

Alaska Laborers Trust Funds

Alaska Laborers-Employers Retirement Fund

Mailing Address: P.O. Box 93870 • Anchorage, Alaska 99509-3870

Physical Address: 375 W. 36th Avenue, Suite 200 • Anchorage, Alaska 99503

Phone (855) 815-2323 • Fax (907) 561-4802 • Website www.aklaborerstrust.com

Administered by

Welfare & Pension Administration Service, Inc.

June 15, 2021

Beginning July 1, 2021, benefits in the Alaska Laborers-Employers Retirement Fund will be earned under a new sustainable income plan formula, instead of the current traditional pension formula.

As announced earlier this year, we have adopted a rehabilitation plan to address the underfunding of benefits that have already been earned. However, rehabilitation plans are designed only to get the Plan's funding back on track (based on certain expectations about the future) — they don't do anything to prevent the Plan from running into trouble again down the road.

To avoid benefits earned in the future from becoming underfunded like past benefits did, we need benefits that are designed to stand up to future challenges.

This new plan design allows us to provide benefits for active members in a way that lowers risk for the Plan, reduces the burden on future generations and sets the Plan up for long-term sustainability.

Advantages for You

The new sustainable income benefits are designed to always be fully funded regardless of investment experience – the Plan's liability for those benefits adjusts with investment returns to match assets, which means:

- Sustainable income benefits will need to be funded with contributions only once when they are earned
- Poor market returns will not require more contributions for benefits earned under the sustainable income design
- The need to redirect contributions and/or increase contributions to fund traditional benefits earned in the past is expected to be eventually eliminated
- Withdrawal liability exposure is reduced over time as new sustainable income benefits become a larger portion of the Plan's benefit liability. Although traditional benefits are no longer earned, they will still be the primary benefit liability for the Plan for many years.

This demonstrates to members that you are partnering with their interests and recognize the importance of having a strong retirement benefit for the long term

Advantages for Members

- The new benefits are expected to grow over time based on the Plan's investment returns, during members' careers and during retirement – plus, the transition benefit continues the current 1.2% accrual rate for 3 years

- Members keep any traditional pension benefit they've earned through June 30, 2021 and start accruing benefits under the new formula for hours worked beginning July 1, 2021
- Don't have to start over when it comes to vesting in the new benefit
- Have the security of lifelong income like the traditional pension benefit

To learn more about how the new benefit works, watch a recording of a presentation about the sustainable income plan benefit at www.aklaborerstrust.com.

No Change for You

These changes will not affect how you report and pay pension contributions. If you have any questions, please contact the Administration office at (855) 815-2323 **Option 3**.

Board of Trustees

Alaska Laborers-Employers Retirement Fund

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