Annual Funding Notice
For
Timber Operators Council Retirement Plan and Trust

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing the termination of single-employer defined benefit pension plans and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning June 1, 2020 and ending May 31, 2021 ("Plan Year").

Funding Target Attainment Percentage

The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. This percentage for a plan year is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. The Plan's funding target attainment percentage for the Plan Year and 2 preceding plan years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2020	2019	2018
1. Valuation Date	June 1, 2020	June 1, 2019	June 1, 2018
2. Plan Assets			
a. Total Plan Assets	$318,307,053	$272,200,226	$250,213,864
b. Funding Standard Carryover Balance	$30,794,896	$26,313,161	$25,284,098
c. Prefunding Balance	$0	$0	$0
d. Net Plan Assets (a) – (b) – (c) = (d)	$287,512,157	$245,887,065	$224,929,766
3. Plan Liabilities	$255,696,851	$274,214,288	$270,258,093
4. Funded Percentage Before Credit Balance Subtraction (2a)/(3)	124.49%	99.26%	92.58%
5. Funding Target Attainment Percentage (2d)/(3)	112.44%	89.66%	83.22%

Credit Balances

Credit balances were subtracted from the Plan's assets before calculating the funding target attainment percentage in the chart above. While pension plans are permitted to maintain credit balances (called "funding standard carryover balance" or "prefunding balance") for funding purposes, such credits may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions at a level in excess of the minimum level required by law. Generally, the excess payments are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required by law to make to the plan in those years.

Fair Market Value of Assets

Asset values in the charts above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, 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 for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of May 31, 2021, the fair market value of the Plan's assets was $315,527,000. On this same date, the Plan's liabilities, determined using market interest rates, were estimated to be about $327,984,000.

Impact of Interest Rate Stabilization

The Moving Ahead for Progress in the 21st Century Act, Highway and Transportation Funding Act of 2014, and the Bipartisan Budget Act of 2015 changed how pension plans calculate their liabilities. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The “Information Table” below compares the impact of using interest rates based on the 25-year average (the “adjusted interest rates”) and interest rates based on a two-year average on the Plan’s: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. The funding shortfall of a plan is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years.

INFORMATION TABLE						
	2020		2019		2018	
	With Adjusted Interest Rates	**Without Adjusted Interest Rates**	**With Adjusted Interest Rates**	**Without Adjusted Interest Rates**	**With Adjusted Interest Rates**	**Without Adjusted Interest Rates**
Effective Interest Rate for Plan Liabilities	5.37%	3.94%	5.54%	4.12%	5.73%	3.96%
Funding Target Attainment Percentage	112.44%	96.04%	89.66%	76.00%	83.22%	67.47%
Funding Shortfall	$0	$11,841,178	$28,327,223	$77,633,931	$45,328,327	$108,424,407
Minimum Required Contribution	$0	$2,959,248	$5,890,277	$13,335,098	$3,700,000	$11,076,586

Participant Information
The total number of participants in the plan as of the Plan's valuation date was 4,226. Of this number, 978 were active participants, 2,140 were retired or separated from service and receiving benefits, and 1,108 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies
The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The Plan's funding policy is established by the Plan's Board of Trustees (the “Trustees”) in consultation with the Plan's outside actuaries, to set the amount of contributions and the time of payment necessary to fund benefits for Plan participants. The funding policy of the Plan is to fund in amounts sufficient to meet minimum funding requirements, with additional funding provided as deemed appropriate.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various· types or categories of investment management decisions. The investment policy of the Plan includes various guidelines and procedures to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions.

The investment policy of the Plan is adopted by the Trustees pursuant to their authority and responsibilities under applicable law and under the Plan's governing documents, including the trust agreement under which Plan assets are held. The Trustees maintain fiduciary oversight over investment of Plan assets in consultation with professional Investment advisors. Guidelines for investments as well as investment goals and standards for measurement of investment performance are included in the investment policy. Since Plan benefits are long-term in nature, the investment policy balances long-term investment considerations with nearer term considerations. Investments are diversified to help achieve desired long-term investment returns without an excessive risk of loss.

In accordance with 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:

Asset Allocations	Percentage
Investment grade debt instruments	97%
High-yield debt instruments	1%
Real estate	0%
Other	2%

Events Having a Material Effect on Assets or Liabilities
By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. During the plan year beginning on June 1, 2021 and ending on May 30, 2022, the following event will have such an effect: as has been communicated in prior letters, the Trustees are in the process of terminating the Plan and have submitted the appropriate filing to the PBGC. The sponsoring employers have formally committed to contribute additional funds necessary to provide all plan benefits by the date of distribution of plan assets, therefore this will be a “standard termination” as defined in this Notice. If the PBGC provides timely approval, all plan benefits will be paid out before the end of the plan year through a combination of annuity purchases and a voluntary lump sum option for participants who have not yet retired.

Right to Request a Copy of the Annual Report
A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1515, 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.

Summary of Rules Governing Termination of Single-Employer Plans and Multiple Employer Plans
The Plan is a single plan maintained by more than one unrelated employer (a “multiple-employer plan”). Multiple-employer plan terminations are governed by rules similar to the rules that govern termination of a plan maintained by a single employer (a “single-employer plan”). In addition, the Plan's governing documents establish rules applicable to termination of one or more employer's ongoing participation in the Plan. Pertinent rules are summarized below, and are more fully described in the Plan's summary plan description that is distributed without charge to Plan participants. If you would like more information about these rules, please contact the Plan administrator.

Employers can end a pension plan through a process called “plan termination.” There are two ways an employer can terminate its pension plan. The employer can end the plan in a “standard termination” but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with lifetime benefits when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Before purchasing your annuity, your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

If the plan is not fully-funded, the employer may apply for a distress termination if the employer is in financial distress. To do so, however, the employer must prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC
If a single-employer pension plan terminates without enough money to pay all benefits, the PBGC will take over the plan and pay pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is $5,813 per month, or $69,756 per year, payable in the form of a straight life annuity, for a 65-year-old person in a plan that terminates in 2020. The maximum benefit may be reduced for an individual who is younger than age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which include:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding $5,000.

Even if certain benefits are not guaranteed, participants and beneficiaries still may receive some of those benefits from the PBGC depending on how much money the terminated plan has and how much the PBGC collects from the employer.

Corporate Information on File with PBGC
The law requires a plan sponsor to provide the PBGC with financial information about the sponsor and the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor’s controlled group) falls below 80 percent (other triggers may also apply). The participating employers of the Plan were subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for oversight and monitoring purposes.

Where to Get More Information
For more information about this notice, you may contact the Plan's administrator by writing to the Plan's Retirement Manager at Retirement Manager, Timber Operators Council Retirement Plan and Trust, 6825 SW Sandburg Street, Tigard, OR 97223-8083, or by calling the Retirement Manager at (503) 620-1710. For identification purposes, the official plan number Is 333 and the plan sponsor's employer identification number or “EIN” is 93-0496390. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).