

Frequently Asked Questions

- 1. Q: How did the Pension Plan's funded status decline below federal minimum funding standards?**

A: The Pension Plan's funded status declined below federal minimum funding standards due to the largest investment losses in the financial markets in almost 70 years. The investment return on the S&P 500 for the 2008 calendar year was -37%, the second largest drop in the S&P 500 since 1926. The largest investment loss in the S&P 500 was -43% in 1931.

Investment returns since 2000 have been extremely volatile and our investment experts do not predict a rebound in the near future big enough to make up for the accumulated losses.

- 2. Q: How much is the Pension Plan invested in financial markets? Did the Pension Plan's investment strategy fail?**

A: All assets of the Pension Plan are invested in the financial markets. The investment policy of the Pension Plan is to maximize the total rate of return over the long term and to be diversified over several asset classes. As of December 31, 2010, about 52% of the assets were invested in domestic and international equities, 25% were invested in bonds, and approximately 22% in mortgages and real estate. During the financial meltdown from 2007 - 2009 virtually all investment classes experienced unprecedented losses. Mortgages and real estate were particularly hit hard.

The investment strategy did not fail. It appropriately focuses on the long term. The Pension Plan's assets are managed by professionals and supervised by an independent investment consultant. The assets are invested according to a professionally developed and regularly monitored asset allocation strategy. As compared to a Taft-Hartley peer group the Pension Plan out performed 68% of all other Taft-Hartley pension plans for the last 10 year period ending December 31, 2010.

- 3. Q: What if investment returns are better than expected; can the Pension Plan emerge from critical status sooner? What if the returns are less than needed?**

A: The Pension Plan's funded status is measured assuming an investment return of 7.5% per year, net of investment expenses. The Rehabilitation Plan was developed to allow the Pension Plan to emerge from critical status by June 30, 2023. If net investment returns on average are greater than 7.5%, the Pension Plan could emerge from critical status sooner than June 30, 2023. If the returns are less than 7.5%, the Rehabilitation Plan may need to be adjusted to reduce additional benefits or increase Employer contributions so that the Pension Plan emerges from critical status by June 30, 2023. The Board of Trustees is required to review each year and adjust if necessary the Rehabilitation Plan.

- 4. Q: What is a Supplemental Contribution, who pays it and how will it be paid?**

A: If the bargaining parties adopt the Preferred Schedule there is an additional Supplemental Contribution required to be paid to the Pension Plan. This is necessary because the Pension Plan cannot restore its funded status solely through the benefit changes specified by the Preferred Schedule. The Supplemental Contribution is in addition to the contribution currently paid on your behalf. Supplemental Contributions do not count toward your accrued pension benefit.

- 5. Q: Are there other contributions required to be paid by the Employer to the Pension Plan?**

A: Until the bargaining parties adopt one of the Rehabilitation Plan Schedules, the Employer must pay a Surcharge. Currently the Surcharge is 5% of contributions. Beginning with July 2011 hours worked that Surcharge will increase to 10% of contributions. If the bargaining parties do not adopt one of the Rehabilitation Plan Schedules within 180 days after the collective bargaining agreement expires, the Default Schedule will be imposed and the Employer will be required to continue paying the Surcharge.

6. Q: Is my normal retirement benefit I have earned as of June 30, 2011 changing?

A: No. The normal retirement benefit you have earned through June 30, 2011 is not changing. It is yours to take at your normal retirement age.

7. Q: If I want to take early retirement before any changes in the early retirement reductions are implemented, when must I retire by?

A: August 1, 2011. If you are eligible for early retirement, stop working, terminate employment, and turn in your **completed** application and all required documentation by August 1, 2011, your retirement benefits will be calculated under the terms of the Pension Plan prior to the Rehabilitation Plan.

Before retiring, you are strongly encouraged to consider if you will have enough income to retire. You should also consider the cost of health insurance for early retirees when you determine whether you should retire early.

8. Q: How will I know if I meet the Rule of 85 and get to keep my current early retirement benefits?

A: In the fall of 2011, the Pension Plan will send anyone meeting the criteria for Rule of 85 a letter. Remember your Employer will also have to adopt the Preferred Schedule in order for you to receive Rule of 85 benefits, also you must be an Active Participant when you retire and, if you worked for multiple Employers after June 30, 2011, the majority of your contributory hours after that date must have been worked under the Preferred Schedule.

9. Q: What if I retire by August 1, 2011 and then return to work?

A: If you retire prior to your normal retirement date and return to work such that your benefit is suspended, you may not restart your benefit until you again terminate employment or reach normal retirement age (age 65) whichever is later. Please refer to the Summary Plan Description to learn more about returning to work after retirement. All benefits earned after your return to work will be subject to the Rehabilitation Plan.

10.Q: What if I no longer have contributions made to this Plan, but I am still working for an Employer that contributes to the Plan (e.g. I moved into management)? When I retire will my benefits be calculated as an “Active Participant” or “Terminated Participant”?

A: Unless you work at least 240 hours in the Plan Year that you retire or the Plan Year immediately preceding retirement for which contributions are made to this Pension Plan, you are considered a Terminated Participant. As a Terminated Participant if you retire early (prior to age 65 for the IBU, Columbia River, and Inland Waters Plans and age 62 for the Ferry Concession Plan) after August 1, 2011, your benefit will be actuarially reduced.

11.Q: How do I obtain a retirement application?

A: Simply go online to www.ibu.aibpa.com and print one or call the Trust office at 800-547-4457 x1683.