

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 generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the Trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the Trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

On December 15, 2014, 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 the critical status category for the 2014 – 2015 Plan Year (which began October 1, 2014) due to an expected funding deficiency for the current year. Further the Fund was in Critical Status last year and, over the next 9 years, the Fund is expected to have an accumulated funding deficiency for all years.

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.

In an effort to improve the Pension Fund's funding situation, the Trustees adopted a Rehabilitation Plan on January 15, 2009 and updated that Rehabilitation Plan effective December, 2013. In addition to certifying that the Fund remains in critical status for the 2014 – 2015 Plan Year, the Fund's Actuary certified that the Fund is making scheduled progress in meeting the requirements of its adopted Rehabilitation Plan.

The Multiemployer Pension Reform Act of 2014 was recently signed into law. This law will have a significant impact on many multiemployer pension funds across the country. It is not possible to determine what impact, if any, the law will have on this Pension Fund until all of the regulations are published and reviewed by our staff, attorneys and actuaries. It is our understanding, at this time, that the law would allow for the cutting of benefits for those pension funds facing immediate insolvency. Since the regulations may not be published for another six months or more, there is little to report. As soon as a determination is made as to what impact, if any, the law will have on this Pension Fund and its participants and retirees more information will be made available. The Trustees remain committed to seeking all available alternatives before any existing benefits are affected.

You may obtain a copy of the Pension Fund's Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement 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>.