Alaska Ironworkers Trust Funds

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> Administered by Labor Trust Services, Inc.

September 14, 2010

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TO: ALL PARTICIPANTS, BENEFICIARIES, LOCAL UNIONS, CONTRIBUTING EMPLOYERS, PENSION BENEFIT GUARANTY CORPORATION AND SECRETARY OF LABOR

Notice of Critical Status and Reduction of Benefits for the Alaska Ironworkers Pension Plan

The purpose of this notice is to inform you that on August 27, 2010 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, the Board of Trustees, that the Alaska Ironworkers Pension Plan (the "Plan") is in critical status for the plan year beginning July 1, 2010. The Board of Trustees has already adopted a rehabilitation plan as required by the Pension Protection Act of 2006 (PPA). The rehabilitation plan provides the Plan the best chance at remaining solvent in the decades to come. In order to achieve this, "adjustable" benefits and benefits earned in the future have been reduced. Any commencement of benefits after October 31, 2010 will fall under the provisions in the rehabilitation plan and thereby may be lower than previously expected. Benefits already in pay status as of October 31, 2010 will not be affected. Your benefits will be affected unless you terminate employment on or before September 30, 2010 and submit an Application for retirement form by September 30, 2010 with the intent of retiring October 1, 2010. If you terminate employment after September 30, 2010 you will not be eligible to retire until November 1, 2010 and all of the changes described in this notice will apply to you. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding and liquidity problems. More specifically, the actuary has determined that over the next four plan years, the Plan is projected to have an accumulated funding deficiency for the plan year beginning July 1, 2014. This means that contributions coming into the Plan are not expected to be sufficient to meet minimum contribution requirements as provided by the federal government.

The projected funding deficiency is the direct result of the investment losses experienced by the Plan in 2008 and early 2009. These investment losses have resulted in plan assets falling significantly below plan liabilities. A similar decline is being experienced by other pension plans across the country.

The Trustees of the Plan remain committed to providing the best and most secure benefits possible. The Fund's investment portfolio remains well diversified and is positioned to participate in any market recovery.

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan 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 in which the plan is in critical status until the effective date of a collective bargaining agreement which includes a rehabilitation schedule as provided by the Plan. Accordingly, employer contributions for covered hours after 30 days from when this Notice was sent will be subject to the 5% surcharge. Those employers who have already incorporated the rehabilitation plan into their collective bargaining agreements will not have to pay surcharges.

Rehabilitation Plan and the Reduction of 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. The Trustees of the Plan have determined that both "adjustable" benefit reductions and changes to benefits earned in the future are necessary. The benefits that will be changed are specified in the next section of this notice. Generally, any reduction of adjustable benefits will not reduce the level of a participant's basic benefit (that has already been earned) payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 31, 2010. Also, the Retirement 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.

Benefit Changes

Accrual Rate	Monthly benefit accrual equals 1.2% of all benefit contributions for hours worked after July 1, 2003	Does not change	Monthly benefit accrual equals 1.0% of all benefit contributions
Disability Benefits	A minimum of 50% of the Normal Retirement Benefit at any age after five years of service	Eliminated for all disabilities occurring after October 31, 2010	
Lump Sum Death Benefits	\$5,000 for both pre and post retirement deaths. For non-vested participants – return of contributions	Eliminate \$5,000 benefit for all deaths occurring after October 31, 2010	
Normal Retirement Age	Age 60	Age 60	Age 62

Early Retirement Factors	Plan participants retire earlier than Retirement Age, benefit is multiplic factors listed below For example, if the benefit is \$1,000 participant retires would be entitled \$850 per month. Age 60 59 58 57 56 55 54 53 52 51 50	the Normal but the accrued ed by the bw. ne accrued and the s at age 55, they	allowed to than the N Retirement the accrue multiplied factors lis For exam accrued b \$1,000 an participant age 55, th	nt Age, but ed benefit is by the ted below. ple, if the benefit is ad the t retires at ney would be a benefit of	Plan partiallowed to earlier that Normal R Age, but to benefit is by the fact below. For exam accrued to \$1,000 ar	en the etirement the accrued multiplied etors listed ple, if the penefit is nd the et retires at ney would d to a
Life Only Pension 72 month certain period	Benefits have a g payment period o		for all retir	s 72 month cer rements (excep arting after Oct	ot Pre-Retir	ement
Pop-Up Reductions	A 1% reduction o survivor benefit a the spouse optior the single life and spouse predecea participant.	mount to allow n to 'pop-up' to nuity if the	equivalen	ction is now ba ce which in so er cases less t	me cases v	

This notice serves as a memorandum that is required by the Employee Retirement Income Security Act and the Internal Revenue Code. This is a modification of the Summary Plan Description. Please keep this notice with your January 2003 Pension Plan and Summary Plan Description. If you have any questions about the above changes, please refer to the "Where to Get More Information" located later in this notice.

Estimates

The estimates provided in this section show the impact of the three major changes to the monthly benefits you will receive in retirement:

- 1. Early retirement benefits starting after October 31, 2010 will be reduced based on the schedule shown on page 3 of this notice. This will impact benefits earned in all past years for plan participants retiring before age 60.
- 2. Benefits earned after June 30, 2011 will earn a monthly benefit equal to 1.0% of benefit contributions instead of 1.2% of benefit contributions. This will not impact benefits earned before July 1, 2011.
- 3. Benefits earned after June 30, 2011 will have a normal retirement age of 62 instead of 60. This means benefits starting before age 62 will be reduced for early retirement. This will not impact benefits earned before July 1, 2011.

The following chart shows only the first change listed above which reduces early retirement benefits starting after October 31, 2010 for benefits earned in all past years. The benefits are calculated by multiplying a \$1,000 per month normal retirement benefit by the appropriate early retirement reduction factor provided in the benefit changes chart.

Change in Early Retirement Benefits starting November 1, 2010 for a \$1,000 per Month Normal Retirement Benefit

Retirement Age	Monthly Benefit Commencing October 1, 2010	Monthly Benefit Commencing November 1, 2010
60	\$1,000	\$1,000
59	\$970	\$920
58	\$940	\$840
57	\$910	\$760
56	\$880	\$680
55	\$850	\$600
54	\$790	\$560
53	\$730	\$520
52	\$670	\$4 80
51	\$610	\$44 0
50	\$550	\$400

The following two charts compare the future benefits earned before and after July 1, 2011. The chart located directly below shows the benefits earned in one year for 1,000 hours of work before July 1, 2011. It assumes the work was performed after July 1, 2003 when there was a 1.2% accrual factor. Therefore, the monthly benefit earned before reduction for early retirement is:

1,000 hours worked at \$4.75/hr X 1.2% = \$57.00 per month

Applying the early retirement factors for benefits starting after October 1, 2010:

Benefits Earned for 1,000 Hours of Work in One Year <u>before</u> July 1, 2011 and with Retirement Starting after October 31, 2010

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Retirement Age	Retirement Factor	Monthly Benefit
60	100%	\$57.00
59	92%	\$52.44
58	84%	\$47.88
57	76%	\$43.32
56	68%	\$38.76
55	60%	\$34.20
54	56%	\$31.92
53	52%	\$29.64
52	48%	\$27.36
51	44%	\$25.08
50	40%	\$22.80

Comparing the monthly benefits in the previous chart to the chart below shows the impact of the accrual change and the change in the normal retirement age. This chart shows the benefits earned in one year for 1,000 hours of work after June 30, 2011. Therefore, the accrual factor is 1.0% and the monthly benefit earned before reduction for early retirement is:

1,000 hours worked at \$4.75/hr X 1.0% = \$47.50 per month

Applying the early retirement factors for benefits earned after June 30, 2011:

Benefits Earned <u>after</u> June 30, 2011 for 1,000 Hours of Work in One Year

Retirement Age	Early Retirement Factor	Monthly Benefit
62	100%	\$47.50
61	92%	\$4 3.70
60	84%	\$39.90
59	76%	\$36.10
58	68%	\$32.30
57	60%	\$28.50
56	56%	\$26.60
55	52%	\$24.70
54	48%	\$22.80
53	44%	\$20.90
52	40%	\$19.00
51	36%	\$17.10
50	32%	\$15.20

Rights and Remedies

Participants and beneficiaries in the Alaska Ironworkers Pension Plan are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants shall be entitled to: receive information about your plan and benefits; examine, without charge, at the Plan Administrator's Office and at other locations, (worksites or union offices), all Plan documents, including insurance contracts, collective bargaining agreements, the complete rehabilitation plan and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U.S. Department of Labor and available at the public Disclosure Room of the Employee Benefits Security Administration; obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, the complete rehabilitation plan and a copy of the latest annual report (Form 5500 series) and an updated Summary Plan Description. The Administrator may impose a reasonable charge for the copies. Plan participants also have the right to receive an annual pension funding notice by October 28 of each year.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in state or federal court subject to the exhaustion of the Plan's Benefit Claim and Appeal.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have questions about your rights or remedies, you should contact the Administration Office (see next section for details). The Administration Office serves as the administrative agent for the Board of Trustees. The Board of Trustees is the Plan Administrator. If you have any questions about this notice, this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the EBSA at 1-866-444-3272. You can also obtain certain information on the EBSA website at www.askebsa.dol.gov.

Where to Get More Information

For more information about this Notice, you may contact the Plan's Administrative Office:

Address: Administration Office

3380 C Street, Suite 107

P.O. Box 93870

Anchorage, AK 99509-3870

Telephone: 1-800-325-6532

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