future years, your Accrued Benefit as of the end of the Plan Year is equal to the sum of: (A) your total Accrued Benefit earned as of the end of the immediately preceding Plan Year, multiplied by the applicable Annual Adjustment Rate and (B) the Annual Credit earned for that year.

There will be no Annual Adjustment Rate applied to your Accrued Benefit in the 2025 Plan Year until the determination of the Annual Adjustment Rate for the Plan Year ending December 31, 2026. As a result, the Annual Adjustment Rate will be effective for monthly pension payments occurring in the Plan Year beginning January 1, 2027.

WHEN CAN I START RECEIVING MY PENSION BENEFITS?

Vested participants may begin to receive their full pension benefit upon both retiring from their employer and reaching age 65 or older. Early retirement options are also available starting at age 55, but will result in a reduction in your monthly pension benefit to reflect that the payment of your monthly benefit will be made over a longer period of time. These payments generally do not start automatically. Except for small lump sum payments, you must fill out an application and submit required documentation to receive benefits.

MUST I STOP WORKING TO RECEIVE MY PENSION BENEFIT UNDER THE LISA FUND?

In order to be considered "retired" and to start your pension benefit, you must leave any employment with the Employer for at least 60 days. Once that occurs, you can later return to employment and your pension benefits will continue.

DO ADJUSTMENTS CONTINUE AFTER I BEGIN RECEIVING PENSION PAYMENTS?

Yes. After you retire and begin receiving pension payments, the LISA Fund continues to adjust the monthly pension payment at the end of each Plan Year based on the LISA Fund's investment returns during the immediately prior Plan Year. Then your benefit payable on January 1st will reflect that adjustment. For example, if you retire August 30, 2027, the adjustment for the 2027 investment return will apply to your January 1, 2029 payment.

If investment returns (on average) exceed 5.0% over time your pension benefit payments would increase during retirement. The LISA Fund can also provide a level of protection against benefit decreases through the Stabilization Reserve.

- Stabilization Reserve. The Stabilization Reserve is funded by LISA Fund investment returns that exceed the Ceiling Rate of 8.0%. After you begin receiving benefit payments from this LISA Fund, the Stabilization Reserve is intended to help offset some or all benefit decreases to your base benefit.

- Important Note. The Stabilization Reserve depends on annual investment performance of above 8%. Use of the Stabilization Reserve is not guaranteed and will depend on the assets available and the LISA Fund's overall financial health and funding. The use of the Stabilization Reserve is done at the discretion of the Board of Trustees based on a variety of factors including the number of participants impacted and the amount of assets available in the Stabilization Reserve.

DOES MY SPOUSE RECEIVE A BENEFIT IF THEY SURVIVE ME?

Upon retirement, you may elect an option that provides your surviving spouse a portion of your monthly pension benefit. Because the spouse annuity guarantees pension benefits for two (2) lifetimes, the amount you receive each month will be reduced to cover the longer payment period. The amount of this reduction depends on the amount of surviving benefit you select and the age difference between you and your spouse.

If you pass away before retirement and you are vested, your spouse will be eligible for a reduced pension benefit as soon as you would have been eligible to receive pension payments.

IS THERE A POINT I'M REQUIRED TO START RECEIVING MY PENSION BENEFITS?

Yes, you must begin receiving it when federal law requires that benefits commence, usually age 72 or later.

EXAMPLES OF VARIABLE ADJUSTMENTS BEFORE AND AFTER RETIREMENT

Example 1: First Few Years of Participation.

The Participant starts with a benefit of zero at the beginning of Year 1. As a result, there is no LISA Fund adjustment in Year 1. If the LISA Fund earns a 6.0% investment return in Year 1 (greater than the 5.0% Hurdle Rate), the amount of the benefit is adjusted upward at the end of Year 2. If the LISA Fund earns a 3.0% return in Year 2 (less than the 5.0% Hurdle Rate), the amount of the total monthly benefit is adjusted downward at the end of Year 3.

If the LISA Fund earns a 9.0% return in Year 3, the adjustment in Year 4 is limited by the 8.0% Ceiling Rate. The excess investment gains over the 8.0% ceiling rate are used to build up the Stabilization Reserve to protect against benefit decreases in future years.

Year	**Prior Year Plan Return**	**Variable Annuity Annual Adjustment Calculations**
Year 1	N/A	LISA Fund adjustment for investment returns = N/A in first year Hypothetical Benefit earned in Year 1 = $18.00* Hypothetical Benefit at end of Year 1 = **$18.00***
Year 2	6.0%	LISA Fund adjustment of 1.0095 = (1.06 ÷ 1.05) (6.0% return vs. 5.0% Hurdle Rate) Benefit at end of Year 1, adjusted = 1.0095 x $18.00 = $18.17 Benefit earned in Year 2 = $18.00 Total benefit at end of Year 2 = $18.17 + $18.00 = **$36.17**
Year 3	3.0%	LISA Fund adjustment of 0.9810 = (1.03 ÷ 1.05) (3.0% return vs. 5.0% Hurdle Rate) Benefit at end of Year 2, adjusted = 0.9810 x $36.17 = $35.48 Benefit earned in Year 3 = $18.00 Total benefit at end of Year 3 = $35.48 + $18.00 = **$53.48**
Year 4	9.0%	LISA Fund adjustment of 1.0286 = (1.08 ÷ 1.05) (9.0% return, but capped at 8.0% return vs. 5.0% Hurdle Rate) Benefit at end of Year 3, adjusted = 1.0286 x $53.48= $55.01 Benefit earned in Year 4 = $18.00 Total benefit at end of Year 4 = $55.01 + $18.00 = **$73.01**

* Annual Credits will vary based on annual contributions made on behalf of each participant.

<u>Example 2: Mid-Year Retirement After Twelve Years of Participation</u>.

For this Example, the LISA Fund earns a 0% investment return in Year 12, and benefits are adjusted downward at the end of Year 13. The Participant retires in October of Year 13 after working sufficient hours in the first 10 months of Year 13, earning a $15.00 benefit in Year 13. The Participant commences pension payments in November of Year 13.

***<u>Important</u>*:** for simplicity, the example does <u>not</u> reflect any use of the Stabilization Reserve.

Year	**<u>Prior</u> Year Plan Return**	**Variable Annuity Annual Adjustment Calculations**
Year 13	0.0%	<u>November of Year 13 Benefit Calculation</u>: Retires in October of Year 13 Hypothetical Benefit earned in Year 13 through October = $15.00* Hypothetical Benefit at end of Year 12, not yet adjusted = $200.00 Total benefit as of November at commencement: $200.00 + 15.00 = **$215.00** Participant receives $215.00 per month November-December of Year 13 <u>End of Year 13 Adjustment; applied to January Payment in Year 14</u>: Adjustment of 0.9524 = (1.00 ÷ 1.050) (0.0% return vs. 5.0% Hurdle Rate) Benefit at end of Year 12, adjusted = 0.9524 x $200.00 = $190.48 Benefit earned in Year 13, not yet adjusted = $15.00 Total benefit at end of Year 13 = $190.48 + $15.00 = **$205.48**
Year 14	6.75%	<u>End of Year 14 Adjustment; applied to January Payment in Year 15</u>: Adjustment of 1.0167 = (1.0675 ÷ 1.050) (6.75% return vs. 5.0% Hurdle Rate) Benefit at end of Year 13, adjusted = 1.0167 x $205.48 = $208.91 Benefit earned in Year 14 = $0.00 Total benefit payment at end of Year 14 = $208.91+ $0.00 = **$208.91**
Each Year After Year 14 While Benefit Continues		At the end of each Plan Year after Year 14, and until the LISA Fund makes the final benefit payment owed to the Participant under the LISA Fund, the amount of the Participant's monthly benefit payment will be adjusted in the same way as described for Year 14 above.

* Annual Credits will vary based on annual contributions made on behalf of each participant.

IF I HAVE QUESTIONS, HOW CAN I CONTACT THE LISA FUND?

The Board of Trustees is the Plan Administrator and has broad discretion to determine eligibility for benefits and to interpret Plan language. This is only meant to be a high-level summary. A complete "Summary Plan Description" is being prepared with more details about how the LISA Fund operates. The Plan documents will govern your rights under the Plan. In the event of any conflict between this Notice and the Plan documents, the terms of the Plan documents will always govern.

The Board of Trustees has engaged the professional administrative firm of Welfare & Pension Administration Services. Inc ("WPAS") to provide the day-to-day administrative services necessary for the operation of the LISA Fund. Please feel free to contact them with any questions about this very important new benefit you can receive as a result of your employment.

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