

Notice of Critical Status

For

Alaska Teamster-Employer Pension Plan

This is to inform you that on September 28, 2020 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Alaska Teamster-Employer Pension Plan (Plan) is in critical status for the Plan Year beginning July 1, 2020. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan was in critical status last year and is projected to incur a funding deficiency at some point in the current or nine succeeding plan years. As a result, the Plan has not emerged from critical status.

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 11th 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 October 28, 2010, Plan participants were notified that the Plan reduced or eliminated adjustable benefits effective July 1, 2011, and that the Plan was 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. However, the Plan may still pay lump sum distributions of small monthly retirement benefits as permitted by law. 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 (other than a repeal of a recent benefit increase, as described below) 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, 2010.

Adjustable Benefits

The Plan has offered the following adjustable benefits, some of which have been reduced or eliminated as part of the Rehabilitation Plan that the Plan has adopted:

- Non-spouse pre-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement subsidies;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Benefit increases occurring in the past 5 years; and

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- Other benefits, rights, or features under the plan (including age “plus-ups” relating to pre-1990 benefits).

For a detailed description of the specific Plan changes adopted as part of the Rehabilitation Plan by the Board of Trustees, including “grandfathered” benefits protected from elimination, a copy of the Rehabilitation Plan is available from the Plan Administrator.

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 was applicable in the initial critical year (through June 30, 2011) and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status.

A contributing employer’s surcharge ceases once the employer adopts the required contribution schedule under the Rehabilitation Plan in its collective bargaining agreement and commences supplemental contributions.

Where to Get More Information

For more information about this Notice, you may contact the Alaska Teamster-Employer Pension Trust by phone at (800) 478-4450 or by mail at 520 East 34th Avenue, Suite 107, Anchorage, Alaska 99503-4164. You have a right to receive a copy of the Rehabilitation Plan from the Plan Administrator.