

Teamster Local Union No. 418 Pension Fund

2003 US Route #130, Suite A • North Brunswick, NJ 08902

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April 29, 2015

Notice of Critical Status For

Teamsters Local 418 Pension Fund

This is to inform you that on March 31, 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 January 1, 2015. 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 is not projected to avoid a funding deficiency for each year of the ten year period starting with the 2015 plan year.

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. A rehabilitation plan has been adopted and the Plan is following it. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that 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 the date of the initial notice of the Plan's critical status. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of the date of the initial notice of the Plan's critical status, 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.

Adjustable Benefits

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

- X Post-retirement death benefits;
- X Disability benefits (if not yet in pay status);
- X Early retirement benefit or retirement-type subsidy;
- X Benefit payment options other than a qualified joint and survivor annuity ("QJSA");
- X Other similar benefits, rights or feature under the Plan (i.e., a Social Security level income option);

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund'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 Fund under the applicable collective bargaining agreement. With some exceptions, a 10% surcharge is applicable for this year and each succeeding plan year thereafter in which the Fund is in critical status.

Where to Get More Information

For more information about this Notice, you may contact the Fund Office at 2003 U.S. Route #130, North Brunswick, NJ 08902, or call the Fund Office at (732) 297-3900. You have a right to receive a copy of the rehabilitation plan from the Fund.