NEW ENGLAND TEAMSTERS PENSION FUND

REHABILITATION PLAN

AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2025

I. INTRODUCTION

On December 29, 2008, the New England Teamsters Pension Fund (the "Fund") was certified by its actuaries to be in "Critical Status" or "the Red Zone" as defined by the Pension Protection Act (the "PPA") for the Plan Year beginning on October 1, 2008. The Board of Trustees of the Fund (the "Trustees") subsequently notified the Fund's Contributing Employers, Local Unions or other parties obligated under agreements to participate in the Fund and adopted a rehabilitation plan on January 15, 2009 to comply with the PPA. The Fund subsequently was certified by its actuaries to be in "Critical and Declining Status." The Fund in early 2023 applied for Special Financial Assistance ("SFA") from the Pension Benefit Guaranty Corporation ("PBGC") and on July 29, 2024 its revised application was approved. The Fund received SFA monies on August 26, 2024.

The grant of SFA substantially improved the financial health and long-term viability of the Fund. As a matter of law, however, all pension funds that receive SFA are deemed to remain in "Critical Status" until the last day of the plan year ending in 2051. This is the case regardless of the funded status of the fund. The Fund will, therefore, remain in "Critical Status" and a rehabilitation plan will remain in place at least until the Plan Year ending September 30, 2051.

On November 19, 2024, the Trustees adopted this amended and restated rehabilitation plan ("Rehabilitation Plan"), which will take effect on January 1, 2025. Specifically, the Trustees have updated this Rehabilitation Plan to set forth contribution and benefit structures (the "Schedules") that are intended to enable the Fund to emerge from Critical Status at a later time or to forestall possible insolvency.

The required schedules are the "Preferred Schedule" and the "Default Schedule." The Trustees continue to strongly recommend that the bargaining parties adopt the Preferred Schedule of contribution increases, as this is the only option that will allow Participants to maintain the level of benefits available as of October 1, 2008 with the exception of certain adjustable benefits for Inactive Vested Participants and the payment of Lump Sums as discussed herein. If the parties adopt the Default Schedule, future benefit accruals will be reduced by sixty percent (60%) and adjustable benefits will be eliminated as indicated in Section IV, Paragraph B. The Default Schedule will be automatically imposed for bargaining parties that fail to adopt the Preferred Schedule. All benefit adjustments are subject to notice requirements under the Employee Retirement Income Security Act ("ERISA").

This Rehabilitation Plan amends the Rules and Regulations of the Fund (the "Rules and Regulations") in order to comply with the requirements of the PPA. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Rehabilitation Plan, including the Schedules. Unless otherwise indicated, all capitalized terms used herein shall have the definitions and meanings assigned to them in the Rules and Regulations.

II. EFFECTIVE DATES

The Schedules described in this Rehabilitation Plan apply to members covered under collective bargaining agreements and participation agreements ("CBAs") that are negotiated, renewed, or extended on or after January 1, 2025. The schedule of contributions will be valid for the duration of such CBA(s).

Pursuant to the PPA, the Trustees must review this Rehabilitation Plan on an annual basis and may update this Rehabilitation Plan to reflect future investment market conditions, participation levels in the Fund, percentage of members covered under the Preferred Schedule, legislative or regulatory action with respect to PPA compliance and other factors that may have a material impact on such future Rehabilitation Plan. Therefore, CBAs that are renewed or extended on or after January 1, 2025 will be subject to this Rehabilitation Plan as amended at the time of such renewal or extension, as will any newly-negotiated CBA. For purposes of this Rehabilitation Plan, a CBA expires on the stated expiration date in the agreement irrespective of any evergreen or automatic renewal clause.

Pension benefits of Pensioners and Beneficiaries with pension effective dates on or before January 1, 2009 are not affected by this Rehabilitation Plan. Pension benefits of Pensioners and Participants with pension effective dates after January 1, 2009 will be awarded benefits pursuant to the terms of the applicable Rehabilitation Plan.

III. THE TRANSITION PROGRAM

The Trustees requested and received, effective July 1, 2010, PBGC approval to amend the Rules and Regulations to create two pools of unfunded vested benefits. As part of the two-pool method, the Fund retained the-then current pool known as the "Existing Employer Pool", established a new pool known as the "New Employer Pool," and created a program for Existing Employers to transition from the Existing Employer Pool to the New Employer Pool. An Existing Employer that withdraws from the Existing Employer Pool and enters into an agreement (a "Re-Entry Agreement") to participate in the New Employer Pool is known as a "Transition Employer." An Existing Employer that chooses to remain in the Existing Employer Pool is known as a "Legacy Employer." Any employer that was not an Existing Employer who enters into an agreement (an "Entry Agreement") to participate in the New Employer Pool is known as a "New Employer."

IV. SCHEDULES OF CONTRIBUTION AND BENEFIT LEVELS

The Trustees mandate the following Preferred and Default Schedules to the parties charged with bargaining over agreements requiring contributions to the Fund. Subject to the sole discretion of the Trustees, a Schedule is deemed compliant and adopted when the Trustees determine that a CBA or other agreement requiring contributions to the Fund includes terms consistent with the requirements of a Schedule in this Rehabilitation Plan.

Prior to negotiations, the bargaining parties must request in writing from the Fund Office contribution rate sequences that conform to the Preferred Schedule. Subsequent to negotiations, the bargaining parties must submit all contribution rate sequences in any CBA renewal or extension to the Fund office for approval. The Fund Office will notify the bargaining parties if the rate sequence in the CBA is not consistent with the Schedules of this Rehabilitation Plan.

A. Preferred Schedule

The Preferred Schedule requires Contributing Employers to make annual contribution rate increases during the Rehabilitation Period. However, with the exception of eliminating Lump Sum payments as was required by law, no changes in benefits options were made for employees in bargaining units whose employers make contributions in compliance with the Preferred Schedule.

1. <u>Contributions</u>

a. <u>Legacy Employers</u>

For CBAs renewed or extended prior to January 1, 2025, the Preferred Schedule requires annually compounded contribution rate increases of eight percent (8%).[1] Such contribution increases must be effective on the one-year anniversary date of the last increase in the preceding CBA and on each anniversary date thereafter during the term of the new CBA.

For CBAs renewed or extended on or after January 1, 2025, the Preferred Schedule requires annual contribution rate increases of twenty-five cents ($0.25) per hour for a period of five (5) years. Such contribution rate increases must be effective on the one-year anniversary date of the last eight percent (8%) increase in the preceding CBA and on each anniversary date thereafter until the five (5) year period is complete. Note that this five (5) year period will in some instances cover more than a single CBA renewal or extension period.

b. <u>New and Transition Employers</u>

For New and Transition Employers, the Preferred Schedule requires annual contribution rate increases of twenty-five cents ($0.25) per hour for a period of five (5) years. This five-year period and corresponding contribution rate increases must commence as follows:

- For New and Transition Employers whose current CBA requires them to pay contribution rate increases set forth in a Fund rehabilitation plan at least up to the amounts specified above, contribution rate increases shall commence on October 1, 2025 and be paid on each October 1 thereafter until the five (5) year period is complete. Note that this five-year period will in some instances extend beyond the current CBA term.

- For all other New and Transition Employers, contribution rate increases shall commence under CBAs negotiated, renewed, or extended on or after January 1, 2025. Such contribution rate increases must be effective on the one-year anniversary date of the last increase in the preceding CBA and on each anniversary date thereafter until the five (5) year period is complete. If no such date exists, then

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[1] ***Rounding rule***: Contribution Rates determined utilizing percentage increase under the Preferred Schedule are rounded to the nearest 1¢ increment.

Example #1: $5.26 x 1.08 = $5.681. This Contribution Rate is rounded to $5.68.

Example #2: $4.06 x 1.08 = $4.385. This Contribution Rate is rounded to $4.39.

contribution rate increases shall be effective on first applicable contract renewal date and on each anniversary date thereafter until the five (5) year period is complete. Note that this five-year period will in some instances cover more than a single CBA renewal or extension period. In event an Entry or Re-Entry Agreement establishes contribution rates and/or contribution rate increases through a certain date, however, the five-year period shall not commence until the first anniversary date following the conclusion of the timeframe set forth in the Entry or Re-Entry agreement.

Prior to the commencement dates/timeframes outlined in this sub-section (b), the contribution rate of a CBA that complies with the maintenance of benefits requirements or contribution rate increases of a New or Transition Employer's respective Entry or Re-Entry Agreement, as applicable, shall continue to be deemed to be compliant with the contribution rate requirements under the Preferred Schedule and adopted by such New or Transition Employer.

Effective August 1, 2016 and continuing through July 31, 2025, for any Contributing Employers whose employees were earning a \$300 per month benefit accrual, a CBA of such a Contributing Employer that reflects no contribution rate increases and a frozen contribution rate of \$11.87 per hour shall be deemed to be compliant with the contribution rate requirements under the Preferred Schedule and adopted by such Contributing Employer. Effective August 1, 2025, these Contributing Employers must comply with the contribution rate increases outlined above (annual twenty-five cents (\$0.25) per hour) for a period of five (5) years. In addition, the Trustees reserve the right to review the contribution rate, from time to time, to make certain the contribution rate is adequate to support the level of benefit accrual.

2. <u>Benefits</u>

For Participants whose Contributing Employers are in compliance with the Preferred Schedule, there are no changes in benefit formulas, levels or payment options available to Participants under the Rules and Regulations of the Fund as they existed on October 1, 2008, with the exception of eliminating the payment of Lump Sums as was required by law. Under the Preferred Schedule, Participants continue to accrue benefits at their then current levels. The current monthly benefit accrual value is that value in effect on July 31, 2005 (unless altered pursuant to a Re-Entry Agreement), also known as the Frozen Accrual. Current benefits include all adjustable benefits.

B. Default Schedule

Pursuant to the PPA, this Rehabilitation Plan must contain a Default Schedule under which Contributing Employers shall be subject to contribution increases necessary to emerge from Critical Status after future benefit accruals and other adjustable benefits have been reduced to the maximum extent permitted by law. If the Bargaining Parties adopt the Default Schedule, Contributing Employers are required to make contributions as required by such Schedule and future benefit accruals and adjustable benefits will be reduced as stated below. If the Bargaining Parties fail to adopt or are not deemed to comply with either the Preferred or the Default Schedules, the Default Schedule will be imposed as required by law.

1. Contributions

For Contributing Employers whose CBAs renewed or extended on or after January 1, 2025, if adopted or imposed, the Default Schedule requires annually compounded contribution rate increases of fourteen percent (14%).[2] Such contribution increases must be effective on the one-year anniversary date of the last increase in the preceding CBA and on each anniversary date thereafter during the term of the new CBA.

2. Future Benefit Accruals

For Participants whose Bargaining Parties agree to adopt the Default Schedule, or for whom a Default Schedule is imposed by law, the rate at which such Participants will accrue future benefits will be reduced by sixty percent (60%) of the current accrual rate. Thus, future benefit accruals will be forty percent (40%) of the Frozen Accrual Value established on July 31, 2005 (unless altered pursuant to a Re-Entry Agreement), or forty percent (40%) of the Adjusted Frozen Accrual Value, if applicable.

3. Benefit Reductions

Under the Default Schedule, the following adjustable benefits will be eliminated:

a. Elimination of all early retirement options, i.e., the right to receive a Pension prior to age 64 including:
   1) Early Retirement Pensions
   2) 30 Year Full Service Pensions
   3) All Partial Pensions to the extent any such pension is tied to one or more of the adjustable benefits listed above.
b. Elimination of all Disability Pensions prior to age 64
c. Elimination of all Benefit Payment Options including:
   1) 120 Certain Payment Option
   2) Christmas Benefit
d. Elimination of Death Benefits including:
   1) Single Payment Death Benefit
   2) 36 Month Annuity for Unmarried Participants

[2] ***Rounding rule***: Contribution Rates determined utilizing percentage increase under the Default Schedule are rounded to the nearest 1¢ increment.

Example #1: $5.26 x 1.14 = $5.9964. This Contribution Rate is rounded to $6.00.

Example #2: $4.10 x 1.14 = $4.6740. This Contribution Rate is rounded to $4.67.

Provided, however, nothing in this Paragraph shall be construed to reduce the level of a Participant's accrued benefit payable at Normal Retirement Age.

4. <u>Conversion from Default Schedule to Preferred Schedule</u>

If a Contributing Employer agrees to the Default Schedule or the Default Schedule is imposed with respect to a particular Bargaining Unit, subsequent CBAs for that unit which are compliant with the Preferred Schedule will only be accepted under the terms and conditions as determined by the Trustees in their discretion.

V. RESTORATION OF BENEFITS

Participants who have worked under CBA containing a Default Schedule may have benefits restored if thereafter they work and earn one year of Pension Credit under a CBA containing the Preferred Schedule.

VI. ANNUAL STANDARDS AND REVIEW OF REHABILITATION PLAN AND SCHEDULES

The Rehabilitation Plan is based on the Fund's information as of November 19, 2024 and on the Fund's reasonably anticipated experience and actuarial assumptions, as well as assumptions regarding the adoption of the revised contribution rates and plan of benefits by the Bargaining Parties. The Fund's experience, related actuarial assumptions, schedules of benefits and contribution rates will be reviewed annually. The Rehabilitation Plan will be updated as necessary to allow the Fund to emerge from Critical Status at a later time or, to the extent it is determined that this is not reasonably possible, take all reasonable measures to forestall insolvency.