

SOUTHERN ALASKA CARPENTERS RETIREMENT PLAN CHANGES



August 18, 2014

To: Vested Members

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

You are receiving this letter because you have a vested benefit in the Southern Alaska Carpenters Retirement Plan.

You may hear of some upcoming changes to the Southern Alaska Carpenters Retirement Plan. As a courtesy, we wanted to let you know what's happening for active members and tell you about one change that could affect you.

New Benefit Formula Applies Only for Hours Worked Beginning January 1, 2015

Beginning with hours worked January 1, 2015, Retirement Plan benefits will be earned under a new pension formula. **The benefit you have earned on hours worked through December 31, 2014 is not changing.** If you return to work, benefits earned on hours worked on or after 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.

Normal Retirement Age Change

Beginning January 1, 2015, the plan's normal retirement age will be age 65 as long as you have 3 years of service – or, if later, your 5th anniversary. Normal retirement age is generally the age at which you can start receiving your full, unreduced benefit amount.

However, even though the normal retirement age has changed, you will still be able to retire at age 60 with unreduced benefits for your traditional benefit earned through December 31, 2014, exactly like you can now.

If you earn a variable annuity benefit for hours worked on or after January 1, 2015, those payments may be reduced if you start receiving them earlier than 65.

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 come back to work, the new formula will apply to your new benefits, but not those earned prior to January 1, 2015.

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**