

2021 Notice of Critical and Declining Status For Teamsters Local 277 Pension Fund

This is to inform you that on May 27, 2021 the Plan actuary certified to the U.S. Department of the Treasury, and to the Board of Trustees, that the Plan is in critical and declining status for the plan year beginning March 1, 2021. Federal law requires that you receive this Notice.

Critical and Declining Status

The Plan is considered to be in critical and declining status because its funded percentage is less than 65%, it has a projected funding deficiency in the current or next 4 plan years and has a projected insolvency date which is less than the 20-year minimum statutory requirement.

Rehabilitation Plan

Federal law requires pension plans in critical or critical and declining status to adopt a "Rehabilitation Plan" aimed at restoring the financial health of the plan. This is the first year the Plan is in Critical and Declining Status after having been in Critical Status the previous seven years. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of its "Rehabilitation Plan".

When the Plan's actuary initially certified the Plan in critical status in 2014, the Board developed and implemented a "Rehabilitation Plan" designed to improve the Plan's funding. As part of the "Rehabilitation Plan", the Board established schedules that outlined the increased employer contributions and revised benefit structures designed to bring the Plan out of critical status by the end of the rehabilitation period. The "Rehabilitation Plan" established schedules of alternative benefits and contributions. These schedules outlined the acceptable alternatives that were presented to the parties for collective bargaining. In collective bargaining, the contributing employers and the local unions were required to agree to a schedule acceptable to the Board.

The "Rehabilitation Plan" is updated annually and will again be updated in 2022. If the Trustees of this 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. The key benchmark of the "Rehabilitation Plan" signed on February 19, 2021 is to forestall insolvency.

The Trustees continue to consider all options available to the Plan. In addition to updating the Rehabilitation Plan, the Trustees are awaiting the final regulations regarding the Special Financial Assistance rules as provided for in the American Rescue Plan Act of 2021.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan schedule adopted by your employer:

- Subsidized Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- 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 or critical and declining status. An employer will not be subject to the surcharge if the employer, through collective bargaining, agrees to make contributions at a rate that equals or exceeds the contribution rate necessary for the Plan to carry out its Rehabilitation Plan.

Where to Get More Information

For more information about this Notice, you may contact Frank Asprea, Fund Manager, Teamsters Local 277 Pension Fund, 14 Front Street, Hempstead, NY 11550, (516) 505-1623. You have a right to receive a copy of the "Rehabilitation Plan" from the Plan.