

ALASKA LABORERS TRUST FUNDS

Alaska Laborers-Employers Retirement Fund

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Administered by
Labor Trust Services, Inc

October 22, 2020

NOTICE OF CRITICAL STATUS

FOR THE ALASKA LABORERS – EMPLOYERS RETIREMENT FUND

This is to inform you that the Alaska Laborers – Employers Retirement Fund entered critical status for the Plan Year beginning July 1, 2020. Federal law requires that you receive this notice.

Included with this notice is a separate notice regarding the funded status of the Plan for the 2019 - 2020 Plan Year. The Plan was not in critical status during the 2019 - 2020 Plan Year. Also included with this notice is an explanation of what changed between the 2019-2020 and 2020-2021 Plan Years.

Critical Status

The plan is considered to be in critical status because it has funding problems or liquidity problems, or both. More specifically, the Plan is projected to enter critical status in the five years following the current plan year due to a projected accumulated funding deficiency in the next nine years, and the Board of Trustees for the Alaska Laborers – Employers Retirement Fund elected to enter critical status effective July 1, 2020 under the Multiemployer Pension Reform Act of 2014.

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. To the extent that the Board of Trustees determines that benefit reductions are necessary, you will receive a separate notice 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 reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 28, 2020.* But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of the date of this notice, 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 in critical status.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of the rehabilitation plan:

- Early retirement benefits or early retirement type subsidies (if not yet in pay status);
- 60-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Death benefits other than a qualified pre-retirement death benefit (QPSA);
- Benefit payment options other than a non-subsidized 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 health. 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 collective bargaining agreement. During the first year that a plan is in critical status, the percentage is 5% of required contributions. In subsequent plan years, it is 10% of required contributions. This surcharge does not apply to employers once a collective bargaining agreement that incorporates a rehabilitation plan schedule is adopted. Employers will receive 30-days advance notice before the surcharge goes into effect.

Where to Get More Information

You have a right to receive of copy of the rehabilitation plan adopted by the Board of Trustees free of charge. For more information about this Notice, you may contact Alaska Laborers – Employers Retirement Fund c/o Labor Trust Services, Inc. PO Box 93870 Anchorage, AK 99509-3870, Phone: 1-907-561-5119, Toll-free: 1-855-815-2323.