

TEAMSTERS LOCAL 102 PENSION FUND

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Notice of Critical Status For Teamsters Local 102 Pension Plan EIN No. Plan No. 001

This is to inform you that on June 25, 2013 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning April 1, 2013. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. The Plan was initially certified as being in critical status for the Plan Year beginning April 1, 2009 due to a projected accumulated funding deficiency. However, the Trustees elected, in accordance with the terms of the Workers, Retiree and Employer Recovery Act of 2008 ("WRERA"), to maintain the Plan's prior year non-critical, non-endangered status during the 2009 Plan Year. As a result, the Plan was neither in critical or endangered status for the 2009 Plan Year.

Effective April 1, 2010, the Plan was certified as being in critical status. In an effort to improve the Plan's funding situation, the Trustees adopted a rehabilitation plan on February 14, 2011. The Plan remained in critical status for the Plan Year beginning April 1, 2011, April 1, 2012 and April 1, 2013 because the Rehabilitation Plan that the Trustees adopted had not yet been fully implemented.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires the Boards of Trustees of pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. In addition to revising the Plan's formula for future benefit accruals and making similar changes, as part of a Rehabilitation Plan, the law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of the Rehabilitation Plan. If the Trustees of the Plan determine that 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 will not reduce the level of a participant's basic benefit payable at normal retirement. As described in last year's Notice of Critical Status, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after July 31, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of July 31, 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.

Adjustable Benefits

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

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);

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Employer Surcharge

The law requires that, until it enters into an agreement with the Union that implements a contribution schedule adopted as part of the Rehabilitation Plan (a “Conforming Agreement”), a contributing employer must pay a surcharge to help correct the Plan’s financial situation. The amount of the surcharge is equal to a percentage of the amount the employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. A 5% surcharge is applicable in the initial year the Plan is in critical status and increased to 10% surcharge for each succeeding plan year while the Plan is in critical status. The surcharges will be disregarded in determining benefits and withdrawal liability, as required by the law. The law provides that the surcharge commences thirty (30) days after an employer has been notified by the Trustees that the plan is in critical status and that the surcharge is in effect. Employers were initially notified of the Plan’s critical status in July 2010. Accordingly, the surcharge became payable commencing with work beginning September 1, 2010 and will increase for work during each succeeding plan year thereafter (*i.e.*, commencing on April 1, 2011) in which the Plan is in critical status. Payment of the surcharge will continue until an employer enters into a Conforming Agreement.

What’s Next ?

The Plan’s Board of Trustees adopted a Rehabilitation Plan on February 14, 2011. A copy was sent to all Contributing Employers and the Union. Participants and Beneficiaries will receive a separate notice identifying and explaining the effect of any reductions or adjustments of benefits and may request a copy of the Rehabilitation Plan.

You will receive notices like this each year, letting you know of the Plan’s progress in stabilizing its financial status. Since the funding of the Plan is influenced by economic and financial variables beyond the control of the Trustees (such as investment market volatility and changes in employment levels and/or the number of contributing employers), unexpected developments can affect the Plan’s status and cause modification of the Rehabilitation Plan and the required corrective actions needed.

The Rehabilitation Plan and any recommended changes in benefits, contributions, or other Plan provisions will be communicated to all affected individuals and parties before any changes are made. However, as previously noted, no benefit changes will be included in the Rehabilitation Plan for any retiree or beneficiary with benefits in pay status as of July 31, 2010.

Where to Get More Information

For more information about this Notice, you may contact the Teamsters Local 102 Pension Fund at 1-800-453-3614 or in writing at 36 Hopatchung Road, Hopatcong, NJ 07843. You have a right to receive a copy of the rehabilitation plan from the plan.