

ALASKA LABORERS TRUST FUNDS

Alaska Laborers-Employers Retirement Fund

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Administered by
Labor Trust Services, Inc

October 28, 2021

NOTICE OF CRITICAL STATUS AND ELECTION TO FREEZE ZONE STATUS

FOR THE ALASKA LABORERS – EMPLOYERS RETIREMENT FUND

This is to inform you that the Alaska Laborers – Employers Retirement Fund is in critical status for the Plan Year beginning July 1, 2021. Additionally, the Board of Trustees for the Alaska Laborers – Employers Retirement Fund have elected to temporarily freeze the Plan’s zone certification in accordance with Section 9701 of the American Rescue Plan Act of 2021. Federal law requires that you receive this notice.

Included with this notice is a separate notice regarding the funded status of the Plan for the 2020 - 2021 Plan Year. The Plan was in critical status during the 2020 - 2021 Plan Year.

Critical Status and Election to Freeze Zone Status

The plan was certified to be in critical status for the July 1, 2020 Plan Year because it was projected to enter critical status in the five years following the certification due to a projected accumulated funding deficiency in the next nine years, and the Board of Trustees for the Alaska Laborers – Employers Retirement Fund elected to enter critical status effective July 1, 2020 under the Multiemployer Pension Reform Act of 2014.

The Plan remains in critical status for the Plan Year beginning July 1, 2021 because, in accordance with Section 9701 of the American Rescue Plan Act of 2021, the Board of Trustees have elected to temporarily freeze the Plan’s zone certification for the plan year beginning July 1, 2021, to be the same status as the plan year beginning July 1, 2020. Absent this election, the Plan would have been certified to be in endangered status. The election to treat the plan as being in critical status applies only for the current plan year beginning on July 1, 2021. You will receive a separate notice if the plan is in endangered or critical status in future years.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the 2nd year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. On April 28, 2021, you were notified that the plan reduced or eliminated adjustable benefits. On October 22, 2020, you were notified that as of October 28, 2020 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. If the trustees of the 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.

Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 28, 2020.

Adjustable Benefits

On April 28, 2021, you were informed of the specific benefits that were subject to reduction or elimination under certain Schedules to the Rehabilitation Plan:

- A "recency test" will now be required for participants to receive the more favorable early retirement factors available to those with a certain level of total covered hours. Generally, this means working at least 3,500 hours in the five plan years before benefits commence.
- The Plan's rules governing reemployment after retirement (often referred to as suspension-of-benefits or return-to-work rules) have been tightened.
- The way benefits are calculated or adjusted for those who work past normal retirement age and/or retire late is changing.
- Participants will no longer be able to elect a retirement date that is before the date they apply. That means no lump-sum payment of benefits from an earlier start date.
- The definition of actuarial equivalence used to convert a normal retirement benefit into other available forms of payment has been modified.

Over time, required updates to the Rehabilitation Plan may require further increases in contributions and/or the further reduction or elimination of adjustable benefits. You will be notified of any such actions taken by the Board of Trustees.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial health. 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 collective bargaining agreement. During the first year that a plan is in critical status, the percentage is 5% of required contributions. In subsequent plan years, it is 10% of required contributions. This surcharge does not apply to employers once a collective bargaining agreement that incorporates a rehabilitation plan schedule is adopted. Employers will receive 30-days advance notice before the surcharge goes into effect.

Information About the Plan

Identifying information about the Retirement Fund is as follows:

PLAN NAME:	Alaska Laborers – Employers Retirement Fund
EMPLOYER ID #:	91-6028298
PLAN NUMBER:	001
PLAN SPONSOR:	Alaska Laborers – Employers Retirement Fund Board of Trustees

Where to Get More Information

You have a right to receive of copy of the rehabilitation plan adopted by the Board of Trustees free of charge. For more information about this Notice, you may contact Alaska Laborers – Employers Retirement Fund c/o Labor Trust Services, Inc. PO Box 93870 Anchorage, AK 99509-3870, Phone: 1-907-561-5119, Toll-free: 1-855-815-2323.