

Alaska Ironworkers Trust Funds

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Administered by
Labor Trust Services, Inc.

October 20, 2011

TO: ALL PARTICIPANTS, BENEFICIARIES, LOCAL UNIONS, CONTRIBUTING EMPLOYERS, PENSION BENEFIT GUARANTY CORPORATION AND SECRETARY OF LABOR

Notice of Critical Status For Alaska Ironworkers Pension Plan

The purpose of this notice is to inform you that on September 28, 2011 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, the Board of Trustees, that the Alaska Ironworkers Pension Plan (the "Plan") is in critical status for the plan year beginning July 1, 2011. Federal law requires that you receive this notice.

A similar notice was provided at this time last year, with notification of the Plan's critical status in 2010. The Plan was amended with a Rehabilitation Plan in 2010 to reduce certain benefits.

Critical Status

~~The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the actuary has determined that the funded percentage of the Plan is 65% or less, and over the next four plan years, the Plan is projected to have an accumulated funding deficiency for the plan year beginning July 1, 2014. This means that contributions coming into the Plan are not expected to be sufficient to meet minimum contribution requirements as provided by the federal government.~~

The projected funding deficiency is the direct result of the investment losses experienced by the Plan in 2008 and early 2009. These investment losses have resulted in plan assets falling significantly below plan liabilities. A similar decline is being experienced by other pension plans across the country.

The Trustees of the Plan remain committed to providing the best and most secure benefits possible. The Fund's investment portfolio remains well diversified and is positioned to participate in any market recovery.

Rehabilitation Plan and the Reduction of 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.

On September 10, 2010, you were notified that the Plan reduced or eliminated adjustable benefits. The reduction of adjustable benefits does 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 November 1, 2010.

Benefits already in pay status as of October 31, 2010 will not be affected. Also, 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.

Adjustable Benefits

All adjustable benefits have been eliminated from the Plan.

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan 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 in which the plan is in critical status until the effective date of a collective bargaining agreement which includes a rehabilitation schedule as provided by the Plan. Since the Bargaining Parties have already incorporated the rehabilitation plan into the collective bargaining agreement the need for employers to pay surcharges has been eliminated.

Where to Get More Information

For more information about this Notice, you may contact the Plan's Administrative Office:

Address: Administration Office
375 W. 36th Avenue, Suite 200
P.O. Box 93870
Anchorage, AK 99509-3870

Telephone: 1-800-325-6532

You have a right to receive a copy of the rehabilitation plan from the plan.