NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND

Review of the Rehabilitation Plan October 2017

The New England Teamsters and Trucking Industry Pension Fund ("the Fund") has been certified by its actuaries to be in "critical and declining status" as defined by the Multiemployer Pension Reform Act of 2014 ("the MPRA") Plan Year beginning on October 1, 2016. The Plan will remain in this status for the Plan Year beginning on October 1, 2017.

In compliance with ERISA Section 305(e)(3)(B), the Fund Trustees review the Rehabilitation Plan on an annual basis. The Trustees have determined that the Rehabilitation Plan as set forth in the Review of December 2015 requires no plan amendments or modifications to the contribution schedules at this time.

The Trustees continue to take measures to forestall insolvency as previously set forth:

1. **Continued Recruitment of New Employers**. Pursuant to an amendment approved by the PBGC in December 2011, new employers are placed in a withdrawal liability pool separate from existing employers. New employers' unfunded vested liability is computed by the direct attribution method. A new Plan of Benefits was established for New Employers with no MOB (maintenance of benefit) increases as required by existing employers, a later normal retirement date, and limited subsidized benefits. These changes have allowed New Employers to join at a lower contribution rate than would have been required had the new liability pool not been adopted by the Trustees. Since 2011, 48 new employers have joined the Fund representing 13% of all employers.

2. **The Continuation of the Transition Program**. The transition program was put in place to encourage existing employers to pay their withdrawal liability and remain in the Fund. Each employer agrees to pay its existing withdrawal liability on an extended schedule and then re-enter the Fund or "transition" as a "new employer" often with a lower contribution rate.

   As of October 2017, eighty-two employers, or 22% of all employers have transitioned settling $3.1 billion in withdrawal liability with annual payments of $67 million. Since the first transition in April 2011, $522 million of transition withdrawal liability has been paid which equates to $577 million with investment earnings. These additional payments have helped significantly in managing cash flows. Additional employers continue to consider transition.

3. Additional measures outlined below:

a. Closely monitor funding levels.

b. Adjust asset allocation to improve return and optimize cash flow.

c. Monitor investment management performance and fees and petition for fee reductions appropriate.

d. Consider modifications to benefit schedules as set forth in MPRE.

e. In the meantime, advocate for legislative relief in Congress with particular support for a plan which would allow the Fund to utilize, among other provisions, low interest loans and reduce benefit levels if necessary to improve the Fund's solvency on a long-term basis.

f. Pursue the employer contribution audit program to insure timely and accurate payment of contributions.

g. Reduce Fund expenses, where appropriate, while maintaining core services to members.