2015 Notice of Critical Status for
Teamsters Local 277 Pension Fund

EBSA/PUBLIC DISCLOSURE
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Beginning on January 1, 2008, the Pension Protection Act of 2006 (the "PPA") imposed new rules aimed at accelerating the funding of defined benefit plans such as the Teamsters Local 277 Pension Fund (the "Plan"). Under prior law, defined benefit plans were required to address a funding problem only when a plan would not satisfy minimum funding standards for the current year. Unlike prior law, the PPA requires plans to accelerate funding and to anticipate potential future funding issues based upon projections.

Additionally, on December 16, 2014, the Multiemployer Pension Reform Act of 2014 ("MPRA") was signed into law and will have a significant impact on many multiemployer pension funds across the country. Although regulations for MPRA have not been released and will need to be evaluated before the full impact of the legislation can be known, MPRA would allow for the cutting of certain benefits for those pension funds certified in "critical and declining" status. The Board of Trustees (the "Board") will continue to evaluate the potential impact of MPRA and consider possible ways in which the new legislation may be used to improve the funded status of the Plan.

Critical Status 13-6696819

This is to inform you that on May 29, 2015 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning March 1, 2015. Federal law requires that you receive this notice.

The plan is considered to be in critical status because it has certain funding or liquidity problems, or both. More specifically, the plan's actuary determined that the plan is in Critical Status because:

- The Plan was in Critical Status in the prior year;
- The Plan is projected to have an accumulated funding deficiency within the next ten years;
- The Plan is **not** in Critical and Declining Status.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan.

When the Plan's Actuary initially certified the Plan in critical status in 2014, the PPA required the Board to develop and implement 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 Union are required to agree to a schedule acceptable to the Board.

In addition, effective May 29, 2014, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions only apply to participants and beneficiaries whose benefit commencement date is on or after May 29, 2014.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of the rehabilitation plan 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 status.

Accelerated Distributions (Lump Sum Death Benefits / Minimum Disability Benefits)

As stated above, the Plan's Critical Status certification means the Plan is not able to pay what are known as "accelerated distributions" as of May 29, 2014.

Future of the Plan

We are continuously working to develop ways to secure the Plan's benefits well into the future. As a result of the PPA and MPRA, employers and covered employees are being asked to work together to improve the funded status of the Plan. As noted above, employers have been asked to increase their contributions significantly and certain reductions to adjustable benefits for participants and beneficiaries whose pensions had not started prior to May 29, 2014 have been adopted under specific benefit schedules within the Rehabilitation Plan.

We understand that legally required notices like this one can be confusing and create anxiety and concern about the Pension Fund's future. The Board of Trustees remains confident that the Fund will continue to provide our participants and their families with secure retirement benefits.

Where to Get More Information

For more information about this Notice, you may contact Frank Asprea, Fund Manager, 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.