Introducing the Sustainable Income Benefit

What's Happening

For hours worked beginning April 1, 2024, your Northwest Glass, Molders, Pottery, Plastics, and Allied Workers Pension Plan (the "Plan") benefits will be earned under a new sustainable income benefit formula.

You'll keep the benefit you earn through March 31, 2024 under the current traditional formula. When you retire, your monthly pension will include your traditional benefit and the sustainable income benefit (accrued under the new formula).

The changes described in this document only apply to participants of the Plan who work hours on and after April 1, 2024.

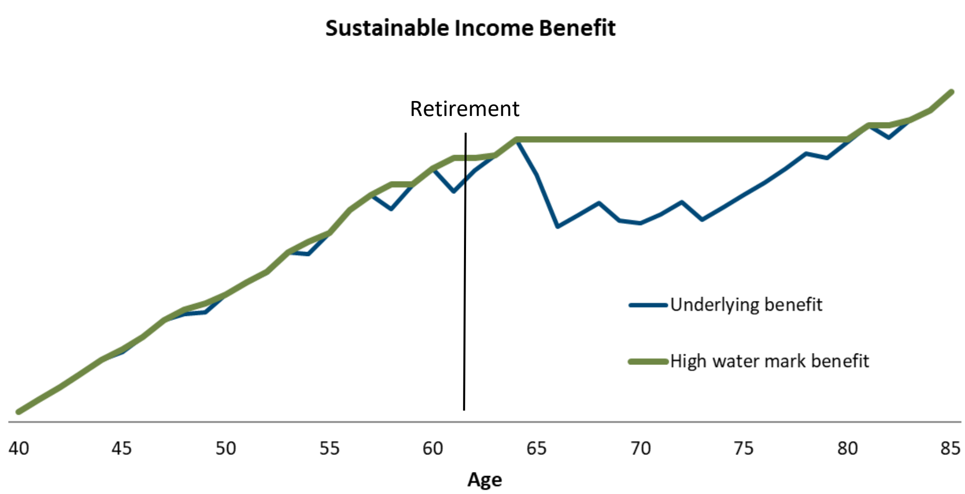
The New Benefit Starts Out Lower but Is Intended to Grow Over Time

The sustainable income benefit accrual rate is lower than for the current formula, but the value of each is the same. That's because the sustainable income benefit is based on a more reachable 5% investment return and is designed to automatically share investment returns above that in the form of benefit increases.

Sustainable income benefits stay fully funded because they adjust based on the Plan's actual results (as opposed to promising benefits based on an educated guess about future investment returns – and then having to make up the difference when investment returns don't meet the assumption).

The sustainable income benefit is expected to increase over time with good investment returns (even after you retire).

This change puts the Plan on a more sustainable path, for a stronger future.



The new sustainable income benefit gives you the security of lifelong income like the traditional benefit, but has the potential to maintain your buying power and reduce the risk that inflation will eat away at your standard of living – protection the traditional benefit doesn't have.

What's Changing

- Beginning with hours worked April 1, 2024, benefits will be earned under the new sustainable income benefit formula.
- During your working years, your sustainable income benefit grows in two ways: with the additional benefit amount you earn each year and, on top of that, with good returns on the Plan's investments (above 5%).
- The accrual rate for the sustainable income benefit is 0.87%, lower than for the traditional benefit (1.20%), because the sustainable income benefit is expected to grow over time – even in retirement.
- At retirement, you will receive both your traditional benefit earned through March 31, 2024 and your sustainable income benefit earned on and after April 1, 2024 (if you are vested; see page 10 for vesting rules).
- The factors used to calculate early retirement benefits are different for benefits earned under the sustainable income benefit formula than the factors used for traditional benefits.

What's Not Changing

It's important to understand what's not changing, too. Keep in mind:

- You keep the traditional benefit you earn on hours worked through March 31, 2024.
- You still have an opportunity to receive an unreduced benefit as early as age 62, if you meet the requirements.
- You don't have to start over when it comes to vesting in the new benefit – all of your vesting service counts for both the traditional benefit and the sustainable income benefit.
- The Plan's investments continue to be professionally managed (so you are not responsible for investment decisions).
- Like the traditional benefit, the sustainable income benefit is still a defined benefit pension that provides lifelong income.

Why make a change?

We have managed to keep the Plan's funded percentage close to, or even slightly above, 100% in recent years despite the Plan's maturity and significant economic headwinds. But, maintaining the Plan's funding level has come at a cost. Those of you who have been in the Plan for some time have experienced benefit accrual rates going down, then coming back up, only to drop again. That's because when investment returns are poor, the options we currently have to protect the benefits that have already been earned are very limited. The Plan's maturity makes this task more difficult.

With the traditional structure, even a funding level above 100% does not make the Plan "safe" – it simply means that at that single point in time, the Plan has enough money to pay for all accrued benefits if the Plan's investments returned 6% each year in the future. However, investments are volatile and unpredictable and the Plan's outlook can change very quickly. When funding problems arise, there are limited options available for fixing them.

"Mature" Plans Face an Uphill Climb

Our Plan is very mature. There are many ways to measure a pension plan's maturity; but typically, a mature pension plan has a retired population that is larger than its active population, liabilities associated with retired participants that are larger than the liabilities associated with active participants, and a fairly large percentage of fund assets being paid out annually as benefit payments. Maturity in itself is not bad, all pension plans will become mature, but maturity makes solving funding problems more difficult.

To safeguard the Plan and ensure its long-term sustainability, we need to protect against the effects of investment volatility and maturity. That's why we made the change to the sustainable income plan benefit structure. As the Plan transitions over time from traditional to sustainable income benefits, the Plan will become less sensitive to investment volatility, underfunding and the effects of maturity.

Why now? Because the sooner we take action, the sooner the Plan will be protected. And, as we are in a relatively healthy position now, we were able to dictate the terms of our new design. If we had instead waited for a crisis to force us to make a change, the terms could have been dictated to us – and the results would have been much less desirable.

Changing the benefit formula doesn't fix these issues overnight. The benefits that were earned under the traditional structure will continue to make up a large portion of the Plan for many years to come. But going forward, the contributions that accrue benefits will be building new benefits that, by design, will not become underfunded.

How Benefits Are Calculated

Sustainable Income Benefit Formula

You accrue a sustainable income benefit each year you're eligible:

Contribution per hour*	**X**	**Hours worked**	**X**	**Benefit accrual rate**	**=**	**Benefit accrual**
the amount contributed to the Plan on your behalf for covered hours of employment April 1 through March 31				under the new sustainable income benefit formula, the benefit accrual rate is 0.87%		amount that is added to your monthly benefit for that year

*The hourly rate is subject to collective bargaining and varies from employer to employer.

For illustration, assume a contribution amount of $1.00 per hour. This means beginning with hours worked April 1, 2024, if you work 1,800 hours in a Plan year, the initial benefit you will earn for that year would be equal to:

Contribution per hour x hours worked x 0.87% = benefit accrual
$1.00 x 1,800 x 0.0087 = $15.66

This amount will then adjust with the Plan's actual investment returns each year. This is the calculation for your normal retirement benefit as a life annuity with five years guaranteed at age 65, or age 62 if you meet the recency test and have 30 years of service (see page 9). This amount is adjusted if you retire before age 62, between ages 62 and 65 but don't meet the recency test or don't have 30 years of service, and/or choose another form of payment such as a spouse option.

How the New Benefit Changes with Investment Returns

The sustainable income benefit has a hurdle rate of 5%. Each year, underlying benefits go up, down or stay the same based on whether the Plan's investment returns are more than, less than or the same as the hurdle rate.

$$\text{Underlying benefit} \quad \times \quad \frac{(1 + \text{investment return})}{(1 + \text{hurdle rate})} \quad = \quad \text{new underlying benefit}$$

If the Plan earns more than 5%, benefits go up. If investments earn less than 5%, underlying benefits go down. However, there is a stabilization reserve (see below) that can be used to protect your high-water mark benefit when the underlying benefit goes down.

Benefit increases are capped at a maximum of 6% per year. When returns are greater than 11.3% ((1.113 ÷ 1.05) – 1 = 6%), the new benefit increase will be 6% and the returns in excess of 11.3% will be used to build reserves for the future.

Of course, investment returns are good some years and not so good other years. Over the last several years, the Plan has earned an average of about 7%.

Example

Mike is a retiree with a sustainable income benefit of $300.00 per month. If the Plan's investments for the prior fiscal year earn 9%, Mike's underlying benefit will increase to $311.43 per month beginning April 1:

$$\$300.00 \quad \text{X} \quad \frac{(1 + 0.09)}{(1 + 0.05)} \quad = \quad \$311.43$$

If the Plan's investments for the next fiscal year earn 2%, Joe's **underlying benefit** will decrease to $302.53 per month beginning April 1:

$$\$311.43 \quad \text{X} \quad \frac{(1 + 0.02)}{(1 + 0.05)} \quad = \quad \$302.53$$

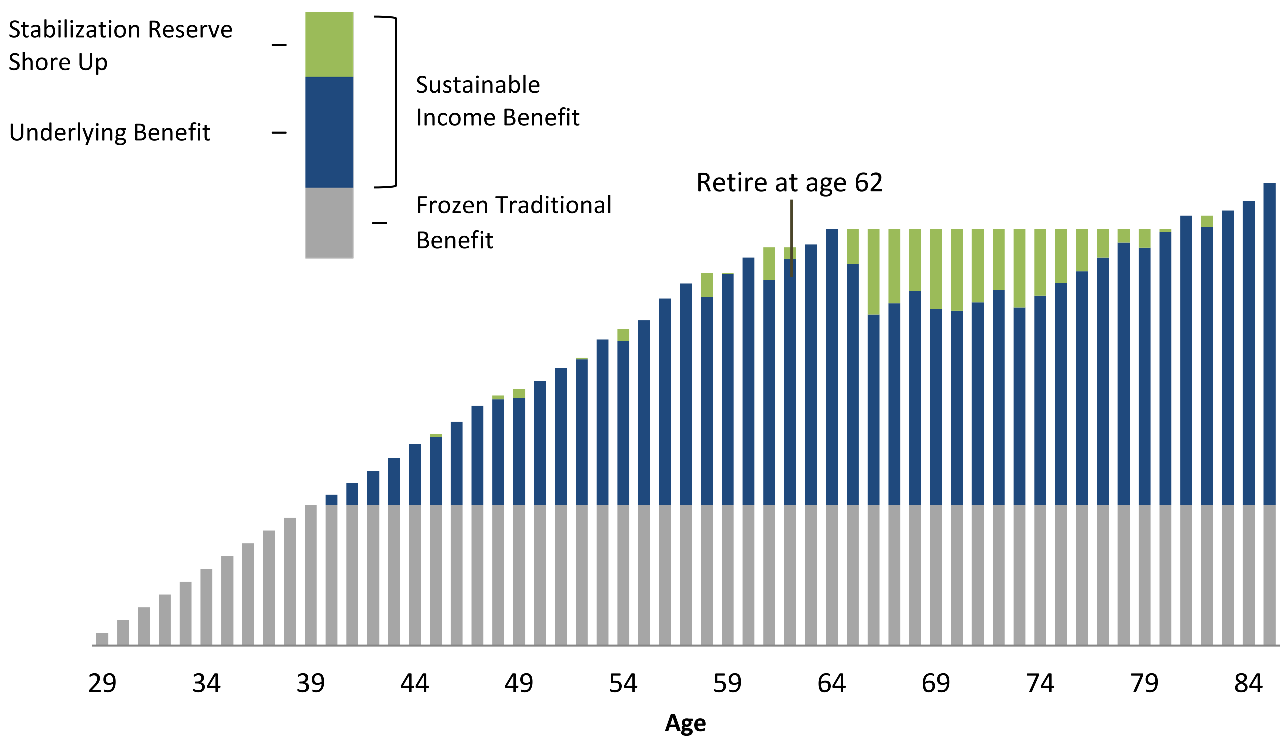
However, with trustee approval, $8.90 from the stabilization reserve may be used to shore up his high-water mark benefit and Joe will continue to receive $311.43 per month.

Each year, the benefit Mike has earned changes with investment returns. That means Mike's benefit has the potential to grow throughout his lifetime. **Mike will also receive the traditional benefit he earned through March 31, 2024. The traditional portion of his benefit does not change.**

The Stabilization Reserve

To reduce the impact of investment downturns, this Plan has a "rainy-day fund" called a stabilization reserve that Trustees can use to prevent your sustainable income benefit from dropping during retirement. In years when investment returns are particularly high, benefit increases will be limited to 6% and the excess will be credited to the stabilization reserve.

The following graph shows how the Trustees might use the stabilization reserve to "shore-up" the difference between the underlying benefit and the high-water mark benefit when investment returns are below the hurdle rate. This example assumes a participant earned the current traditional benefit until age 39 and the new sustainable income benefit after that.



The grey bars show the traditional benefit. Layered on top of that is the underlying sustainable income benefit (blue bars). You can see how the stabilization reserve (green bars) may be used to keep the benefit from falling when the underlying benefit dips below the previous high-water mark.

If the Trustees decide not to take action to use the stabilization reserve to shore up benefits to the retirees' high watermark benefit, or in the unlikely event the stabilization reserve runs out of funds, benefits will still be paid – just at the underlying benefit level (the total of the grey and blue bars).

Benefit Adjustment Date

Benefits will adjust each year on April 1 based on returns from the Plan year that ended one year and one day before that date (for example, the April 1, 2026 adjustment will be based on the Plan's market return from the 2024/2025 plan year).

Traditional Formula for Benefits Earned Through March 31, 2024

As a reminder, under the current traditional benefit, the benefit accrual rate is 1.20% of contributions.

For example, assume a contribution amount of $1.00 per hour and that you worked 1,800 hours in the 2023-2024 Plan year, the benefit you would have earned for that year would be equal to:

Contribution per hour x hours worked x 1.20% = benefit accrual

$1.00 x 1,800 x 0.012 = $21.60

This is the calculation for your normal retirement benefit as a life annuity with five years guaranteed at age 65, or age 62 if you meet the recency test (see page 10). This amount is adjusted if you retire before age 62, between ages 62 and 65 but don't meet the recency test, and/or choose another form of payment such as a spouse option.

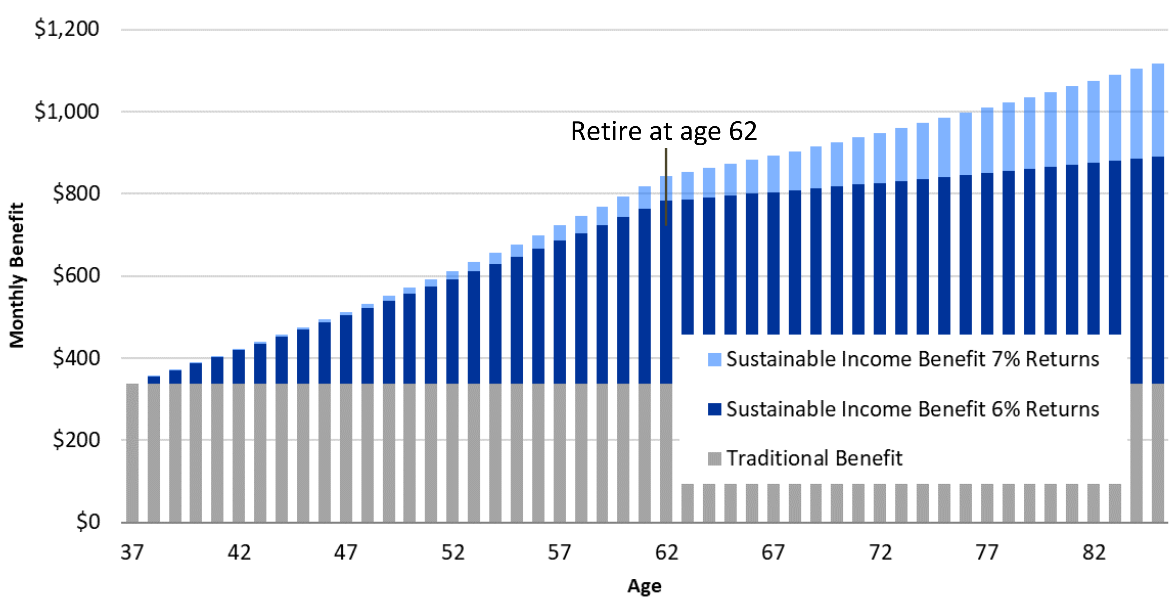
Making the Transition

Example 1

Taylor is 37 and has participated in the Plan for 10 years when the formula changes. He has accrued a traditional monthly benefit of $338.28. He works 1,800 hours per year for 25 more years in the Plan and retires at age 62 with 35 years of service in total.

At age 62, Taylor's monthly benefit could increase to $782.16 if the Plan earned 6% every year; or $843.26 if the Plan earned 7% every year. At age 80, Taylor's monthly benefit could increase to $864.73 if the Plan earned 6% every year; or $1,047.49 if the Plan earned 7% every year.

The traditional benefit portion of these total benefits is $338.28 and stays fixed throughout his retirement.



This example shows the benefit as an unreduced life annuity with five years guaranteed. The amount would be adjusted if he retired earlier, didn't meet the recency/service requirements, and/or chose another form of payment such as an option that provides a benefit to his surviving spouse.

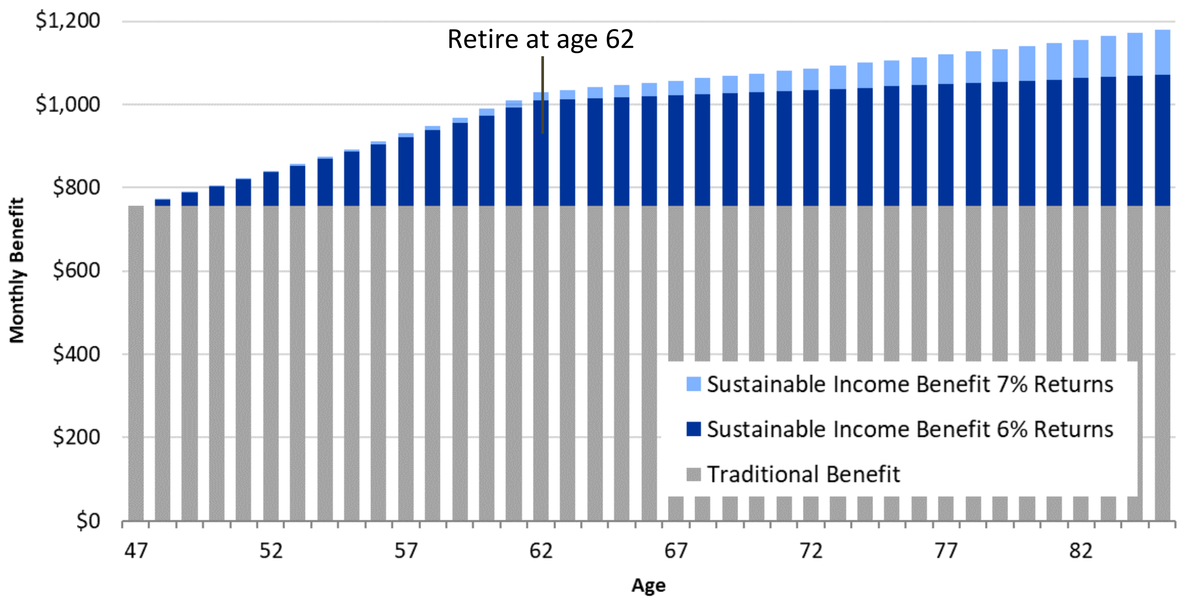
This example is based on the Plan receiving the same investment return every year. In reality, the benefit will depend on actual investment returns which vary from year to year.

Example 2

Suzanne is 47 and has participated in the Plan for 20 years when the formula changes. She has accrued a traditional monthly benefit of $755.88. She works 1,800 hours per year for 15 more years in the Plan and retires at age 62 with 35 years of service in total.

At age 62, Suzanne's monthly benefit could increase to $1,009.50 if the Plan earned 6% every year; or $1,029.96 if the Plan earned 7% every year. At age 80, Suzanne's monthly benefit could increase to $1,056.68 if the Plan earned 6% every year; or $1,140.81 if the Plan earned 7% every year.

The traditional benefit portion of these total benefits is $755.88 and stays fixed throughout her retirement.



This example shows the benefit as an unreduced life annuity with five years guaranteed. The amount would be adjusted if she retired earlier, didn't meet the recency/service requirements, and/or chose another form of payment such as an option that provides a benefit to her surviving spouse.

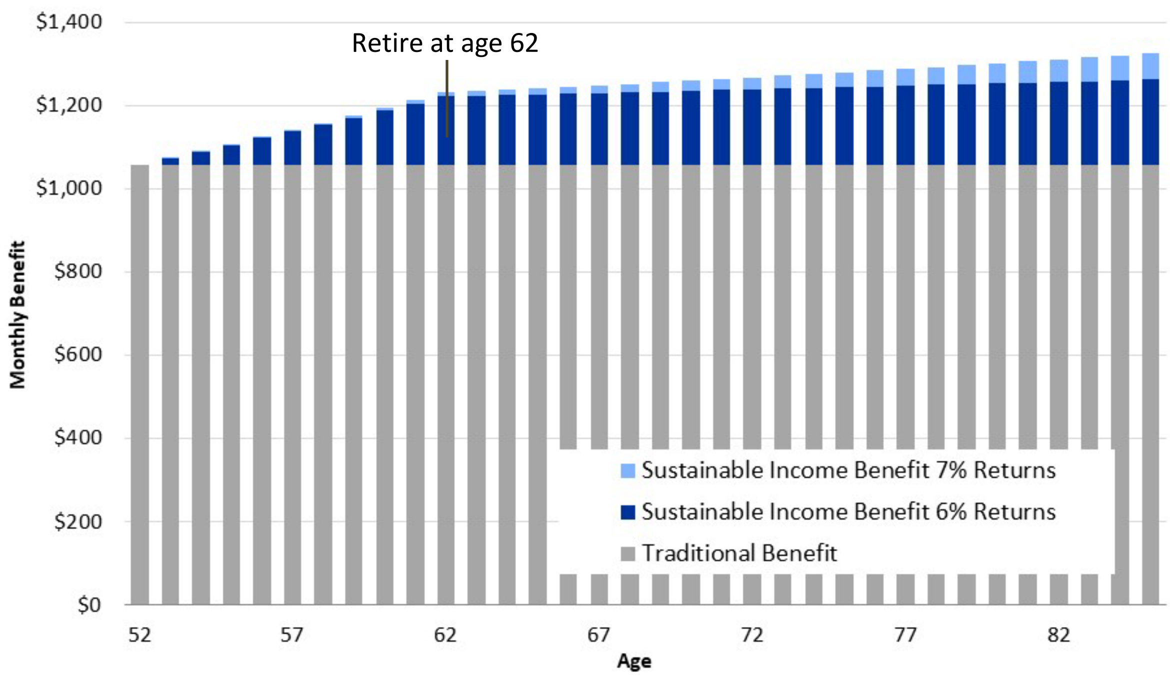
This example is based on the Plan receiving the same investment return every year. In reality, the benefit will depend on actual investment returns which vary from year to year.

Example 3

Gary is 52 and has participated in the Plan for 25 years when the formula changes. He has accrued a traditional monthly benefit of $1,058.37. He works 1,800 hours per year for 10 more years in the Plan and retires at age 62 with 35 years of service in total.

At age 62, Gary's monthly benefit could increase to $1,223.41 if the Plan earned 6% every year; or $1,232.35 if the Plan earned 7% every year. At age 80, Gary's monthly benefit could increase to $1,254.12 if the Plan earned 6% every year; or $1,302.71 if the Plan earned 7% every year.

The traditional benefit portion of these total benefits is $1,058.37 and stays fixed throughout his retirement.



This example shows the benefit as an unreduced life annuity with five years guaranteed. The amount would be adjusted if he retired earlier, didn't meet the recency/service requirements, and/or chose another form of payment such as an option that provides a benefit to his surviving spouse.

This example is based on the Plan receiving the same investment return every year. In reality, the benefit will depend on actual investment returns which vary from year to year.

Other Plan Features

In general, the current Plan rules will continue to apply to your frozen traditional benefit earned through March 31, 2024, and some new rules will apply to your sustainable income benefit earned beginning April 1, 2024. When you retire, the two portions of your benefit (traditional and sustainable) will be calculated separately and then added together to determine your monthly benefit. The following sections provide more details about the new rules and their effect on your benefit.

Early Retirement

Early Retirement Benefit Adjustment

If you retire before your normal retirement age, your payments may be reduced. This reduction is not a penalty – it's an adjustment that reflects your longer expected payout period. In fact, it costs the Plan more to provide early retirement benefits.

How much your benefit is subsidized when you retire before your normal retirement age depends on your age when you retire, whether or not you meet the recency test (for your traditional benefit earned through March 31, 2024), whether or not you have 30 years of service (for your sustainable income benefit earned April 1, 2024 and later), and when your benefit accruals were earned. Different factors may apply to different portions of your benefit.

	No Change		***No Change***		***New***	
	Benefit Accruals Earned Before April 1, 2016		**Benefit Accruals Earned April 1, 2016 – March 31, 2024**		**Sustainable Income Benefits Earned April 1, 2024 and Later**	
	Active Participant	*Non-Active Participant*	*You Do Meet Recency*	*You Do Not Meet Recency*	*You Have at Least 30 Years of Service and You Do Meet Recency*	*You Do Not Have 30 Years of Service and/or You Do Not Meet Recency*
Age	**Factor**		**Factor**		**Factor**	
55	85%	76%	58%	40%	51%	51%
56	88%	79%	64%	46%	54%	54%
57	91%	82%	70%	52%	58%	58%
58	94%	85%	76%	58%	62%	62%
59	97%	88%	82%	64%	66%	66%
60	100%	91%	88%	70%	71%	71%
61	100%	94%	94%	76%	76%	76%
62	100%	97%	100%	82%	100%	81%
63	100%	100%	100%	88%	100%	87%
64	100%	100%	100%	94%	100%	93%
65	100%	100%	100%	100%	100%	100%

The years of service you have already have under the traditional benefit also count towards the new benefit.

Examples

Gary retires when he turns 62 from active employment. He meets the recency requirement and has 30 years of service. The full amount of his benefit is unreduced for early retirement (it may be adjusted if he chooses a form of payment other than a life annuity with five years guaranteed).

Tom retires at age 62 from active employment. He meets the recency requirement but has only 20 years of service. That means the portion of his benefit that he earned through March 31, 2024 is unreduced; but, he received 81% of the portion he earned April 1, 2024 and later. Keep in mind, this is only the reduction for early retirement – the full amount of his benefit will be adjusted accordingly if he chooses a payment option other than the life annuity with five years guaranteed.

Recency Test

The recency test requires you to work at least 375 hours in the year of or the most recent year before your retirement date. Whether or not you meet the recency test determines the level of subsidy the Plan provides for early retirement with respect to both your traditional benefit and sustainable income benefit.

Vesting

Vesting means you have a non-forfeitable right to your accrued monthly benefit. If you have met your vesting requirement, you have a right to 100% of the benefit you have earned. (See the Summary Plan Description at www.nwgmp-pension.com for more details including information about reciprocity service and breaks in service.)

The vesting requirement is not changing; for both the traditional benefit and the sustainable income benefit it is five years. You earn one year of service toward vesting for each calendar year in which you work at least 375 hours of service.

The years of service you have already vested with the traditional benefit will also count towards the new benefit. If you have already met your vesting requirement, you are already vested in both your traditional and sustainable income benefits.

Examples

As of April 1, 2024, Frank has seven years of vesting service (without a break in service). Because years of service apply to both benefits, Frank is vested in his traditional benefit and also immediately vested in the sustainable income benefit he earns on or after April 1.

Cory, on the other hand, has just 3 years of service (without a break in service). Cory still needs two more years of service and then he will vest in his traditional benefit and his new sustainable income benefit. Should he leave the Plan before earning two additional years in service, Cory will forfeit both the traditional benefits he has accrued through March 31, 2024 and any sustainable income benefit.

Late Retirement

The two portions of your benefit are treated differently if you begin retirement payments late.

Traditional benefit: If you start payments after age 65, your monthly pension is based on the traditional benefit you have earned as of your Pension Effective Date. However, because you chose to delay starting your benefit, you have two options. You can either have your monthly benefit amount increased to reflect your later start date, or receive the “missed payments” as a lump sum with interest and leave your monthly amount as is.

Sustainable income benefit: If you start payments after age 65, you will not have the option to get missed payments with interest on the sustainable income portion of your benefit. Your sustainable income benefit will be increased by the value of the missed payments, spread over your lifetime.

Glossary of Key Terms

Annual accrual – the benefit amount you earn each April 1 – March 31

Benefit accrual rate – the factor multiplied by the contributions made on your behalf for covered hours of employment to determine the annual accrual

High-water mark benefit – this is your highest sustainable income benefit amount to date

Underlying benefit – the sustainable income benefit without any stabilization reserve shore up

Hurdle rate – the investment return threshold of 5% that is used to adjust sustainable income benefits

Sustainable income benefit – the portion of your accrued benefit earned on and after April 1, 2024 under the new sustainable income formula (as opposed to your traditional benefit earned through March 31, 2024)

Recency test – the test you must meet to qualify for an unreduced retirement benefit before age 65 for benefit earned on and after April 1, 2016

Stabilization reserve – the money the Plan holds in reserve that can be used to shore up sustainable income benefits and protect them from going down in retirement

Traditional benefit – the portion of your accrued benefit earned through and frozen on March 31, 2024 (as opposed to your sustainable income benefit earned on and after April 1, 2024)

Vesting – your right to receive your pension when you reach retirement age even if you are no longer an active participant at that time

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This guide contains an overview of the Northwest Glass, Molders, Pottery, Plastics, and Allied Workers Pension Plan. Although we have made every effort to ensure this guide is accurate, provisions of the official Plan documents will govern in the case of any discrepancy.

This notice is intended to comply with the Department of Labor requirements for Summary of Material Modifications and the notice requirements found in Section 204(h) of ERISA. More detailed information about the Plan is provided in the formal Plan document, a copy of which can be obtained by providing a written request to the Administrative Office. Certain features of the new sustainable income Plan design described herein are funded through anticipated ancillary payments, which are funded with separate reserves established by the Board of Trustees. The strategic use of the Plan's funding reserves is a material part of the new Plan design, but ancillary payments are not formally part of the accrued benefit under Code Section 411(d)(6). The use of reserves to fund supplemental payments on a temporary basis must be authorized by the Board of Trustees, and is predicated on having sufficient funding reserve levels.

For more information on your Plan benefits, please refer to Summary Plan Description which is available www.nwgmp-pension.com.