

Alaska United Food and Commercial Workers Trust Funds

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Administered by
Labor Trust Services, Inc.

April 25, 2014

NOTICE OF CRITICAL STATUS

For

Alaska United Food and Commercial Workers Pension Trust

April 30, 2014

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This is to inform you that on March 31, 2014 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Alaska United Food and Commercial Workers Pension Trust (Plan) is in critical status for the Plan Year beginning January 1, 2014. 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 over the next 9 years, the Plan is projected to have an accumulated funding deficiency.

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 April 29, 2010, you were notified that as of April 1, 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. 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 only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2010.

Adjustable Benefits

The following adjustable benefits were eliminated effective January 1, 2013, as part of the rehabilitation plan adopted by the Board of Trustees:

Twenty-four month payment guarantee;

NOTICE OF CRITICAL STATUS

(CONTINUED)

- Recent benefit increases;
- Early retirement subsidy;
- Pre-retirement death benefits other than a qualified 50% survivor annuity;
- Subsidized benefit payment options other than a qualified joint-and survivor annuity.

Employer Surcharge

The law requires that all contributing employers pay 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 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, until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to a rehabilitation plan.

Where to Get More Information

For more information about this Notice, you may contact Labor Trust Services, Inc. by telephone at (907) 561-5119 or toll free at (800) 478-8329 or by mail at 375 W. 36th Avenue, Suite 200, P.O. Box 93870, Anchorage, AK 99509-3870. You have a right to receive a copy of the rehabilitation plan from the Plan.

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