

TEAMSTERS LOCAL 102 PENSION FUND

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Notice of Critical and Declining Status For Teamsters Local 102 Pension Plan EIN No. 22-6106515 Plan No. 001 July 2017

This is to inform you that the plan actuary reported to the plan sponsor on July 18, 2017, and certified to the U.S. Department of the Treasury on June 29, 2017, that the plan is in critical and declining status for the plan year beginning April 1, 2017. Federal law requires that you receive this notice.

Critical and Declining Status

The plan is considered to be in critical and declining status, a new funding status category added by the Multiemployer Pension Reform Act of 2014 ("MPRA") because it has funding or liquidity problems, or both. The plan actuary determined that: (i) the Plan is projected to have an accumulated funding deficiency in 2019 and (ii) the sum of the Plan's normal costs and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year, the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants. The plan actuary also determined that the Plan is projected to become insolvent in 2031. The Plan was initially certified as being in critical status for the Plan Year beginning April 1, 2009 due to a projected accumulated funding deficiency. However, the Trustees elected, in accordance with the terms of the Workers, Retiree and Employer Recovery Act of 2008 ("WRERA"), to maintain the Plan's prior year non-critical, non-endangered status during the 2009 Plan Year. As a result, the Plan was neither in critical or endangered status for the 2009 Plan Year.

Effective April 1, 2010, the Plan was certified as being in critical status. In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan on February 14, 2011 and adopted amendments to the Plan in 2014. The Plan has remained in critical status for the Plan Years beginning April 1, 2011, April 1, 2012, April 1, 2013, April 1, 2014, and April 1, 2015. For the Plan Years beginning April 1, 2016 and April 1, 2017 the Plan is Critical and Declining since, in addition to having funding problems, it is now projected to be insolvent in 2030/2031. This has occurred due to the plan's failure to receive sufficient contributions and underperformance of the Plan's investments.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires the Boards of Trustees of pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. This is the first year that the Plan has been in critical and declining status. The Plan was in critical status for the prior six years. In addition to revising the Plan's formula for future benefit accruals and making similar changes, as part of a Rehabilitation Plan, the law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of the Rehabilitation Plan. The Trustees of the Plan determined that benefit reductions were necessary in some instances and on [Date/Dates] participants were sent separate notices identifying and explaining the effect of those reductions. Additional notices may be distributed in the future. As described in prior Notices of Critical Status, whether or not the plan reduces adjustable benefits in the future, effective as of July 31, 2010, 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, and in some instances have already been reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Disability benefits (if not yet in pay status);
- Early retirement benefit;

The following benefit options are not provided under the Plan.

- Post-retirement death benefits;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

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Employer Surcharge

The law requires that, until it enters into an agreement with the Union that implements a contribution schedule adopted as part of the Rehabilitation Plan (a “Conforming Agreement”), a contributing employer must pay a surcharge to help correct the Plan’s financial situation. All participating employers have entered into Conforming Agreements and thus the Surcharges have been suspended.

What’s Next ?

The Plan’s Board of Trustees adopted a Rehabilitation Plan on February 14, 2011. In 2014, the Trustees updated the Rehabilitation Plan. A copy was sent to all Contributing Employers and the Union. The Trustees are again considering revisions to the Rehabilitation Plan.

Pursuant to the passage of the MPRA, the sponsor is permitted to take additional steps to forestall insolvency. Options include possible adjustments to accrued benefits that have already been earned by participants. This applies to both active and inactive participants. The Trustees are exploring additional options. Participants and Beneficiaries will receive a separate notice identifying and explaining the effect of any changes that may be applicable.

You will receive notices like this each year, letting you know of the Plan’s progress or efforts to stabilize its financial status. Since the funding of the Plan is influenced by economic and financial variables beyond the control of the Trustees (such as investment market volatility and changes in employment levels and/or the number of contributing employers), unexpected developments can affect the Plan’s status and cause modification of the Rehabilitation Plan and the required corrective actions needed.

The Rehabilitation Plan and any recommended changes in benefits, contributions, or other Plan provisions will be communicated to all affected individuals and parties before any changes are made.

Where to Get More Information

For more information about this Notice, you may contact the Teamsters Local 102 Pension Fund at 1-800-453-3614 or in writing at 36 Hopatchung Road, Hopatcong, NJ 07843. You have a right to receive a copy of the Rehabilitation Plan from the plan.