

October 22, 2018

**Notice of Critical Status
for the
Inlandboatmen's Union of the Pacific National Pension Plan**

This is to inform you that on September 28, 2018 the Plan actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan is in critical status for the plan year beginning July 1, 2018. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan has not passed the "Emergence Test". In order to emerge from critical status, the Plan must pass the four critical status tests for the current plan year, not be projected to have an accumulated funding deficiency in the current plan year or the succeeding nine plan years, and not be projected to become insolvent for any of the next 30 plan years. The Plan is projected to remain solvent and passes the four critical status tests, but is projected to have an accumulated funding deficiency during the next 9 plan years.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second consecutive year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On May 31, 2018, you were notified that the Plan reduced or eliminated certain adjustable benefits. On October 27, 2017, you were notified that as of October 27, 2017, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

If the Board of Trustees of the Plan determines that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after November 1, 2017.

The 2018 Rehabilitation Plan is summarized on the Annual Funding Notice.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of the rehabilitation plan:

- Disability benefits (if not yet in pay status);
- Early retirement benefits or early retirement type subsidies;
- Benefit payment options other than a qualified joint-and-survivor annuity (QJSA).

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. Beginning with contributions for work performed in July 2018, the surcharge percentage is 10% of required contributions.

The surcharge will apply to all contributions made on participants' behalf, including supplemental contributions required by the 2011 Rehabilitation Plan.

Special Rules While in the Rehabilitation Plan Adoption Period

During the rehabilitation plan adoption period, the Board of Trustees may not accept a collective bargaining agreement or participation agreement with the Plan that provides for:

- a reduction in the level of contributions for any participants,
- a suspension in the contributions with respect to any period of service, or
- any new direct or indirect exclusion of younger or newly hired employees from Plan participation.

Further, no amendment which increases the liabilities of the Plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate which benefits become nonforfeitable under the Plan may be adopted unless the amendment is required to keep the Plan qualified under the Internal Revenue Code or to comply with applicable laws. This includes contribution rate increases adopted during the rehabilitation plan adoption period that increase benefits earned under the Plan.

Where to Get More Information

For more information about this Notice, you may contact:

Inlandboatmen's Union of the Pacific Pension Trust
c/o BeneSys, Inc.
PMB #116
5331 SW Macadam Ave, Suite 258
Portland, OR 97239
(503) 224-0048

You have a right to a copy of the 2018 Rehabilitation Plan from the Plan.