

Alaska Ironworkers Pension Trust

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Administered by
Labor Trust Services, Inc.

FROM: The Board of Trustees for the Alaska Ironworkers Pension Trust

TO: All Plan Participants, Employers and Local Unions

DATE: June 14, 2021

RE: Amendment to the Alaska Ironworkers Pension Trust

Dear Participant:

This notice is provided in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974, to inform you that, effective July 1, 2021, the Plan has been amended for future benefits. Your Plan benefit accrued as of June 30, 2021, will not be changed, but future benefits earned after this date will be under a new variable defined benefit formula.

Benefits earned before July 1, 2021, will not be subject to annual adjustments. If you are retired before July 1, 2021, or do not earn additional benefits after June 30, 2021, this change does not affect your benefits.

Under the Plan's current benefit formula, you accrue a monthly normal retirement benefit equal to 1.0% of the employer contributions made on your behalf during the Plan Year. Under the Plan as amended, your benefit accrual rate will remain unchanged. However, your accrued benefit will be adjusted each year based on the plan's actual investment performance relative to a hurdle rate of 5.5%. Benefits are adjusted up if investment performance exceeds the hurdle rate and are adjusted down if investment performance is less than the hurdle rate. The adjustment occurs annually six months following the end of the Plan Year (January 1) for all Participants. This change is effective on July 1, 2021.

The examples below are provided to illustrate how the new variable benefit formula compares to the old benefit formula.

Active Participant Examples

For the first three examples, assume a participant has a starting monthly accrued benefit of \$500 earned as of June 30, 2021. This portion of the benefit will not change. Employer contributions of \$7,000 are made on behalf of the participant during the plan year, thus the benefit accrued during the year is \$70 ($\$7,000 \times 1.0\%$).

Example 1 (Old Benefit Formula): Under the old benefit formula, the participant's accrued benefit at the end of the plan year would be \$570 ($\$500 + 70$).

(over)

Example 2 (Blend of Old and New Benefit Formulas, Impact of positive return): For this example, plan investments earn 10% during the plan year. Under the new benefit formula, the variable portion of the participant's benefit would be adjusted up by 4.5% since investment earnings exceeded the hurdle rate (10% - 5.5%). The accrued benefit earned as of June 30, 2021, is unchanged. The total benefit after adjustment would be \$573.15 [(\$500 + \$70 × (1 + 4.5%)). The adjustment would occur on January 1 of the following year.

Example 3 (Blend of Old and New Benefit Formulas, Impact of negative return): For this example, plan investments earn 1% during the plan year. Under the new benefit formula, the variable portion of the participant's benefit would be adjusted down by 4.5% since investment earnings were less than the hurdle rate (1% - 5.5%). The accrued benefit earned as of June 30, 2021, is unchanged. The total benefit after adjustment would be \$566.85 [(\$500 + \$70 × (1 - 4.5%)). The adjustment would occur on January 1 of the following year.

Retired Participant Examples

For the next two examples, the participant is assumed to be hired after July 1, 2021, thus the entire accrued benefit is earned under the new variable benefit formula. At the time the participant is assumed to retire the total monthly benefit amount is \$2,000.

Example 4 (New Benefit Formula, Impact of positive return): In the year following retirement, plan investments earn 10% during the plan year. Under the new benefit formula, the participant's benefit would be adjusted up by 4.5%. The total benefit after adjustment would be \$2,090 [\$2,000 × (1 + 4.5%)]. The adjustment would occur on January 1 of the following year.

Example 5 (New Benefit Formula, Impact of negative return): In the year following retirement, plan investments earn 1% during the plan year. Under the new benefit formula, the participant's benefit would be adjusted down by 4.5%. The total benefit after adjustment would be \$1,910 [\$2,000 × (1 - 4.5%)]. The adjustment would occur on January 1 of the following year.

If you should have any questions in connection with this Notice, please contact Anthony Ladd, Business Manager, Ironworkers Local 751, at (907) 563-4766, Ext. 3.

Sincerely,

Board of Trustees
Alaska Ironworkers Pension Trust