

Alaska Laborers-Employers Trust Funds

375 W. 36th Avenue, Suite 200 • P.O. Box 93870 • Anchorage, Alaska 99503
Phone (907) 561-5119 or (800) 325-6532 • Fax (907) 561-4802

Administered by
Labor Trust Services, Inc.

TO: All Active, Vested Terminated, Disabled and Retired Participants, Beneficiaries, Alternate Payees, representatives of the Alaska State District Council of Laborers and its affiliated locals, and Employers who contribute to the Alaska Laborers – Employers Retirement Fund

FROM: The Board of Trustees for the Alaska Laborers – Employers Retirement Fund

DATE: April 30, 2021

RE: Amendment to the Alaska Laborers – Employers Retirement Fund

Please note the changes described in this notice do not affect your benefit amount if you commence your benefit prior June 30, 2021. However, there are changes to the Plan's reemployment rules that could affect you if you return to work after retirement.

BACKGROUND

The 2019-2020 Plan Year brought uncertainty and unpredictability in financial markets due to the COVID-19 pandemic. It was an unprecedented year with dramatic changes for all, both socially and financially, with many changes yet to come. In response to the volatility of the financial markets, you were previously notified that the Alaska Laborers-Employers Retirement Fund ("Fund") was certified in critical status on September 28, 2020 for the Plan Year beginning July 1, 2020.

As required by Federal Law and with a view of preserving the financial integrity of your pension plan, the Board of Trustees adopted a Rehabilitation Plan in February 2021 and have subsequently worked with the bargaining parties to implement the Rehabilitation Plan to best meet the needs of Participants while complying with legal funding requirements.

The Rehabilitation Plan is comprised of two "schedules" made up of benefit adjustments and contribution increases intended to return the Fund to financial health over the Rehabilitation Plan Period (approximately 10 years):

- Preferred Schedule – Several bargaining parties have already elected this schedule. This schedule impacts your ability to return to work after retirement, has limitations on payments of lump sums, and alters the method of determining retirement benefits that commence after your normal retirement age. This schedule also includes potential changes to your early retirement benefits. In addition, non-accruing contribution rates to the Fund are increased.
- Default Schedule – Like the Preferred Schedule, this schedule impacts your ability to return to work after retirement, has limitations on payments of lump sums, and alters the method of determining retirement benefits that commence after your normal retirement age. This schedule includes changes to the early retirement factors applied to your benefit earned after June 30, 2021. Contribution rates to the Fund are substantially increased (by more than the Preferred Schedule).

If you haven't worked at least 250 hours in the plan year ending June 30, 2021 you are covered under the Preferred Schedule.

Otherwise, bargaining parties must adopt one of the schedules. The schedule adopted by your employer and union representatives determines your future contributions and benefits. Once a schedule is elected, that election cannot be changed. The schedules are reviewed on an annual basis by the Board of Trustees to evaluate and implement necessary changes.

Please refer to your Summary Plan Description or the Alaska Laborers – Employers Retirement Fund Plan Document for more information about the rules regarding participation in the Retirement Fund, benefits available from the Retirement Fund, and the claims and appeals procedures. Please keep this Notice with your Summary Plan Description, which is the booklet that describes the rules and procedures for the Retirement Fund.

The Board of Trustees of the Alaska Laborers – Employers Retirement Fund has adopted the following plan changes effective for benefits that commence on or after July 1, 2021.

CHANGES TO RETIREMENT FUND BENEFITS

Current Retirees, Beneficiaries, Alternate Payees, certain Survivors

- If you are a retiree, beneficiary, or alternate payee receiving a benefit from the Fund as of June 30, 2021, your benefit **is not affected** by these plan changes.
- If you are a widow or widower of a non-retired deceased participant but have not commenced a benefit prior July 1, 2021, certain death benefit options will be no less than the amount determined under the plan provisions prior to this notice.
- But, **if you return to work**, your retirement benefit will be affected by these plan changes.

All other Fund Participants

The key provisions of the plan changes are described in more detail on the following pages:

REEMPLOYMENT AFTER RETIREMENT

Currently, you may retire early and start a benefit if you meet the early retirement eligibility requirements. If you return to work for one or more hours in Prohibited Post-Retirement Service (PPRS) prior to reaching your Normal Retirement Date, your early retirement benefit is suspended. PPRS is one or more hours of work in any month in Alaska and in the industry in which the Employers participate (any business activity of the type engaged in by Employers maintaining the Fund), regardless if you work under the terms of a collective bargaining agreement. Certain exceptions apply. Benefits are not to be suspended if you are working:

1. as a superintendent, JATC instructor, or
2. for the North Star Borough as a transit or vantran operator, or
3. as an election monitor or election judge in any labor organization union election, or
4. non-exempt administrative or clerical staff employment for a labor organization (subject to certain conditions), or
5. as a consulting manager or advisor to the Training Director of the Training School, or
6. no more than 39 hours per month in Alaska, in a trade or craft under the terms of a Collective Bargaining Agreement, and in the construction industry or in the industry in which the Employers participate.

Your early retirement benefit resumes the first of the month during which you are not engaged in PPRS. You may earn additional benefit accruals by working at least 250 Covered Hours of Employment in a Plan Year. For the first period of such PPRS, you earn additional benefits under the post-June 30, 2011 accrual rules and the additional benefits are added to your monthly benefit when you again cease PPRS. For any subsequent periods of PPRS, benefits accrued after June 30, 2011 and prior to attaining age 65 are calculated at 0.92% of accruing contributions, while benefits accrued on or after Normal Retirement Age are calculated at 1.20% of accruing contributions.

Effective July 1, 2021: If your initial early retirement date is on or after July 1, 2021, you may return to PPRS, but your early retirement benefit will be permanently suspended. You may not reapply to commence early retirement benefits. You may apply for Normal Retirement Benefits once you reach your Normal Retirement Date (age 57 for benefits accrued prior to July 1, 2011 and age 65 for benefits accrued after June 30, 2011) and have ceased prohibited employment. Your Normal Retirement Benefit will be actuarially adjusted for retirement benefits previously received.

- Your early retirement benefit that commenced for the first time on or after July 1, 2021 will be forfeited if you return to work after such early retirement and before reaching your Normal Retirement Date.
- If you commenced early retirement benefits before July 1, 2021, the forfeiture will not apply to those benefits. But if you return to work after your initial early retirement and earn additional benefits after July 1, 2021, those additional early retirement benefits are subject to forfeiture once you recommence your early retirement benefit (if you again return to PPRS).
- **Prohibited Post-Retirement Service** includes employment:
 - In the State of Alaska
 - In the building and construction trades, road construction, or any other industry of any kind in which contributing employers are engaged. In addition to the above it includes but is not limited to:
 - Janitorial
 - Maintenance
 - Environmental remediation
 - Hospitality

- Nursing and Certified Nursing Assistants (CNA) working in the Municipality of Anchorage
- In a job classification similar to those set forth in a Laborers Collective Bargaining Agreement,
- Including employment under a Collectively Bargained Agreement not negotiated by Laborers 341 or 942 if the employment meets the criteria in the first three listed above,
- And further including employment as an owner, supervisor, superintendent, estimator, or expeditor in a business which meets the criteria in in the first two bullet points above if the employer is not under contract with either Local 341 or 942.

There are exceptions to the above listed prohibited employment. The following employment is not PPRS:

- Employment as an owner, supervisor, superintendent, estimator, or expeditor of a company that has a current collectively bargained agreement with Local 341 or Local 942 covering the company's bargaining unit employees. Participants working under this exception may use their hours worked to establish "recency" for the purpose of qualifying for early retirement benefits.
- Employment as a JATC instructor.
- Employment as a consultant, manager, or advisor to the Training Director of the Alaska Laborers Construction Industry Apprenticeship and Training School.
- Employment for the North Star Borough as a transit or vantran operator.
- Employment as an election monitor or election judge in monitoring and administering an election in any labor organization.
- Handy Man. Participants who individually contract for work generally regarded as "handy-man" work are not engaged in PPRS. This exception is intentionally not strictly defined. However, the intent is to allow Participants to engage in labor of a type that is individual in nature and does not compete with jobs done by contractors signatory to bargaining agreements with Locals 341 and 942.
- Intermittent Workers. Participants who cease work from a contributing employer to this Plan and who elect early retirement and who subsequently return to work for a contributing employer (Post-Retirement Service) do not forfeit their entire early retirement benefit. However, their monthly benefits do remain subject to this plan's general forfeiture rules depending on hours worked. Further, if at any time a Participant receiving an early retirement benefit that commenced on or after July 1, 2021 engages in PPRS their entire early retirement benefit is subject to forfeiture under these rules.

If you are receiving an early retirement benefit and re-enter Post-Retirement Service, you must notify the administrator within 10 calendar days of beginning work. If you are unsure of the status of the proposed post-retirement employment, please contact the administrator for verification and consequences of re-entering post-retirement employment.

Example 1) Robert is age 52, has a normal retirement age of 65, and commences early retirement on July 1, 2021. He returns to work on January 1, 2022 in Prohibited Post-Retirement Service. His early retirement benefit is suspended, and he cannot recommence his retirement benefit until he reaches normal retirement age at age 65. At normal retirement age, his normal retirement benefit will be actuarially adjusted to account for the value of the early retirement benefits received.

Example 2) Jean is an intermittent worker who has worked occasionally in Alaska for 10 years. She has earned a retirement benefit and commences early retirement at age 55 on January 1, 2022. She returns to work for a short period beginning May 1, 2023 and ceases work as of June 30, 2023. Her early retirement benefit may recommence on July 1, 2023, plus any additional accruals (if any), because she is an intermittent worker and exempt for the forfeiture restrictions.

Retroactive Annuity Starting Date Elimination

Currently: If you do not apply and commence benefits at your normal retirement date, you may apply later. If you have not been engaged in suspendible employment, you will receive a lump sum payment that represents retroactive benefit payments from your normal retirement date to the current benefit commencement date, at the applicable interest rate under the Plan.

Effective July 1, 2021: You will no longer be able to elect to begin retirement income retroactive to a date earlier than your application date. You will receive an actuarial increase for months during which you were not engaged in suspendible employment through your actual benefit commencement date. The increase, when applicable, will be $\frac{3}{4}$ of 1% for each month that the Late Retirement Date is after the Normal Retirement Date. You must commence benefits no later than the April 1 following the calendar year in which you reach your required beginning date.

Late Retirement

Currently: You may work past Normal Retirement Date. You may commence late retirement the first of the month you cease suspendible employment. You are paid your accrued benefit earned through your Late Retirement Date. You will also receive a lump sum of payments, with interest, for any months from your Normal Retirement Date to your actual benefit commencement date in which you didn't work in suspendible employment.

Effective July 1, 2021: You will receive a suspension notice shortly prior to your Normal Retirement Date that informs you of the consequences of working past your Normal Retirement Date. If you work past your Normal Retirement Date, upon termination of suspendible employment you will receive your total accrued benefit at your Late Retirement Date. However, you must commence benefits no later than the April 1 following the year in which you reach your required beginning date, even if still employed.

If you have months during which you do not work in suspendible employment (fewer than 40 hours per month in suspendible employment), you will receive an increase of your accrued benefit for those months. If you did not work past your Normal Retirement Date you will receive an increased benefit at the Late Retirement Date. The increase, when applicable, is $\frac{3}{4}$ of 1% for each month the Late Retirement Date is after the Normal Retirement Date.

EARLY RETIREMENT PROVISIONS

The Early Retirement Factor is determined based on your age at Early Retirement and your Covered Hours of Employment. To determine the Early Retirement factor, both before and after the plan change, neither reciprocal service nor contiguous non covered hours of employment are included in your total Covered Hours of Employment. Hours that are forfeited due to a five-year break in service are also excluded. You may retire early on the first of any month on or after age 50 if you have at least 5 years of Credited Service.

Currently: your early retirement benefit is reduced depending upon when your benefit accrued and your age and total hours of Covered Employment at the time of retirement.

- For benefits accrued through June 30, 2003, the reduction is 1/6% per month your early retirement date precedes your Normal Retirement Date.
- For benefits accrued after June 30, 2003 through June 30, 2011, the reduction is 1/6% per month your early retirement date precedes your Normal Retirement Date for Participants with at least 20,000 Hours of Covered Employment at the time of first retirement; 1/3% per month your early retirement date precedes your Normal Retirement Date for Participants with at least 10,000 but fewer than 20,000 Hours of Covered Employment at the time of first retirement; and ½% per month for Participants with fewer than 10,000 Hours of Covered Employment at the time of first retirement.
- For benefits accrued on and after July 1, 2011 through June 30, 2016, the reduction is pursuant to the chart under Section 6.3(c) of the Plan, depending upon the number of hours worked and age at retirement.
- For benefits accrued on and after July 1, 2016, the reduction is determined pursuant to the Funding Improvement Schedule (FIP Preferred Schedule, FIP Contribution Only Schedule, or FIP Default Schedule) adopted by the Collective Bargaining Agreement under which the benefits were earned, depending upon the number of hours worked and age at retirement.

Early Retirement under the Rehabilitation Plan Preferred Schedule

Effective July 1, 2021: The following description applies if your early retirement benefit commences on or after July 1, 2021 under the Rehabilitation Plan Preferred Schedule.

Definitions:

- **Active Participant:** A participant is an Active Participant on or after July 1, 2021 if he or she completes at least 250 Hours of Service in the Plan Year ending on or after June 30, 2021.
- **Inactive Participant:** A participant is an Inactive Participant as of July 1, 2021 if he or she did not complete at least 250 Hours of Service in the Plan Year ending June 30, 2021.
- **Recency Test:** a Participant must work at least 3,500 **suitable hours** of employment in the five plan years ending with the Plan Year in which early retirement benefits commence or the five Plan Years ending with the Plan Year immediately preceding the Plan Year in which early retirement benefits commence.
 - **Suitable hours** include covered hours of employment and hours of employment not considered PPRS for sponsoring employers of the Fund who have a current collective bargaining agreement with Local 341 or Local 942 or other participating agreement.

The Early Retirement Income is reduced in accordance with the early retirement factors shown in the table below if you meet the following criteria:

- Active Participants who complete at least 250 Hours of Service in the Plan Year ending on or after June 30, 2021 and satisfy the Recency Test, and
- Inactive Participants who return to work and complete at least 250 Hours of Service in a Plan Year ending after June 30, 2021 and satisfy the Recency Test

Age	For Benefits Earned Prior to July 1, 2011 <i>Hours of Covered Employment</i>		For Benefits Earned After June 30, 2011 <i>Hours of Covered Employment</i>		
	<30k	>=30k	<20k	20k-<30k	>=30k
50	57%	86%	27%	55%	86%
51	62	88	29	60	88
52	66	90	32	65	90
53	72	92	35	70	92
54	78	94	39	75	94
55	86	96	42	80	96
56	93	98	46	85	98
57	100	100	50	90	100
58	100	100	53	92	100
59	100	100	57	94	100
60	100	100	63	96	100
61	100	100	69	98	100
62	100	100	75	100	100
63	100	100	83	100	100
64	100	100	92	100	100
65	100	100	100	100	100

The Early Retirement Income is reduced in accordance with the early retirement factors shown in the table below if you meet the following criteria:

- Active Participants who complete at least 250 Hours of Service in the Plan Year ending on or after June 30, 2021 but don't satisfy the Recency Test,
- Inactive Participants who don't return to work after June 30, 2021, and
- Inactive Participants who return to work and complete at least 250 Hours of Service in a Plan Year ending after June 30, 2021 but don't satisfy the Recency Test

Age	For Benefits Earned Prior to July 1, 2011	For Benefits Earned After June 30, 2011
50	57%	27%
51	62	29
52	66	32
53	72	35
54	78	39
55	86	42
56	93	46
57	100	50
58	100	53
59	100	57
60	100	63
61	100	69
62	100	75
63	100	83
64	100	92
65	100	100

Below are several examples to help illustrate the impact of these changes for a participant who retires at age 57. These examples demonstrate the revised early retirement reduction factors, requirements of being an Active Participant, and satisfying the Recency Test.

Early Retirement Benefits Commencing July 1, 2021 at Age 57 (These examples are for illustrative purposes only.)			
	(A)	(B)	(C)
Total Hours	30,000	25,000	15,000
Benefit Earned Prior to July 1, 2011	\$3,400	\$1,110	\$555
Benefit Earned Between July 1, 2011 and June 30, 2016	\$540	\$444	\$880
Benefit Earned Between July 1, 2016 and June 30, 2021	\$420	\$350	\$120
Benefit Earned on or After July 1, 2021	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Accrued Benefit	\$4,360	\$1,904	\$1,555
Current Plan	\$4,360	\$1,883	\$1,541
Preferred Schedule - Active with Recency	\$4,360	\$1,825	\$1,055
Preferred Schedule - Inactive or Active without Recency	\$3,880	\$1,507	\$1,055

Early Retirement Benefits Commencing July 1, 2041 at Age 57 (These examples are for illustrative purposes only.)			
	(D)	(E)	(F)
Total Hours	30,000	25,000	15,000
Benefit Earned Prior to July 1, 2011	\$0	\$0	\$0
Benefit Earned Between July 1, 2011 and June 30, 2016	\$0	\$0	\$0
Benefit Earned Between July 1, 2016 and June 30, 2021	\$420	\$0	\$0
Benefit Earned on or after July 1, 2021	<u>\$2,184</u>	<u>\$1,966</u>	<u>\$1,201</u>
Total Accrued Benefit	\$2,604	\$1,966	\$1,201
Current Plan	\$2,604	\$1,848	\$1,057
Preferred Schedule - Active with Recency	\$2,604	\$1,769	\$601
Preferred Schedule - Inactive or Active without Recency	\$1,302	\$983	\$601

Early Retirement under the Rehabilitation Plan Default Schedule

Effective July 1, 2021. There are no changes to the Early Retirement Income for benefits accrued through June 30, 2021. Therefore, if the Default Schedule is adopted and you retire on July 1, 2021 you would receive the same Early Retirement Income as under the Current Plan.

However, the following table applies to your early retirement benefit for all accruals earned after June 30, 2021 under the Rehabilitation Plan Default Schedule.

Age	For Benefits Earned After June 30, 2021	Age	For Benefits Earned After June 30, 2021
50	27%	58	53
51	29	59	57
52	32	60	63
53	35	61	69
54	39	62	75
55	42	63	83
56	46	64	92
57	50	65	100

Below are several examples to help illustrate the impact of these changes for a participant who retires at age 55. These examples demonstrate the revised early retirement reduction factors.

Early Retirement Benefits Commencing July 1, 2041 at Age 55 (These examples are for illustrative purposes only.)			
	(G) 30,000	(H) 25,000	(I) 15,000
Total Hours			
Benefit Earned Prior to July 1, 2011	\$0	\$0	\$0
Benefit Earned Between July 1, 2011 and June 30, 2016	\$0	\$0	\$0
Benefit Earned Between July 1, 2016 and June 30, 2021	\$240	\$0	\$0
Benefit Earned on or after July 1, 2021	<u>\$2,402</u>	<u>\$1,638</u>	<u>\$874</u>
Total Accrued Benefit	\$2,642	\$1,638	\$874
Current Plan	\$2,536	\$1,310	\$647
Default Schedule - Active with Recency	\$1,239	\$688	\$367
Default Schedule - Inactive or Active without Recency	\$1,239	\$688	\$367

Rehabilitation Plan Preferred and Default Schedule

The Rehabilitation Plan requires that the bargaining parties adopt a Schedule, which will determine your early retirement reduction (if any), your benefit accrued on and after July 1, 2021, and additional other changes described in this Notice. In addition to changes to plan provisions, each schedule requires an increase in the contribution made to the Fund.

- Default Schedule:** There is a one-time annual increase in Employer Contributions in the Fund. For example, the one-time increase is 21.1% of the total contribution rate in effect on September 28, 2020 if the Default Schedule is adopted July 1, 2021. The one-time increase will be implemented in accordance with the collective bargaining agreement. All contributions will be included for future benefit accrual purposes.
- Preferred Schedule:** There is an annual increase for one, two, or three consecutive years. For example, the one-time increase is 13.9% or the three-year increase is 5.7% per year of the total contribution rate in effect on September 28, 2020 if the Preferred Schedule is adopted July 1, 2021. The increases will not be included for benefit accrual purposes.

If the bargaining parties cannot agree to one of the schedules, then the Default Schedule will be imposed.

Contributions remitted to the Fund that are not subject to a collective bargaining agreement or a participation agreement will be adjusted to be proportionate to the average pension, supplemental and Preferred Schedule rehabilitation plan contributions.

The Board of Trustees have also adopted the implementation of a Sustainable Income Plan (“SIP”). Details on the SIP will be provided under a subsequent notice that will discuss additional changes to your benefits earned after June 30, 2021. The examples in this notice are meant to inform you on the impact of the Rehabilitation Plan adopted by the Trustees in February 2021 and do not include the changes associated with the SIP.

ERISA REQUIRED NOTICE

This Notice is being provided in accordance with Sections 204(h) and 305(e) of the Employee Retirement Income Security Act (ERISA) and Sections 432(e)(8)(C) and 4980(F) of the Internal Revenue Code. This Notice constitutes a summary of material modifications to the Summary Plan Description and should be kept with a copy of your Summary Plan Description and other important Retirement Fund documents.

If you have questions about your Retirement Fund, you should contact the Plan Administrator whose name, address and telephone number are on the first page of this Notice and below. If you have questions about your rights and remedies as a result of this Notice, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or at:

Division of Technical Assistance and Inquiry
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue NW
Washington DC 20210

You may also find answers to your pension plan questions, your rights and responsibilities under ERISA, and a list of EBSA field offices by contacting the EBSA at (866) 444-3272 or by visiting the website at www.dol.gov/ebsa.

INFORMATION ABOUT THE PLAN

Identifying information about the Retirement Fund is as follows:

PLAN NAME: Alaska Laborers – Employers Retirement Fund
EMPLOYER ID #: 91-6028298
PLAN NUMBER: 001
PLAN SPONSOR: Alaska Laborers – Employers Retirement Fund Board of Trustees

CONTACT INFORMATION CONCERNING THIS NOTICE

Labor Trust Services, Inc.
PO Box 93870 (99509-3870)
375 W 36th Avenue, Suite 200
Anchorage, AK 99503-5814
1-800-325-6532
Debra Nelson, Extension 4226

For additional information about the Plan you may also visit the Fund’s website at www.aklaborerstrust.com.