

NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND

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NOTICE OF CRITICAL STATUS

Under the Pension Protection Act of 2006 (PPA), a multiemployer pension plan must be certified as safe, endangered, seriously endangered, critical, or critical and declining. These certifications are primarily based on the plan's funding percentage and long-term outlook. If a pension plan enters critical status, the Trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

On December 27, 2019, the Fund's Actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Fund will be classified in critical and declining status for the 2019–2020 Plan Year (which began October 1, 2019), because its funded percentage is less than 65%, it has a projected funding deficiency in the current or next 4 plan years and has a projected insolvency date which is less than the 20-year minimum statutory requirement.

The Pension Fund's Trustees are working with New England Local Unions regarding strategies to increase the Pension Fund's participation levels, including continuing to negotiate with more employers to become transition employers and bring new employers into the Fund. As part of recent negotiations with UPS, the company's contributions to the Pension Fund will nearly double in 2022 and are expected to remain at least at that level thereafter. The higher level of UPS contributions will be a significant source of future funding and are expected to improve the funded status of the Pension Fund. The Pension Fund Trustees and Fund professionals are also closely monitoring proposed pension legislation aimed at helping troubled multiemployer pension funds. Meanwhile your Pension Fund Trustees will continue to manage the assets of the Pension Fund in a prudent manner in order to continue the growth of the Fund's asset base.

As always, your Pension Fund Trustees will do everything they can in order to make the New England Teamsters and Trucking Industry Pension Fund a stable and reliable source of retirement income for all of you.

The PPA permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Fund offers early retirement subsidies, disability benefits (not yet in payment) and death benefits other than the Qualified Survivor benefits which are considered "adjustable benefits". The Trustees did eliminate some "adjustable benefits" in 2009 as part of the current rehabilitation plan. No other benefit reductions have been implemented since 2009. If the Trustees determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. However, the Trustees remain committed to seeking all available alternatives before any existing benefits are affected.

In an effort to improve the Pension Fund's funding situation, the Trustees adopted a Rehabilitation Plan on January 15, 2009. The Rehabilitation Plan has been subsequently amended and reviewed, most recently effective October, 2017. In addition to certifying that the Fund remains in critical and declining status for the 2019 – 2020 Plan Year, the Fund's Actuary certified that the Fund is making scheduled progress in meeting the requirements of its adopted Rehabilitation Plan.

You may obtain a copy of the Pension Fund's Rehabilitation Plan and the 2017 review and amendment by contacting the plan administrator. Or you may obtain this information directly from the Pension Fund's website on the internet at <http://www.nettipf.com>.