

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

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NOTICE OF CRITICAL STATUS FOR THE 2020 PLAN YEAR

April 30, 2020

This Notice is required each year by federal law. The purpose of this Notice is to inform you that on March 30, 2020, the Pension Fund's actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that as a result of the August 1, 2019~~20~~ benefit suspensions implemented under the Multiemployer Pension Reform Act ("MPRA"), the Pension Fund improved from being in Critical and Declining Status for the plan year beginning January 1, 2019, with a 34.6% funded percentage to being in "Critical" status, with a 41.7% funded percentage for the plan year beginning January 1, 2020.

Critical Status

The Pension Fund is certified to be in Critical status because it has funding and liquidity problems and an accumulated funding deficiency. More specifically, the plan's actuary determined that the plan has an accumulated funding deficiency for the current plan year without consideration of an extension of certain amortized liabilities. It is important to note that for 2019 the plan was classified in "critical and declining" status because the Plan had been projected to become insolvent. The improvement in classification from Critical and Declining status to Critical status is the direct result of the implementation of the MPRA Benefit Suspension Plan that became effective August 1, 2019. As a result of the MPRA benefit suspension, the Plan is no longer projected to become insolvent.

Benefit Reductions Previously Adopted Under The 2010 Rehabilitation Plan

Since 2008, the Pension Protection Act has required pension plans certified in "Endangered" or "Critical" status to implement measures aimed at restoring the financial health of the plan. From August, 2008 to January, 2011, the only measures available to the Pension Fund under then current federal laws was to reduce the rate of future benefit accruals. When the Pension Fund was initially certified to be in critical status for the 2010 plan year, the law permitted the Pension Fund to reduce or even eliminate benefits called "adjustable benefits" as part of a rehabilitation plan.

On April 30, 2010 you were issued the Pension Fund's initial "Notice of Critical Status." Annual notices of critical status or critical and declining status were issued from 2011 through 2019. Each of these notices stated that the Pension Fund could reduce or eliminate adjustable benefits and that the Fund was not permitted to pay lump sum benefits (or any other payments in excess of the monthly amount paid under a single life annuity) while the Fund was in critical status. These notices also explained that the rehabilitation plan could only apply reductions of adjustable benefits to participants and beneficiaries whose benefit commencement date was on or after April 30, 2010.

On November 23, 2010, you were notified that the Pension Fund adopted a rehabilitation plan and that certain adjustable benefits were eliminated. The Trustees annually reviewed and, when necessary, updated the rehabilitation plan toward the end of each subsequent plan year, including the plan year ending December 31, 2019.

The status of the Fund changed to from critical status to a newly created critical and declining status for the 2017, 2018 and 2019 plan years in accordance with MPRA. That Act also permitted Trustees to reduce the benefits of retirees, inactive vested and active participants within certain guidelines.

The Trustees annually reviewed the rehabilitation plan for 2017 and 2018 and made no changes. During 2018, the Trustees applied to the Department of Treasury to implement a MPRA Benefit Suspension Plan reducing benefits earned as of December 31, 2017 by as much as 30%. The application was approved and benefit reductions took effect August 1, 2019.

Adjustable Benefits

The Pension Fund currently offers the following adjustable benefits which may be reduced or eliminated as part of any updated Rehabilitation Plan.

- **Post-retirement death (burial) benefit for those retired before February 1, 2011;**
- **One Hundred Twenty-Month payment guarantees;**
- **Early retirement benefit or retirement-type subsidy for those who were eligible to retire on February 1, 2011 and have attained age 55;**
- **Benefit payment options other than a Qualified Joint & Survivor annuity (QJSA);**
- **Subsidized Joint & Survivor and other forms of annuity subsidy for those who were eligible to retire on February 1, 2011;**
- **100% Pre-Retirement Survivor benefit versus the required 50% Pre-Retirement Survivor benefits for marrieds; and**
- **Pop-Up Benefit.**

The Trustees have a duty to take all reasonable measures to avoid or forestall insolvency. If they determine that a further reduction or elimination of adjustable benefits is necessary, you will receive a separate notice identifying and explaining the effect of any such reductions.

Rehabilitation Plan Employer Surcharge

While a Fund is in critical or critical and declining status, the law requires that when a contributing employer's collective bargaining agreement or participation agreement is renewed, it must comply with one of the contribution increase schedules of the rehabilitation plan or pay a surcharge.

Where to Get More Information

You have a right to receive a copy of the most recently updated version of the 2010 Rehabilitation Plan upon written request directed to the Pension Fund Office. For more information about this Notice, you may contact the Pension Fund Office at the following address: Western Pennsylvania Teamsters and Employers Pension Fund, 900 Parish Street, Suite 101, Pittsburgh, PA 15220-3425, Telephone 412-362-4200, Toll Free 800-362-4201, email: contactus@wpapensionfund.com.

Board of Trustees
Western Pennsylvania Teamsters and Employers Pension Fund

cc: Department of Labor
Pension Benefit Guaranty Corporation