

Alaska Carpenters Trust Funds

Health and Welfare – Defined Benefit – Defined Contribution

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Administered by
Labor Trust Services, Inc.

September 16, 2013

**To: Eligible Covered Participants and Beneficiaries of the
Southern Alaska Carpenters Retirement Plan**

**Re: Notice of Plan Amendment Regarding Funding Only (Deficit Reduction)
Contributions Effective October 1, 2013**

As you are probably aware, the financial markets had very negative returns in 2008. These negative returns have adversely impacted nearly all pension plans, including the Southern Alaska Carpenters Pension Plan (“Plan”).

While recent market returns have improved the funding of most pension plans, including your Plan, additional action is still needed return the Plan to a fully funded position.

2013 Pension Contribution Increase will be used to Improve Plan Funding

The Board of Trustees has reviewed various ways to address the funding deficit created by the negative investment returns from 2008. One way to help improve the funded status of the Plan is to make additional contributions that are used solely for funding improvement.

A proposal to make additional contributions to the Plan – contributions that will be used solely to improve its funded status of the Plan - was included in the recent wage allocation by the Union membership. The Trustees took action at their most recent meeting to accept these additional funding improvement contributions.

Federal Law Requires Notice of these Changes

Federal law requires that you received formal advance notice when a portion of the contribution will be used to improve a pension plan’s funded status. This is because these contributions are considered to be outside of the benefit accrual formula.

To comply with these applicable legal requirements, the Trustees have developed this notice to describe the portion of future contributions that will be used for deficit reduction. These changes are effective October 1, 2013

Note: These changes do not affect the benefits you earn prior to October 1, 2013. Additionally, if you are a retiree, these changes do not affect the benefits currently paid to you.

Identifying Deficit Reduction Contributions

Prior to September 1, 2013, the contribution rate for general commercial construction to the Pension Plan was \$7.18 per hour. Going forward, the first \$7.18 contribution per hour to the Plan will continue to be recognized for benefit accrual purposes. Additional amounts specified under the collective bargaining agreement as funding only / deficit reduction contributions will be outside the benefit accrual formula.

Effective September 1, 2013, an additional \$0.83 per hour will be contributed to the Plan. Effective October 1, 2013, this additional \$0.83 per hour will be applied to improve the funded status of the Plan, because it has been designated as a funding only / deficit reduction contribution by the Trustees and under the collective bargaining agreement.

The Trustees recognize that the many projects have fixed wage rates, which reset to the general commercial construction rate after a period of time. By leaving the first \$7.18 per hour unaffected, the addition of funding only contributions will coincide with wage increases on these projects. The \$0.83 designated as a funding only contribution is linked to when the increased contribution rate applies to a particular project.

Example

Joe works 1,200 hours between January 1, 2013 and September 30, 2013 on projects where the employer contributes \$7.18/hour to the Plan. The Plan's accrual rate is 1.0%. For these 1,200 hours he worked prior to October 1, 2013, he accrues $1.0\% \times 1,200 \times \$7.18 = \$86.16$ per month.

Between October 1, 2013 and December 31, 2013 he works 200 hours on projects where the employer contributes \$8.01/hour to the Plan. \$7.18 per hour is included in the benefit accrual formula, and \$0.83 per hour is designated as a funding improvement contribution. For the 200 hours worked on or after October 1, 2013, he accrues a benefit of $1.0\% \times 200 \times \$7.18 = \$14.36$ per month.

The sum of these two amounts equals his total benefit accrual for the year of \$100.52 per month payable starting at age 60. The total benefit earned is equal to accruing benefits on \$7.18 per hour for each hour worked during the entire year. The additional \$0.83 per hour that was contributed after October 1, 2013 was used to improve the funded status of the Plan, and does not impact his pension benefit.

Reciprocity

For contributions that are transferred into the Plan under reciprocity agreements, similar adjustments are made to improve the funded status of the Plan. Reciprocity contributions are prorated to equivalent hours under the general commercial rate.

This means that 89.6% of the reciprocity contribution will be used for benefit accrual purposes. The remaining 10.4% of the contribution will be applied toward improving the Plan's funded status. This is the same as having \$0.83 per hour contributed towards funding improvement and the remaining \$7.18 per hour used for benefit accrual purposes.

If you have any questions, please contact the Administration Office:

Office Location:

Labor Trust Services, Inc.
375 W. 36th Ave., Suite 200
Anchorage, AK 99503

Mailing Address:

Labor Trust Services, Inc.
P. O. Box 93870
Anchorage, AK 99509

LTS: (907) 561-7575

LTS - Toll-Free: (800) 478-4431

Seattle - Toll-Free: (800) 531-5357

Rights and Remedies

Statement of ERISA Rights

Participants and beneficiaries in the Southern Alaska Carpenters Pension Plan are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants shall be entitled to:

- Receive Information about Your Plan and Benefits
- Examine, without charge, at the Plan Administrator's Office and at other locations (worksites or union offices), all Plan documents, including insurance contracts, collective bargaining agreements and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U.S. Department of Labor and available at the public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements and a copy of the latest annual report (Form 5500 series) and an updated Summary Plan Description. The Administrator may impose a reasonable charge for the copies.
- Receive an annual pension funding notice by September 28 of each year.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in state or federal court subject to the exhaustion of the Plan's Benefit Claim and Appeal Procedures.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to

provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have questions about your Plan, you should contact the Administration Office at:

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375 W. 36th Ave., Suite 200
Anchorage, AK 99503

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Labor Trust Services / Welfare and Pension Services, Inc. serves as the administrative agent for the Board of Trustees. The Board of Trustees is the Plan Administrator. If you have any questions about this notice, this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the EBSA at 1-866-444-3272. You can also obtain certain information on the EBSA website at www.askebsa.dol.gov.

Board of Trustees

Southern Alaska Carpenters Retirement Plan

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