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The Board of Trustees (“Trustees”) of the North Central States Regional Council of Carpenters’ Pension Plan (the “Plan”) has previously contacted you regarding some important upcoming changes to the calculation of benefits under the Plan. ***These changes will not affect any participant who retires prior to January 1, 2022 or does not return to work requiring contributions to the Fund on or after January 1, 2022.*** This notice will provide you additional details.

Beginning January 1, 2022, the Plan will begin calculating benefits using a lifetime income benefit (“LIB”) formula which is different than the current “multiplier” formula under which your benefit equals your contribution rate multiplied by a percentage (either 0.635% or 0.615%). We will refer to the current benefit calculation arrangement as the “Legacy” benefit, but other communications may refer to this calculation as your “traditional” benefit. The LIB is intended to provide participants a lifetime pension benefit that will be adjusted annually based on the Plan’s investment returns, which should provide some inflation protection, and improve the Plan’s long-term financial viability.

Accordingly, there will be a variety of changes to the Plan to address issues in the transition to this new benefit formula. These changes include:

- Increases in hourly contributions made on your behalf in 2021 will be held and applied to your benefit under the LIB formula beginning on January 1, 2022—increases in your contribution rate during 2021 will not earn benefits under the Legacy benefit formula (unless you retire in 2021 or earn no service after 2021);
- Discontinuance of new accruals under the Legacy benefit formula for service earned after December 31, 2021; and
- Accrual of new benefits under a LIB formula beginning in 2022.

More information regarding these changes is provided in this notice.

Increases in 2021 Hourly Contributions

Under the Legacy pension formula, your benefit is calculated based on your future service credit. Future service credit is calculated by multiplying contributions your Employer is required to make on your behalf by the accrual rate identified in the Plan

document. Under the Plan's current Legacy benefit formula, contributions are subject to the 0.635% multiplier (or 0.615% if you are subject to the Funding Improvement Plan's default schedule). For example, if your employer is required to contribute \$1,000 on your behalf and you are subject to the 0.635% multiplier, you would be credited with a benefit equal to \$6.35 per month beginning when you attain normal retirement age.

As part of the transition to the LIB formula, the Trustees have amended the Plan to direct all contribution increases taking effect after December 31, 2020 to be applied to the future LIB formula in 2022, rather than being considered under the current future service credit formula.

The amount of your accrued benefit under the Legacy formula will not change and you will continue to accrue benefits during the 2021 plan year in the same way that you did in prior plan years. However, for purposes of calculating your future service credit earned from January 1, 2021 through December 31, 2021, contribution increases will be credited instead under the LIB Formula in the following year (2022). Said another way, the pension benefit that you accrue in 2021 under the Legacy benefit formula will be based on the contribution rate in effect for you on January 1, 2021 and will not take into account any contribution increases that take effect during 2021 (subject to exceptions for participants retiring in 2021 or who earn no service after 2021).

As an example, suppose your employer contributes \$5.00 to the Plan for each hour that you work. Your benefit is calculated by taking 0.635% (or 0.615%, if applicable) of your contributions at \$5.00 per hour. Beginning in June 2021, your employer begins to contribute \$6.11 to the Plan for each hour that you work. The additional \$1.11 (\$6.11 - \$5.00) will either be credited under the LIB Formula in the following year or, if you retire in 2021 or don't earn service after 2021, it will be credited at the 0.635% (or 0.615%) Legacy multiplier.

Discontinuance of Legacy Pension Benefit

Beginning January 1, 2022, you will no longer earn future service credit under the Legacy benefit formula and contributions made on your behalf will no longer be subject to the 0.635% or 0.615% multiplier. This traditional benefit formula only applies to contributions required to be made to the Plan related to work performed prior to January 1, 2022. You will still be entitled to any future service credit earned prior to January 1, 2022 calculated under the Legacy benefit formula.

Effective January 1, 2022, your benefit under the Plan will be calculated by adding your Legacy pension benefit, earned prior to January 1, 2022, and your Lifetime Income Benefit or LIB, earned on or after January 1, 2022, together.

Calculation of Benefits Under the LIB Formula

Effective January 1, 2022, your benefit will be calculated under the LIB Formula. Benefits earned under the LIB are automatically adjusted each year, based on the average investment returns over the previous five years relative to the Plan's investment Hurdle Rate of 5%. If the Plan's

average annual investment return over the previous five years is more than the 5% Hurdle Rate, your benefit under the LIB formula will increase. If the Plan's average annual investment return over the previous five years is less than the 5% Hurdle Rate, your benefit under the LIB formula will go down.

The LIB formula will continue to use a multiplier, similar to the Legacy benefit. The LIB multiplier is 1.55%. Because the Legacy benefits you earned are not yet 100% funded, a portion of contributions the Plan receives after 2021 will be allocated towards funding the Legacy benefit costs based on the contribution rate in effect on January 1, 2021.

The allocation differs depending on differences in the size of rates and will apply as follows:

- All bargaining areas (except Shop and South Dakota contracts): 87% Legacy and 13% LIB;
- Shop contracts: 59% Legacy and 41% LIB; and
- South Dakota contracts: 67% Legacy and 33% LIB.

Additionally, all increases in contribution rates approved after 2020 are applied solely to the LIB formula.

The 1.55% multiplier is used to calculate your benefit if you retire at age 62. A lower effective multiplier is used if you retire between ages 55 and 62 to reflect that the Plan will pay the benefit for a longer period of time (an actuarial adjustment). Please see the table below.

Age Benefits Begin	Effective Multiplier
55	0.80%
56	0.88%
57	0.96%
58	1.05%
59	1.16%
60	1.27%
61	1.40%
62	1.55%

The portion of benefits subject to the LIB annual adjustment is the entire accrued benefit earned after December 31, 2021. The timing of the adjustment occurs at the end of the immediately following year to allow sufficient time for the prior year's actual return to be determined, and to eliminate the need for possible retroactive adjustments.

The following example illustrates how benefits under the LIB formula are adjusted based on investment returns and Plan assets, using the 5% Hurdle Rate and a participant who earns one year of credited service in each Plan year and who has an annual LIB benefit accrual rate of \$100.00.

Year	Prior Five-Year Average Investment Return	LIB Calculations and Comments
2022		Accrued benefit at end of Year 1= \$100.00
2023	6.00%	LIB Adjustment = 1.0095 (1.06 divided by 1.05) Benefit at end of 2022, adjusted = \$100.95 Benefit earned in 2023 = \$100.00 Total accrued benefit at end of 2023 = \$100.95 + \$100.00 = \$200.95 per month
2024	8.00%	LIB Adjustment = 1.0286 (1.08 divided by 1.05) Benefit at end of 2023, adjusted = \$206.70 Benefit earned in 2024 = \$100.00 Total accrued benefit at end of 2024 = \$206.70 + \$100.00 = \$306.70 per month
2025	4.00%	Participant retires on November 1, 2025 At Age 62 Benefit earned October 31, 2025 (10/12 x \$100) = \$83.33 Benefit at end of 2024, not yet adjusted = \$306.70 Total benefit as of November 1 = \$306.70 + \$83.33 = \$390.03 per month <i>End of Year LIB Adjustment</i> LIB Adjustment = 0.9905 (1.04 divided by 1.05) Benefit at end of 2024, adjusted = \$303.79 Benefit earned in 2025, not yet adjusted = \$83.33 Total benefit payment at end of 2025 = \$303.79 + \$83.33 = \$387.12 per month
2026	6.75%	LIB Adjustment = 1.0167 (1.0675 divided by 1.05) Benefit at end of 2025, adjusted = \$393.58 Benefit earned in 2026 = \$0.00 Total benefit payment at end of 2026 = \$393.58 + \$0.00 = \$393.58 per month

Note: The example participant is assumed to elect a benefit payable over his or her lifetime and would be further adjusted if another form of payment was elected. Also, any Legacy benefit earned would be added.

Credited Service for Vesting Legacy Benefit and LIB

As you may know, you are vested in your Legacy benefit once you earn at least five years of credited service before incurring a permanent break in service. You are also vested in your LIB once you earn at least five years of service.

If you are not yet vested in your Legacy benefit as of January 1, 2022, any service you earn under the LIB formula will also be applied toward vesting your Legacy pension benefit. Additionally, all service earned prior to January 1, 2022 will be applied toward vesting of your LIB benefit. In other words, vesting service earned before and after January 1, 2022 is combined and you are only required to earn five total years of service to fully vest in both your traditional benefit and lifetime income benefit.

If you are already vested, this change does not affect you – you remain vested in your Legacy benefits (whether or not you work in 2022 and after).

Form of Benefit Payments

The Plan's current benefit rules and options will remain in effect for the Legacy benefits you earn. Also, the current forms of payment will remain in effect for the LIB—single life annuity and, for married participants, a two-thirds or 75% joint and survivor annuity. You will file one application for your Legacy and LIB benefits, and they will be combined and paid in the same form. The Plan will also continue to offer its disability and death benefits. The portion of these benefits earned on or after January 1, 2022 will be determined and adjusted under the new LIB Formula.

If you have questions about this notice, please contact the Plan Office at (715) 835-3174 or (800) 424-3405.