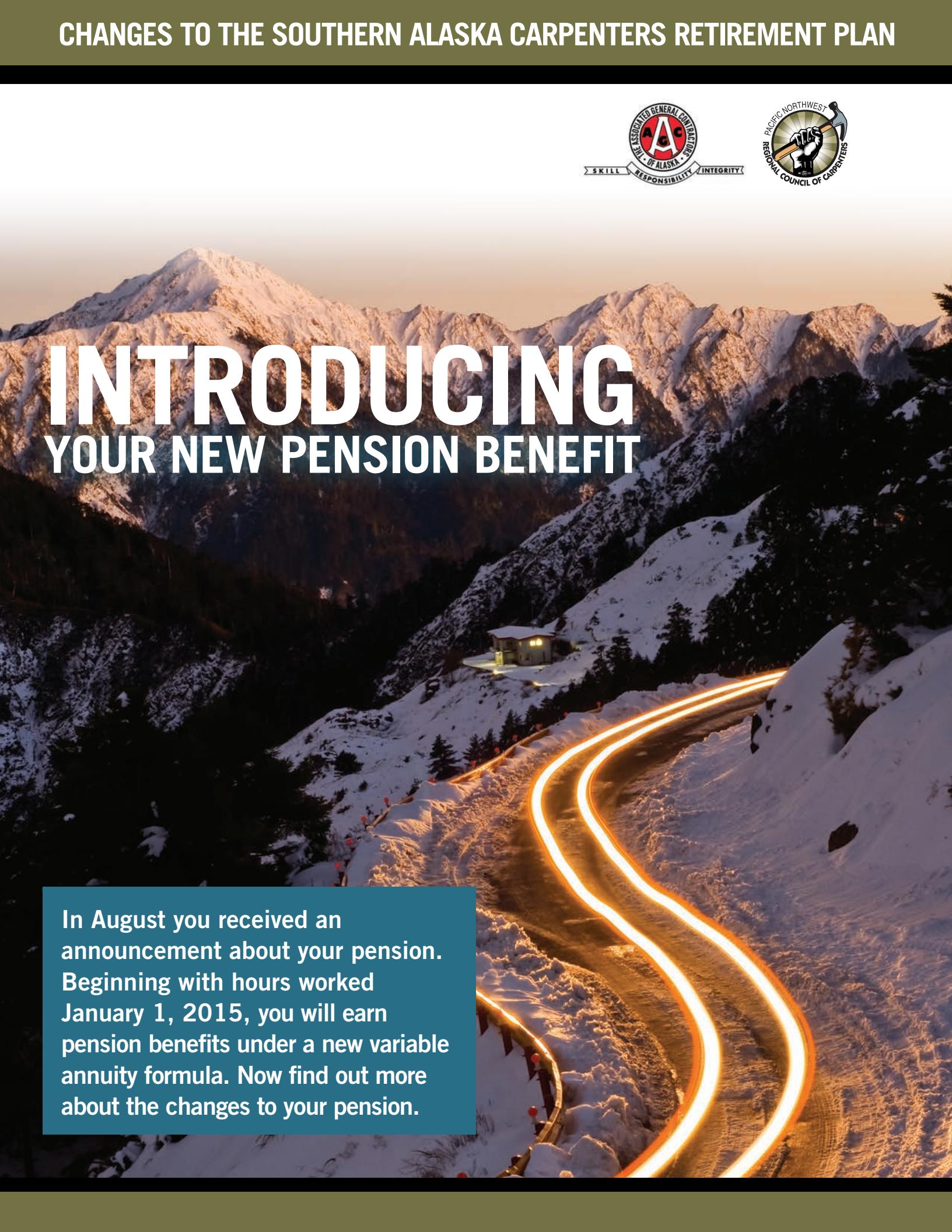


CHANGES TO THE SOUTHERN ALASKA CARPENTERS RETIREMENT PLAN



INTRODUCING YOUR NEW PENSION BENEFIT

In August you received an announcement about your pension. Beginning with hours worked January 1, 2015, you will earn pension benefits under a new variable annuity formula. Now find out more about the changes to your pension.



CONTENTS

	PAGE
GLOSSARY OF KEY TERMS	3
YOUR NEW PENSION BENEFIT	4
THE BIG PICTURE	4
HOW YOUR NEW BENEFIT IS CALCULATED	5
HOW THE “VARIABLE” IN VARIABLE ANNUITY BENEFIT WORKS	6
OTHER PLAN CHANGES	8

This guide describes important details about all the changes taking effect January 1, 2015.

The enclosed personalized statement shows how the change to a variable annuity benefit may affect you personally.

See the announcement mailed in mid-August for more about why we are making this change and why we chose this type of benefit. The announcement, a brief video and a variable annuity benefit modeling tool are posted at www.nwcarpenters.org and www.alaskacarpenterstrusts.com.

GLOSSARY OF KEY TERMS

This document uses terms you might not be familiar with or do not encounter on a daily basis. The glossary will help you as you read through the document.

ANNUAL ACCRUAL

The benefit amount you earn each year you're eligible

BENEFIT ACCRUAL RATE

The factor multiplied by the contribution made on your behalf to determine the annual accrual (hours times hourly contribution times benefit accrual rate = annual accrual); see page 5 for an example

HIGH WATER MARK BENEFIT

This is the highest amount to date of the underlying variable annuity benefit

UNDERLYING BENEFIT

The variable annuity benefit without the shoring up provided by stabilization reserve

HURDLE RATE

The investment return threshold of 4% that must be reached in order to increase variable annuity benefits

NEW BENEFIT

The portion of your accrued benefit earned on and after January 1, 2015 under the new variable annuity pension (as opposed to your traditional benefit earned through December 31, 2014)

RECENCY TEST

Under the variable annuity benefit, the service test you must meet to qualify for an unreduced retirement benefit at age 60

STABILIZATION RESERVE

The money the plan holds in trust to shore up your variable annuity benefits and protect them from going down following poor investment returns

TRADITIONAL BENEFIT

The portion of your accrued benefit earned through and frozen on December 31, 2014 (as opposed to your variable annuity benefit earned on and after January 1, 2015)

VESTING

Your right to receive a benefit after a specified time of plan participation



YOUR NEW PENSION BENEFIT

BALANCING FLEXIBILITY AND SECURITY

For hours worked beginning January 1, 2015, your Southern Alaska Carpenters Retirement Plan benefits will be earned under a new variable annuity pension formula. The new formula:

- Continues to provide lifelong income
- Offers potential for growth (during your career and during retirement) to help protect against the loss of buying power that comes with inflation
- Continues to have professionally managed investments
- Continues to protect participants from most downside investment risk.

“ AT RETIREMENT, YOU WILL RECEIVE BOTH YOUR TRADITIONAL BENEFIT AND NEW BENEFIT ”

You'll keep the benefits you earn through December 31, 2014 under the traditional formula; then, for hours worked beginning January 1, 2015, benefits you earn will be under the new formula. You'll receive both benefits when you retire.

THE BIG PICTURE

WHAT'S CHANGING

- For hours worked through December 31, 2014, benefits are accrued under the traditional formula – the traditional benefit you earn to that point is frozen but does not go away, it just stops growing.
- For hours worked beginning January 1, 2015, there is a new formula – the new benefit is a variable annuity pension.
- At retirement, you will receive both your frozen traditional benefit earned through December 31, 2014 and your new benefit earned on and after January 1, 2015 (if you are vested; see page 8 for vesting rules).
- The new variable annuity benefit has the potential to keep growing during your career and during retirement. The traditional benefit provides a fixed amount that does not change once you retire.
- Your variable annuity benefit accruals and payments you receive in retirement will change with the plan's investment returns:
 - If the plan's investments earn more than the hurdle rate (4%), your new benefit increases by the difference up to a maximum 8% increase per year.
 - If the plan's investments earn less than 4%, underlying benefits go down – but a stabilization reserve will shore your benefit up to your high water mark benefit. This protects your benefit from going down in those years when returns are poor.



WHAT'S NOT CHANGING

It's important to understand what's not changing too. Keep in mind:

- You keep the traditional benefit you earn on hours worked through December 31, 2014
- You don't have to start over when it comes to vesting in the new benefit – all of your vesting service counts for both the traditional benefit and the new benefit
- The plan investments continue to be professionally managed (you are not responsible for investment decisions)
- The new benefit maintains the security of lifelong income like the traditional benefit
- Employers will be making at least the same level of contributions for the new benefit, which is designed to provide the same value of benefit as the traditional benefit over time.

HOW YOUR NEW BENEFIT IS CALCULATED

The new benefit is called a variable annuity pension. It combines lifelong income with the flexibility to move with the plan's investment returns. Your benefit is expected to grow over time, even in retirement, as long as the plan's investments grow at least 4% on average.

BENEFIT ACCRUAL FORMULA

Just like the current traditional benefit, you accrue a benefit each year that you're eligible and work enough hours. Your monthly accrued benefit is based on a formula that takes 3 factors into account:

- **Benefit accrual rate** – the rate at which you build up pension benefits while actively participating in the plan; under the new variable annuity formula, the benefit accrual rate is 0.62%
- **Contribution amount** – the amount contributed to the plan for every hour you work; the current contribution amount is \$7.18 per hour (which changes subject to collective bargaining)
- **Number of hours you work.**

This means if you worked 1,500 hours in a plan year, the benefit you would earn for that year would be equal to:

EXAMPLE:

$0.0062 \times \$7.18 \times 1,500 = \66.77 payable monthly
at age 60 (if you meet the recency test; see page 9)

OR

at age 65 (if you do not meet the recency test)

You could draw a reduced benefit as early as age 53 (see page 10).

TRADITIONAL FIXED BENEFIT:

Stays flat over your lifetime



TRADITIONAL FORMULA FOR BENEFITS EARNED THROUGH DECEMBER 31, 2014

Under the current traditional benefit, the benefit accrual rate is 1.0% of contributions. If you work 1,500 hours in a plan year, you earn a benefit equal to:

EXAMPLE:

$$\begin{aligned} 0.010 \times \$7.18 \times 1,500 \\ = \\ \$107.70 \text{ payable monthly at age 60} \end{aligned}$$

You will notice that the new benefit accrual rate (0.62%) is lower than the traditional pension rate (1.0%). However, because of the way the new variable annuity benefit works, your new benefit is expected to grow over time. Even though it is lower at the start due to the smaller accrual rate, over time the new benefit is likely to catch up and exceed what it might have been under the traditional formula, which does not increase over time. This is explained in more detail in the next section.

NEW VARIABLE BENEFIT:

Starts out lower but is expected to increase over your entire lifetime.



HOW THE “VARIABLE” IN VARIABLE ANNUITY BENEFIT WORKS

The new benefit has a hurdle rate of 4%. Underlying benefits go up and down each year by the difference between investment returns and the hurdle rate.

If investments earn more than 4%, benefits go up (maximum of 8% per year). If investments earn less than 4%, underlying benefits go down. However, there is a stabilization reserve (see opposite) that protects your high water mark benefit when the underlying benefit goes down. Over the last 20 years, on average the plan has earned right around 7% a year. Over that time, variable annuity benefits would have increased, providing some maintenance of purchasing power.

“WHEN PLAN INVESTMENTS EARN MORE THAN 4%, YOUR BENEFITS GO UP”



EXAMPLE:

Joe is a retiree with a new pension benefit of \$1,030 per month. If the plan's investments earn only 1% for the year, Joe's underlying benefit will decrease to \$1,000 per month on May 1 of the next year:

$$\$1,000 = \$1,030 \times (1.010 \div 1.04)$$

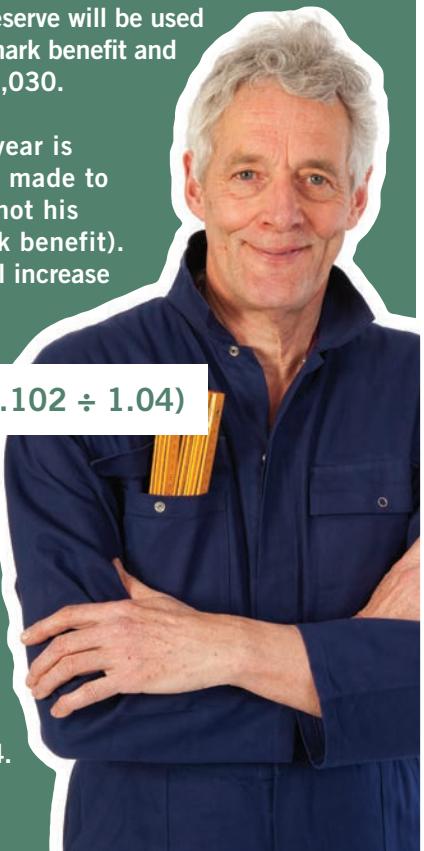
However, the stabilization reserve will be used to shore up his high water mark benefit and he will keep getting paid \$1,030.

If the return for the next year is 10.2%, the adjustment is made to Joe's underlying benefit (not his shored up high water mark benefit). The amount he receives will increase to \$1,060 on May 1 of the following year:

$$\$1,060 = \$1,000 \times (1.102 \div 1.04)$$

Each year, the benefit Joe has earned changes with investment returns. That means Joe's benefit has the potential to grow throughout his lifetime.

Plus, Joe will receive the traditional benefit he earned through December 31, 2014. The traditional portion of his benefit does not change.



THE STABILIZATION RESERVE – PROTECTION WHEN IT COUNTS

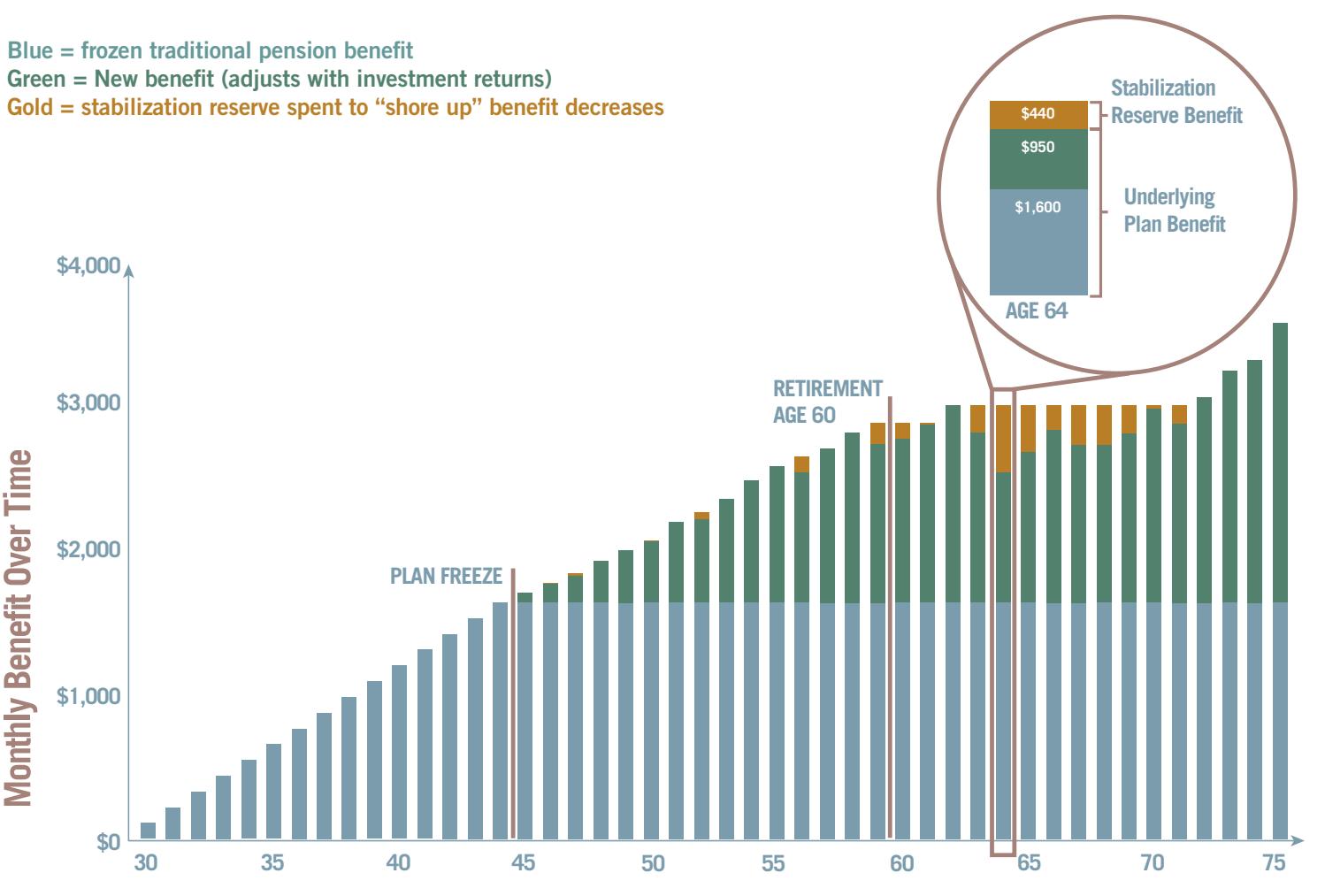
To reduce the impact of investment downturns, this plan has a stabilization reserve that will be used to prevent benefits from dropping when investment returns are less than 4%. In years when investment returns are particularly high, benefit increases will be limited to 8% and amounts above that will be put into the reserve. Then, that money will be used to shore up benefits in years when investment returns are poor.

The following graph shows how this would have worked for a participant if the investment returns from 1955-1985 repeated, assuming they earned the current traditional benefit until age 45 and the new variable annuity benefit after that.

The blue bars show the traditional pension. Layered on top of that is the underlying variable annuity benefit (green bars). You can see how the stabilization reserve (gold) is used to keep the benefit from falling when investment returns drop.

Although it is unlikely, if the stabilization reserve is not sufficient, the underlying benefit would be paid (the total of the blue and green bar for that year, but not the gold bar).

Blue = frozen traditional pension benefit
 Green = New benefit (adjusts with investment returns)
 Gold = stabilization reserve spent to “shore up” benefit decreases



OTHER PLAN CHANGES

In general, the old rules will continue to apply to your frozen traditional benefit earned through December 31, 2014, and a number of new rules will apply to your new benefit as of January 1, 2015. The following sections provide more details about the new rules and their effect on your benefit.

BENEFIT ADJUSTMENT DATE

On May 1 every year, your accrued variable annuity benefit will be adjusted based on the prior calendar year's investment returns. Retirees will receive advance notice before their benefit payment changes on May 1.

VESTING

Vesting is a form of ownership; it means you have a non-forfeitable right to your accrued pension benefit. You are either vested or not; there is no partial vesting. If you have met your vesting requirement, you have a right to 100% of the benefit you have earned. If you leave the plan before you meet your vesting requirement (and don't have enough reciprocity service) you receive no benefit.

The traditional benefit has a 5-year vesting requirement. The vesting requirement for the new benefit was shortened to 3 years of service. This means you will have different vesting requirements for your new benefit and your frozen traditional benefit. **All years of vesting service with Southern Alaska Carpenters count toward vesting in both benefits.** You earn one year of service toward vesting for each calendar year in which you work at least 435 hours of service.



“IF YOU HAVE ALREADY MET YOUR VESTING REQUIREMENT, YOU HAVE A RIGHT TO 100% OF BOTH TRADITIONAL AND NEW BENEFITS”

VESTING EXAMPLE

As of January 1, 2015, Frank has 7 years of vesting service (without a break in service). Because years of service apply to both benefits, Frank is vested in his frozen traditional benefit and also immediately vested in any future accruals he earns under the new benefit.

Cory, on the other hand, has just 3 years of service (without a break in service). Here's where he stands in both benefits:

- Traditional benefit – The traditional benefit requires 5 years of vesting, so Cory still needs 2 more years of service before he vests in his frozen traditional benefit. Should he leave employment with the carpenters before earning 2 additional years of service, Cory will forfeit the traditional benefits he has accrued through December 31, 2014.
- New benefit – Cory is immediately fully vested in any new benefit earned starting January 1, 2015 because he already has 3 years of service.



RECENCY TEST

The recency test applies to the variable annuity portion of your benefit. The recency test requires that you work at least 435 hours in at least 2 of the 3 most recent years before your retirement date. The year in which you retire is included as 1 of the 3 years if you work at least 435 hours; if you fall short of 435 hours, you would use the previous 3 full years. (See the examples below.)

If you meet the recency test, you may retire at age 60 with an unreduced variable annuity benefit. If you do not meet the recency test, your variable annuity benefit will be reduced if you start payments before age 65.



EXAMPLES OF MEETING THE RECENCY TEST

EXAMPLE #1:

Jake will turn 60 in 2018 and wants to retire that year. To meet the recency test and qualify for a full retirement benefit, he must work at least 435 hours in 2 of the 3 calendar years immediately preceding his retirement date. If Jake works at least 435 hours in 2018, it is included in determining whether he meets the recency test:

2016	2017	2018
LESS THAN 435 HOURS WORKED	GREATER THAN OR EQUAL TO 435 HOURS WORKED	GREATER THAN OR EQUAL TO 435 HOURS WORKED
NO, DOESN'T COUNT	YES, COUNTS	YES, COUNTS

EXAMPLE #2:

If Jake works fewer than 435 hours in 2018, that year is not counted for the recency test. In this case, he must look back to the 3 previous years to see if he meets the recency test:

2015	2016	2017	2018
GREATER THAN OR EQUAL TO 435 HOURS WORKED	LESS THAN 435 HOURS WORKED	GREATER THAN OR EQUAL TO 435 HOURS WORKED	LESS THAN 435 HOURS WORKED
YES, COUNTS	NO, DOESN'T COUNT	YES, COUNTS	NOT INCLUDED

In both examples, Jake worked at least 435 hours in 2 of the 3 years in the test, so he meets the recency test.

Related, pro-rata and reciprocity service are NOT included for the recency test.

NORMAL RETIREMENT

Beginning January 1, 2015, your normal retirement age will be age 65 as long as you have 3 years of service – or, if later, your 5th anniversary of participation in the plan. Normal retirement age is generally the age at which you can start receiving your full, unreduced benefit amount. For your traditional benefit, there is no change. You can retire at age 60 with unreduced benefits exactly as you can now.

Your variable annuity benefit payments may be reduced if you start earlier than 65. However, you can still start your unreduced variable annuity benefit at age 60, as long as you satisfy the plan's new feature called the recency test.

When you retire, the two portions of your benefit (traditional and new) will be calculated separately then added together to provide your monthly payment.

EARLY RETIREMENT

You may retire as early as age 53 and receive a reduced benefit. Your benefits will be reduced since payments are expected to be made over a longer period of time compared to someone who waits until the plan's normal retirement age to start benefit payments.

The 2 portions of your pension benefits – traditional and new – are treated differently for the purpose of early retirement.

TRADITIONAL BENEFIT

There is **no change** in early retirement factors for the traditional benefit. For example, if you retire at age 53, your frozen benefit is reduced to 79% of the full 100%. This chart shows the benefit reductions at specific ages:

EARLY RETIREMENT FACTORS TRADITIONAL BENEFIT

AGE	FACTOR (%)
53	79
54	82
55	85
56	88
57	91
58	94
59	97
60	100

VARIABLE ANNUITY BENEFIT

The early retirement factors for the variable annuity benefit depend on whether or not you satisfy the recency test:

EARLY RETIREMENT FACTORS NEW BENEFIT

	YOU MEET RECENCY TEST	YOU DO NOT MEET RECENCY TEST
AGE	FACTOR (%)	
53	66	46
54	70	49
55	74	52
56	78	55
57	82	58
58	88	62
59	94	66
60	100	70
61	100	76
62	100	82
63	100	88
64	100	94
65	100	100

LATE RETIREMENT

The 2 portions of your benefit are treated differently if you begin retirement payments late.

If you start **traditional benefit** payments after age 60, your monthly retirement income is based on the accrued benefit you have earned as of the date payment of your benefit begins. Because you were eligible to start payments at age 60, any missed payments from age 60 to your actual retirement date may be paid to you in a single lump sum with interest.

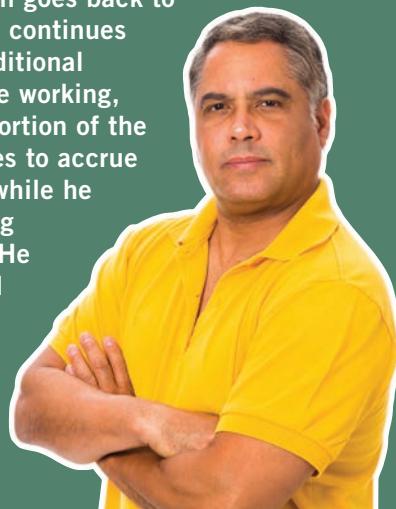
If you start **variable annuity benefit** payments later than normal retirement age 65, you will not get missed payments with interest for the variable annuity portion of your benefit. Instead, you will get an increased benefit payable for life. The benefit amount is increased by the value of the “missed” payments, spread over your lifetime. Or, if larger, you would get your age 65 benefit plus the accruals you earned after age 65.

WORKING AFTER RETIREMENT

At age 60, you can start benefit payments for the traditional portion of your benefit, continue to work, and continue receiving those payments regardless of how many hours you work. However, if you’re under age 65 and working 40 or more hours a month, you will not receive payments related to the variable annuity portion of your benefit until you stop working or reach age 65 and re-apply for retirement benefits. While you’re working, you will continue to earn benefit accruals toward your variable annuity benefit.

EXAMPLE

Henry retires at age 60 in January 2016. The traditional portion of his benefit (earned through December 31, 2014) is \$1,000 and the variable annuity portion of his benefit (earned beginning January 1, 2015) is \$50, for a total benefit of \$1,050. He then goes back to work in January 2017. He continues to receive the \$1,000 traditional portion of his benefit while working, but the variable annuity portion of the benefit stops. He continues to accrue variable annuity benefits while he works. Henry stops working when he reaches age 65. He re-applies for benefits and begins receiving \$1,350 (his traditional benefit plus the variable annuity benefits he earned in 2015 and 2017-2020).



DISABILITY RETIREMENT

If you become totally and permanently disabled, you may be eligible for disability retirement. Your monthly disability retirement income is determined differently for the 2 portions of your benefit:

- Your **traditional benefit** is equal to your accrued benefit earned through your disability retirement date, reduced by $\frac{1}{4}$ of 1% for each month that your benefit starts before age 60 (same as for early retirement shown in the table on page 10).
- Your **variable annuity benefit** is equal to your accrued benefits earned through your disability retirement date, reduced by the actuarial equivalence for each month your benefit starts before age 60.

“ **IF YOU BECOME TOTALLY AND PERMANENTLY DISABLED, YOU MAY BE ELIGIBLE FOR DISABILITY RETIREMENT** ”

DEATH BENEFIT

There are no changes to the way death benefits work.

SERVICE WITH RELATED PLANS

The plan grants vesting service for this plan for all service with related plans. Currently, if you use related plan service to vest in this plan, you must earn a total of 10 years of service under the combined plans (or 5 years for combined eligible Alaska plans) with at least 1 year of credited future service under this plan. The maximum amount of service you may earn in 1 calendar year is 1 year of credit from either the related plan or this plan (but not both). Beginning January 1, 2015, you need only 5 years of service from combined plans to vest in your traditional benefit and your variable annuity benefit (Alaska or other eligible plans).

BUG

This guide contains an overview of the Southern Alaska Carpenters Retirement Plan. Although we have made every effort to ensure this guide is accurate, provisions of the official plan documents will govern in the case of any discrepancy.

This notice is intended to comply with the Department of Labor requirements for Summary of Material Modifications and the notice requirements found in Section 204(h) of ERISA. More detailed information about the plan is provided in the formal plan document, a copy of which can be obtained by providing a written request to the Administrative Office. Certain features of the new variable annuity plan design described herein are funded through anticipated ancillary payments, which are funded with separate reserves established by the Board of Trustees. The strategic use of the plan's funding reserves is a material part of the new plan design, but ancillary payments are not formally part of the accrued benefit under Code Section 411(d)(6). The use of reserves to fund supplemental payments on a temporary basis must be authorized by the Board of Trustees, and is predicated on having sufficient funding reserve levels.

For more information on your plan benefits, please refer to your plan booklet which is available at www.alaskacarpentertrusts.com.