NOTICE OF CRITICAL AND DECLINING STATUS

For

Alaska United Food and Commercial Workers Pension Fund

April 29, 2024

This is to inform you that on April 1, 2024 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 Fund (Plan) is in Critical and Declining status for the Plan Year beginning January 1, 2024. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is in critical and declining status under the Multiemployer Pension Reform Act of 2014 ("MPRA") for the plan year beginning January 1, 2024 because as of that date (i) the Plan meets the criteria of critical status as set forth in Section 432 of the Internal Revenue Code (the "Code") and (ii) the Plan is projected to become insolvent within twenty (20) years. Insolvent means that the Plan's available assets will not be sufficient to pay benefits to participants when due. As of January 1, 2024, the Plan is projected to become insolvent during the 2040 Plan Year. The actuary's determination that the Plan is in critical and declining status is based upon a specific set of assumptions, including the assumption that all employers that negotiated a rehabilitation plan schedule remain on that schedule.

If the Plan becomes insolvent, it must apply to the PBGC for financial assistance. The PBGC will loan the Plan the amount necessary to pay benefits at the guaranteed level. Please refer to the Plan's Annual Funding Notice for more information regarding PBGC benefit guarantees.

Rehabilitation Plan

Federal law requires pension plans in critical or critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the fifteenth (15) year the plan has been in critical status and the second (2) year the plan has been in critical and declining 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.

The most recent update to the Rehabilitation Plan was ratified on March 4, 2022. This update affirmed that the Plan is not projected to emerge from Critical Status; that the Plan is in Critical & Declining Status and is using "all reasonable measures" to forestall insolvency under its Rehabilitation Plan.

Options for Plans in Critical and Declining Status

The American Rescue Plan Act of 2021 (ARP) was signed into law on March 11, 2021. Under the ARP, certain plans (including this Plan) may apply to the PBGC for Special Financial Assistance (SFA) funded by the US Treasury. Details regarding the ARP, SFA, and actions taken by the Board of Trustees are described in the cover letter to this notice.

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(CONTINUED)

Under the MPRA, a plan that has been determined to be in critical and declining status and is projected to become insolvent may adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is to prevent insolvency. Generally, in order for the Board of Trustees to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (“Treasury”) in consultation with the Department of Labor and the PBGC, and ratified by a vote of the plan’s participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is in critical and declining status, the Board of Trustees could apply to the Treasury for approval of benefit suspensions and, if necessary, to PBGC for a partition under MPRA.

Adjustable Benefits

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

- [x] Twenty-four month payment guarantee;
- [x] Recent benefit increases;
- [x] Early retirement subsidy;
- [x] Pre-retirement death benefits other than a qualified 50% survivor annuity;
- [x] Subsidized benefit payment options other than a qualified joint-and survivor annuity.

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. 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 Zenith American Solutions by telephone at (833) 942-2315 or by mail at 12205 SW Tualatin Road, Suite 200, Tualatin, OR 97062. You have a right to receive a copy of the Rehabilitation Plan from the Plan.