

# TAMPA MARITIME ASSOCIATION – INTERNATIONAL LONGSHOREMEN’S ASSOCIATION PENSION PLAN

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## NOTICE OF CRITICAL STATUS

January 17, 2014

EIN: 59 – 6145175  
Plan No.: 001

To: Participants, Beneficiaries, Participating Unions and Contributing Employers

This notice is to inform you that on December 20, 2013 the plan actuary certified to the Board of Trustees of the T.M.A. – I.L.A. Pension Plan and to the U.S. Department of the Treasury that the Plan remains in critical status for the Plan Year beginning October 1, 2013. Federal law requires that you receive this notice.

### CRITICAL STATUS

The Plan is considered to be in critical status because it has a funding and/or financial liquidity problem. More specifically, the Plan’s actuary has determined that the Plan was in critical status for the prior Plan Year and it remains in critical status for the current year because the Plan is projected to have an accumulated funding deficiency for the 2017 Plan Year.

### 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 fourth 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 May 31, 2013, you were notified that the bargaining parties adopted a rehabilitation plan schedule established by the Trustees, to be effective March 29, 2013. Under the bargaining parties’ agreement, contributions would increase in steps beginning on March 29, 2013 and continuing through October 1, 2017, depending on the type of cargo involved. Moreover, on May 31, 2013, you were also notified that as a part of the adopted rehabilitation plan schedule, certain adjustable benefits were reduced after June 30, 2013. More specifically, for disabilities occurring on and after July 1, 2013, eligibility for and benefit payments under the disability retirement provisions of the Plan were restricted and reduced; and for retirements on and after July 1, 2013, the amount of the survivor benefit subsidy for participants and surviving spouses was reduced. On January 28, 2011, you were notified that 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 (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 July 1, 2013.

## **ADJUSTABLE BENEFITS**

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan as determined by the bargaining parties in collective bargaining:

1. Disability benefits (if not yet in pay status);
2. Fully-subsidized Joint and Survivor benefits;
3. Other similar benefits, rights, or features under the Plan.

## **EMPLOYER SURCHARGE**

The law requires that all contributing employers pay to the Plan a surcharge to help improve 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. A 5% surcharge was applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter until the employer agrees to a collective bargaining agreement or similar agreement that implements schedules consistent with the rehabilitation plan. As required by law, the surcharges will be disregarded in determining benefits and withdrawal liability.

The 5% surcharge was payable on contributions required for work performed on or after February 28, 2011 until September 30, 2011. The 10% surcharge was payable for work performed after September 30, 2011 until April 1, 2013 when a collective bargaining agreement that satisfied the rehabilitation plan went into effect.

Now that the rehabilitation plan is in effect, the surcharges no longer apply.

## **WHERE TO GET MORE INFORMATION**

For more information about this notice, you may contact the Fund Office located at 3321 Shenandoah Avenue NW, Roanoke, VA 24017, or by calling 1 (800) 552 – 6972. You have a right to receive a copy of the rehabilitation plan adopted by the Trustees.

This notice is only intended to be a very brief summary of the law and the changes to the Plan. It is not intended to be an exhaustive, complete description of the law or these changes. Please call the Fund Office if you have any questions or do not understand this notice.