

HAWAII TRUCKERS - TEAMSTERS UNION PENSION PLAN

NOTICE OF PLAN CHANGE FOR ACTIVE PARTICIPANTS

During the past year, the Trustees of the Hawaii Truckers - Teamsters Union Pension Plan (the "Plan") have had extensive discussions with the Plan's Actuarial Consultant about the benefit amounts that could be afforded to Plan participants while maintaining the Plan's actuarial soundness at this time and into the foreseeable future.

At a meeting on March 7, 2017, the Trustees made the difficult decision that, in order to protect the Plan against the possibility of financial insolvency in the future, the Plan's future benefit accrual formula needed to be reduced. The following table provides you with a comparison of the Benefit Rates in effect through March 31, 2018 to the Benefit Rates that will be afforded after the change

<u>Contribution Rate</u>	<u>Applicable Benefit Rate For Credited Service Earned During the Indicated Periods:</u>	
	<u>4/13 - 3/18</u> ¹	<u>4/18+</u> ²
37¢	\$18.05	\$11.01
42¢	\$20.16	\$12.30
47¢	\$22.27	\$13.59
52¢	\$24.38	\$14.88
57¢	\$26.49	\$16.17
62¢	\$28.60	\$17.46
67¢	\$30.71	\$18.75
72¢	\$32.82	\$20.04
77¢	\$34.93	\$21.33
82¢	\$37.04	\$22.62
87¢	\$39.15	\$23.91

¹ Any higher Contribution Rate will increase the benefit rate by \$2.11 for each additional 5¢ increment in the Contribution Rate.

² Any higher Contribution Rate will increase the benefit rate by \$1.29 for each additional 5¢ increment in the Contribution Rate.

This change does not have any effect on the benefits that you earn through March 31, 2018.

The benefits provided after April 1, 2018 represents a 39% reduction versus the benefits earned through March 31, 2018 and therefore is considered to be a significant reduction in future benefit accruals. As such, the Plan is required to notify you of this significant reduction in advance of the effective date of the change in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974 ("ERISA").

As with all pension plans in the United States, the Plan's financial position has

been impacted by the following events:

1. All plans were severely impacted by the large investment losses that were incurred as a result of the “Great Recession” of 2008.
2. Economic recovery from the “Great Recession” has been slow in many industries, including the trucking industry.
3. Interest rates have dropped to near all-time lows and the Federal Reserve has only recently started to increase short-term interest rates while longer term rates still remain low.
4. Recent studies have shown that, due to medical advances, people are now living much longer than previously expected and pension plans have been adjusting their financial projections to take this additional “longevity” into consideration.

The Trustees have been working with the Plan’s Actuarial Consultant since 2008 to maintain the Plan’s financial soundness and to avoid the drastic actions that other pension plans have been forced to take. In 2013, the Trustees made an adjustment to the Plan’s benefit formula to maintain the Plan’s financial position at that time with the hope that, as the United States economy improved, the Plan’s investments would recover and support benefits at that level. Although there has been some recovery in the Plan’s investments, it has not been as robust as hoped. The slower than anticipated recovery in investments in combination with the increase in costs attributable to the improvement in mortality have made it necessary to make this further adjustment to the Plan’s benefit formula.

Barring any large future investment losses, the Trustees and the Plan Professionals believe that the revised Plan should remain financially sound in the future and should be able to avoid the drastic actions that other more unfortunate pension plans have had to take. And, if the economy continues to improve and future investment performance exceed expectations, the benefit formula will be periodically reviewed for possible change by the Trustees.

If you have any questions on this benefit change, please feel free to contact the Trust Fund Office. You may write to the Trust Fund Office at 560 N. Nimitz Highway, Suite 209, Honolulu, Hawaii 96817 or call (808) 523-0199.

BOARD OF TRUSTEES OF THE
HAWAII TRUCKERS - TEAMSTERS
UNION PENSION PLAN