

Notice of Critical and Declining Status
for
Teamsters Local 641 Pension Plan
EIN: 22-6220288/ PN: 001

This is to inform you that on April 30, 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 and Declining status for the Plan year beginning March 1, 2015. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in Critical and Declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan has not passed the "Emergence Test", meaning that the Plan was in Critical status last year, is in critical status this year and is projected to become insolvent (that is, to lack sufficient assets to pay benefits) within the next 19 years, and the inactive to active participant ratio is in excess of 2 to 1. Currently, the Plan is expected to become insolvent and require financial assistance from the PBGC by the year 2021.

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 seventh 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 March 10, 2008, you were notified that the Plan reduced or eliminated adjustable benefits. As of March 4, 2008 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 in 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 June 1, 2008.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan the pension may adopt:

- Subsidized Early Retirement
- Disability Benefit
- Subsidized Joint and Survivor Annuities

As part of the Rehabilitation Plan, the free five year certain life benefit, regular pensions and supplemental pensions have all been dropped from the plan. Service pensions were eliminated for re-retirements for individuals who initially retired on or after 6/1/2008. As an update to the rehabilitation plan the service requirement for the early retirement and disability pensions has been limited to only service earned with Local 641 (i.e. reciprocal service will not count towards early and disability retirement eligibility). Effective 1/1/2012, the annual accrual is limited to \$80.

Further, because the Plan is in Critical and Declining status, accrued benefits and benefits that are in pay status may be reduced, subject to the following restrictions and to the approval of governmental agencies and Plan participants, as indicated on the prior page:

- Benefits may be not be reduced for
 - Participants age 80 or older
 - Participants who are disabled
- Reductions are limited for participants between age 75 and 80, pro-rated for each month a participant is less than 80 years old
- Benefits may not be reduced below 110% of the PBGC maximum benefit guarantee of 100% of the first \$11 plus 75% of the next \$33 per year of service, or \$39.33 per year of service

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation until such time as their collective bargaining agreements are updated to reflect the contribution increases required by the Rehabilitation Plan. 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.

Where to Get More Information

For more information about this Notice, you may contact:

Mary Anne Gerlach
Teamsters Local 641
714 Rahway Avenue, 2nd Floor
Union, NJ 07083
Phone (908) 687-4488

You have a right to receive a copy of the Rehabilitation Plan from the Plan.

DATE SENT: _____