

**Notice of Critical Status  
for the  
Inlandboatmen's Union of the Pacific National Pension Plan**

This is to inform you that on September 28, 2017 the Plan actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan is in critical status for the plan year beginning July 1, 2017. Federal law requires that you receive this notice.

**Critical Status**

The Plan is considered to be in critical status because it has funding problems. More specifically, the Plan's actuary determined that the Plan is expected to have an accumulated funding deficiency for plan years beginning on and after July 1, 2018. Also, the sum of the Plan's normal cost 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; and over the next four plan years, the Plan is projected to have an accumulated funding deficiency for plan years beginning on and after July 1, 2018.

The Plan was previously certified in critical status for the plan years beginning July 1, 2010 and July 1, 2011. The Plan was in the "green zone" (that is, not in endangered, critical, or critical and declining status) for the plan years beginning July 1, 2012 through July 1, 2016. The 12-month period from July 1 through June 30 is a 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. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan.

The Board of Trustees adopted a Rehabilitation Plan in 2011. If the Board of Trustees determines that additional 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 will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the new reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 27, 2017. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of October 27, 2017, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount payable 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 the rehabilitation plan:

- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefits or early retirement type subsidies;
- Pre-retirement death benefits other than a qualified pre-retirement death benefit (QPSA);
- Benefit payment options other than a qualified joint-and-survivor annuity (QJSA).

## **Employer Surcharge**

The law requires that all contributing employers pay to 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. Beginning with contributions for work performed in December 2017 through June 2018, the percentage is 5% of required contributions. Beginning with contributions for work performed in July 2018, the percentage is 10% of required contributions.

The surcharge will apply to all contributions made on participants' behalf, including supplemental contributions required by the 2011 Rehabilitation Plan.

## **Special Rules While in the Rehabilitation Plan Adoption Period**

During the rehabilitation plan adoption period, the Board of Trustees may not accept a collective bargaining agreement or participation agreement with the Plan that provides for:

- a reduction in the level of contributions for any participants,
- a suspension in the contributions with respect to any period of service, or
- any new direct or indirect exclusion of younger or newly hired employees from Plan participation.

Further, no amendment which increases the liabilities of the Plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate which benefits become nonforfeitable under the Plan may be adopted unless the amendment is required to keep the Plan qualified under the Internal Revenue Code or to comply with applicable laws. This includes contribution rate increases adopted during the rehabilitation plan adoption period that increase benefits earned under the Plan.

## **Where to Get More Information**

For more information about this Notice, you may contact:

Inlandboatmen's Union of the Pacific Pension Trust  
c/o BeneSys, Inc.  
1220 SW Morrison Street, Suite 300  
Portland, OR 97205  
(503) 224-0048

You have a right to a copy of the 2011 Rehabilitation Plan and the new Rehabilitation Plan when it is adopted by the Board of Trustees.