

SOUTHERN ALASKA CARPENTERS RETIREMENT PLAN CHANGES



August 18, 2014

To: All Retirees

**Re: Southern Alaska Carpenters Retirement Plan
Plan Changes**

Dear Retiree,

You may hear of some upcoming changes to the Southern Alaska Carpenters Retirement Plan for active members. As a courtesy, we wanted to let you know what's happening and assure you that **your benefits are not affected** by these changes. Benefits for current retirees and their beneficiaries will continue to be paid on the same basis as before.

Changes Apply Only to Hours Worked Beginning January 1, 2015

Beginning with hours worked January 1, 2015, Retirement Plan benefits will be earned under a new pension formula. Members will keep the benefits they earn on hours worked through December 31, 2014. Then, benefits earned on hours worked beginning January 1, 2015 will be under a new variable annuity pension benefit formula.

The new formula:

- Continues to provide lifelong income
- Offers potential for growth (during members' careers 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.

Why Are These Changes Needed?

The 2008 market downturn hurt all pension plans. But, we're fortunate. The Trustees have made sound decisions over the years. And as a result, our retirement plan is still in decent shape.

However, we've watched other plans struggle and want to take action and avoid difficulties in the future. In fact, the Trustees have been investigating this new plan design since 2007. Why now? Our plan is healthy now and we want it to stay that way. We can't wait for another downturn to take action.

These changes are designed to strengthen the plan for the long term.

Your benefits are secure. There is no change to your benefits as a result of the changes for active members. If you have any questions, please contact the Administration Office at 907-561-7575 (toll-free 800-478-4431), option 2.

Board of Trustees
Southern Alaska Carpenters Retirement Plan