Inlandboatmen's Union of the Pacific National Pension Plan
2018 Rehabilitation Plan
Frequently Asked Questions

1. **Q: How did the Pension Plan's funded status decline below federal minimum funding standards again? Why do we need another Rehabilitation Plan? How can we be sure this doesn't happen again?**

   A: The Pension Plan's funded status is based on projections of its assets and liabilities over the next seven plan years. The Pension Plan was projected to fail the federal minimum funding standards due primarily to two factors described below.

   - Decline in active participants. The 2011 Rehabilitation Plan was based on about 1,580 active participants and projections assumed this population would remain level going forward. As of July 1, 2016, the number of active participants had dropped to about 1,500, and projections for the 2018 Rehabilitation Plan assumed the number of active participants would drop another 8% (to about 1,390 actives) and remain at this lower level indefinitely.

     While fewer active participants mean that fewer participants are earning a benefit which will limit the growth in liabilities, the contributions that would have come in to help pay down the Pension Plan's funding shortfall is lower by about $1 million per year. Since assets are currently less than liabilities, the loss in projected contributions contributed more to the decline in the Pension Plan's funded status than the fewer benefits being earned.

   - Updated assumptions. The 2011 Rehabilitation Plan was based on a different set of assumptions than the 2018 Rehabilitation Plan. The assumptions that have the biggest impact on the Pension Plan's projected funded status are the assumed investment return and life expectancy.

     The 2011 Rehabilitation Plan was based on an investment return assumption of 7.50%, net of investment fees. While the target asset allocation has changed very little since 2011, current capital market assumptions predict lower investment returns across all asset classes going forward. As a result, the 2018 Rehabilitation Plan is based on an investment return assumption of 6.50%, net of investment fees. The change in the investment return assumption increased liabilities by about $34 million. Since the Pension Plan is expected to earn less on its assets, benefits were reduced and contribution increases are required under the 2018 Rehabilitation Plan to make up the difference.

     The assumption for how long participants are expected to live (also called mortality tables) was updated since the 2011 Rehabilitation Plan. The mortality tables used by the Pension Plan are based on tables published by the Society of Actuaries. The most recently published tables have consistently shown that people are living longer than prior generations.

> The 2018 Rehabilitation Plan is based on the most recently published blue collar worker mortality tables adjusted to reflect our expectation for IBU participants. Since retirees are now expected to live longer, they are expected to receive more in retirement payments. The updated mortality tables increased the Pension Plan's liabilities by about $8 million.

When the Pension Plan is projected to not meet minimum funding standards, federal law requires the Board of Trustees to take action to reduce benefits, increase contributions, or both, to improve the Pension Plan's funded status within a specified period of time. This has resulted in the 2018 Rehabilitation Plan, which is separate from the 2011 Rehabilitation Plan. The provisions of the 2011 Rehabilitation Plan remain in effect. The 2018 Rehabilitation Plan makes additional changes to benefits and contributions.

We do not know with certainty when the Pension Plan will recover and cannot promise that additional changes to benefits or contributions will not be needed. However, the 2018 Rehabilitation Plan projections are based on realistic forward-looking assumptions and there is a margin against adverse Pension Plan experience to position the Pension Plan for a successful recovery.

2. Q: If we didn't change the assumptions, would we have a 2018 Rehabilitation Plan?

A: If the investment return and mortality assumptions had not been updated, the Board of Trustees would still have been required to take action to adjust benefits and contributions, but it may not have been this year. The Board of Trustees decided to take action now rather than wait and possibly have to take more drastic action later.

The prior assumptions assumed the Pension Plan's assets would earn a higher return each year and that participants would not live as long. If the assumptions were not updated, but lower investment returns and longer life expectancies actually happened, then the Pension Plan's funded status would have continued to decline. Updating the assumptions is intended to reflect what we think future Pension Plan experience will actually be.

3. Q: How are the Pension Plan assets invested? 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, subject to preservation of capital, by diversifying the Pension Plan's assets among professional investment managers. As of June 30, 2018, about 57% of the assets were invested in stocks, 21% were invested in bonds, and 22% in mortgages and real estate.

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 that balances risk and return. A Policy Index is established that details acceptable levels of risk and serves as a benchmark to compare returns. The Pension Plan has outperformed the Policy Index for the 1, 3 and 5 year periods ending June 30, 2018.

The Pension Plan's investment returns (net of investment fees) over the past 10 years are shown below:

Plan Year Ending June 30,	Net Investment Return	Plan Year End June 30,	Net Investment Return
2009	(15.8%)	2014	15.9%
2010	10.6%	2015	3.3%
2011	19.2%	2016	0.5%
2012	(0.1)%	2017	12.8%
2013	11.5%	2018 *(unaudited)*	7.9%

4. 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 expected?

A: The 2018 Rehabilitation Plan is designed for the Pension Plan emerge from critical status by June 30, 2030. The Pension Plan's assets are assumed to earn 6.5% net of investment expenses going forward.

The Rehabilitation Plan's success is highly sensitive to the Pension Plan's actual investment returns. If assets return more than 6.5%, the Pension Plan may emerge from critical status sooner. If asset returns are less than 6.5% and the Pension Plan is not projected to emerge from critical status by June 30, 2030, the Board of Trustees may make additional changes to benefits and/or contributions. The Board of Trustees are required by law to review the Pension Plan's experience annually and will adjust the 2018 Rehabilitation Plan if necessary to ensure it emerges from critical status by June 30, 2030.

Once the Pension Plan emerges from critical status, the benefit changes and supplemental contributions from the 2011 and 2018 Rehabilitation Plans will remain in effect until the Board of Trustees amends the Pension Plan to increase benefits or reduce supplemental contributions.

5. Q: How much does the Pension Plan pay in administrative and investment expenses?

A: The Board of Trustees meets quarterly to review the Pension Plan's operations. Since they do not have the time or expertise to run the Pension Plan themselves, they hire professional advisors to help carry out their fiduciary duties under the Employee Retirement Income Security Act (ERISA). The professional advisors include:

- The investment monitor, who periodically reviews the performance of the Pension Plan's investment managers with the Board of Trustees and advises them when changes to managers or the asset allocation is recommended.

- The actuary, who determines whether employer contributions meet federal minimum funding requirements, and assists with the development and maintenance of the Rehabilitation Plan.

- The administrator, who receives employer contributions, maintains participant records and processes pension applications.

- The ERISA attorney, who advises the Board of Trustees on various fiduciary and legal matters and keeps the plan document and summary plan description up to date with all applicable laws and regulations.

- The auditor, who audits the Pension Plan's financial statements and performs payroll audits to ensure employers are contributing to the Pension Plan in accordance with the collective bargaining agreements.

The Pension Plan also obtains fiduciary insurance to protect the Pension Plan and the Board of Trustees from lawsuits. In addition, the Pension Plan pays premiums to the Pension Benefit Guaranty Corporation (PBGC), the government agency that insures pension benefits in the unlikely event the Pension Plan becomes insolvent. The Board of Trustees also regularly attend the International Foundation of Employee Benefit Plans (IFEB) conferences to remain educated on matters related to multiemployer defined benefit plans.

The Board of Trustees reviews the Pension Plan's expenses quarterly and evaluates the service providers annually.

Total annual administrative and investment expenses were about $1.4 million and $1.3 million for the July 1, 2015 to June 30, 2016 and July 1, 2016 to June 30, 2017 plan years. These amounts were about 0.6% of the Pension Plan's assets.

A breakdown of the Pension Plan's expenses can be found on the audit that is attached to the Form 5500 filing submitted to the Department of Labor Employee Benefits Security Administration each year. You may download a copy of the filing by going to https://www.efast.dol.gov/portal/app/disseminate?execution=e1s1 and entering in the Pension Plan's EIN (93-0792184) and PN number (001).

6. Q: How does the 2018 Rehabilitation Plan impact the employer contributions made to the Pension Plan on my behalf?

A: A portion of the contributions made on your behalf will go toward increasing your pension benefit and the remaining portion will go toward paying down the Pension Plan's funding shortfall (the difference between assets and liabilities) in order to secure the benefits you have already earned.

Supplemental contributions (contributions that do not go to increasing your benefit) required by the 2011 and 2018 Rehabilitation Plans are dedicated to improving the Pension Plan's funded status and will not increase your benefit.

- If the bargaining parties adopt the 2018 Preferred Schedule, 30% of the negotiated contribution that previously increased your pension benefit will be reallocated to improving the Pension Plan's funded status. Your benefit accruals will be 30% smaller as a result.

- If the bargaining parties adopt the 2018 Default Schedule, all of the negotiated contribution that previously increased your benefit will still be applied to increase your pension benefit, but the benefit multiplier will be 1% regardless of your years of service. As a result, your benefit accruals may be smaller than what you would have earned under the 2018 Preferred Schedule.

Please note the exception in how your benefit accrual is earned during the 2018-2019 Plan Year as described in Question 8.

Prior to when the bargaining parties adopt one of the 2018 Rehabilitation Plan Schedules, your Employer must pay a Surcharge. The Surcharge was 5% of contributions for hours worked December 1, 2017 through June 30, 2018. Beginning with July 2018 hours, the Surcharge is 10% of contributions. Surcharges stop when the bargaining parties adopt a Rehabilitation Plan Schedule. If the bargaining parties do not adopt one of the 2018 Rehabilitation Plan Schedules within 180 days after the collective bargaining agreement expires, the 2018 Default Schedule will be imposed and the Employer will be required to continue paying the Surcharge. Surcharges are applied to improve funding and will not increase your benefit.

7. Q: Is my accrued benefit earned through June 30, 2018 changing?

A: No. The dollar amount of your accrued benefit earned through June 30, 2018 is *not* changing. This amount is payable at your normal retirement age without reduction.

8. Q: What benefit do I earn during the July 1, 2018 to June 30, 2019 Plan Year?

A: If the bargaining parties adopt the 2018 Preferred Schedule or 2018 Default Schedule after June 30, 2019, you will earn a $0 accrual for the 2018-2019 Plan Year (July 1, 2018 – June 30, 2019).

If the bargaining parties adopt the 2018 Preferred Schedule during the 2018-2019 Plan Year, you will earn a $0 accrual for the 2018-2019 Plan Year.

If the bargaining parties adopt the 2018 Default Schedule or if the 2018 Default Schedule is imposed during the 2018-2019 Plan Year, you will earn a $0 accrual from July 1, 2018 to the month the Default Schedule takes effect, and will earn a benefit accrual of 1% of accruing contributions for the remainder of the Plan Year.

> Example. The bargaining parties adopt the 2018 Default Schedule on December 1, 2018. The benefit accrual for hours worked from July 1, 2018 through November 30, 2018 is $0 and the benefit accrual for hours worked from December 1, 2018 through June 30, 2019 is 1% of the accruing contributions made on your behalf (excluding the Surcharge and the 2011 and 2018 supplemental contributions).

9. Q: What would my accrued benefit look like over the next ten years under the *Preferred Schedule*?

A: Here is an example of someone who has 25 years of service under the Pension Plan prior to July 1, 2018. If the bargaining parties covering this person adopted the Preferred Schedule on January, 1, 2019, the accrued benefit as of June 30, 2028 would be $2,789.17 as calculated below:

PLAN YEAR	CONTRIBUTORY HOURS	TOTAL FUTURE BENEFIT SERVICE	ANNUAL EMPLOYER CONTRIBUTION	BENEFIT MULTIPLIER	BASIC MONTHLY PENSION EARNED	2018 PREFERRED SCHEDULE CUMULATIVE PENSION EARNED
Thru 2017-18		25				$2,500.00
7/1/18-12/31/18	500	26	$1,350	**0.00%***	$ 0.00	$2,500.00
1/1/19-6/30/19	500	26	$ 945**	**0.00%***	$ 0.00	$2,500.00
2019-20	1,000	27	$1,890**	1.70%	$32.13	$2,532.13
2020-21	1,000	28	$1,890**	1.70%	$32.13	$2,564.26
2021-22	1,000	29	$1,890**	1.70%	$32.13	$2,596.39
2022-23	1,000	30	$1,890**	1.70%	$32.13	$2,628.52
2023-24	1,000	31	$1,890**	1.70%	$32.13	$2,660.65
2024-25	1,000	32	$1,890**	1.70%	$32.13	$2,692.78
2025-26	1,000	33	$1,890**	1.70%	$32.13	$2,724.91
2026-27	1,000	34	$1,890**	1.70%	$32.13	$2,757.04
2027-28	1,000	35	$1,890**	1.70%	$32.13	$2,789.17

** The benefit multiplier is zero during the July 1, 2018 to June 30, 2019 Plan Year.*

*** 30% of the annual employer contribution of $2,700 will not be taken into account in your accrued benefit.*

10. Q: What would my accrued benefit look like over the next ten years under the *Default Schedule*?

A: Here is an example of someone who has 25 years of service under the Pension Plan prior to July 1, 2018. If the bargaining parties covering this person adopted the Default Schedule on January, 1, 2019, the accrued benefit as of June 30, 2028 would be $2,756.50 as calculated below:

PLAN YEAR	CONTRIBUTORY HOURS	TOTAL FUTURE BENEFIT SERVICE	ANNUAL EMPLOYER CONTRIBUTION	BENEFIT MULTIPLIER	BASIC MONTHLY PENSION EARNED	2018 DEFAULT SCHEDULE CUMULATIVE PENSION EARNED
Thru 2017-18		25				$2,500.00
7/1/18-12/31/18	500	26	$1,350	**0.00%***	$ 0.00	$2,500.00
1/1/19-6/30/19	500	26	$1,350	**1.00%**	$13.50	$2,513.50
2019-20	1,000	27	$2,700	**1.00%**	$27.00	$2,540.50
2020-21	1,000	28	$2,700	**1.00%**	$27.00	$2,567.50
2021-22	1,000	29	$2,700	**1.00%**	$27.00	$2,594.50
2022-23	1,000	30	$2,700	**1.00%**	$27.00	$2,621.50
2023-24	1,000	31	$2,700	**1.00%**	$27.00	$2,648.50
2024-25	1,000	32	$2,700	**1.00%**	$27.00	$2,675.50
2025-26	1,000	33	$2,700	**1.00%**	$27.00	$2,702.50
2026-27	1,000	34	$2,700	**1.00%**	$27.00	$2,729.50
2027-28	1,000	35	$2,700	**1.00%**	$27.00	$2,756.50

** The benefit multiplier is zero during the July 1, 2018 to June 30, 2019 Plan Year before the bargaining parties adopt the Default Schedule on January 1, 2019.*

11. Q: If I want to retire before the 2018 Rehabilitation Plan changes take effect, when must I retire?

A: December 1, 2018. If you are eligible to retire, stop working, terminate employment, and turn in your completed application and all required documentation by December 1, 2018, your retirement benefits will be calculated under the terms of the Pension Plan in effect prior to the 2018 Rehabilitation Plan, except for any benefit accrual you earn during the 2018-2019 Plan Year as described in Question 8.

The changes in the 2018 Rehabilitation Plan will apply to retirement dates on or after January 1, 2019. If you are eligible to retire early, stop working and terminate employment in December 2018, the earliest your retirement date can be is January 1, 2019 and the changes specified in the 2018 Rehabilitation Plan will apply to your benefit.

Before retiring, you are strongly encouraged to consider if you will have enough income to retire and also consider the cost of obtaining health insurance.

12. Q: What is my early retirement benefit as of December 1, 2018 as compared to January 1, 2019 under the *<u>Preferred Schedule</u>*?

A: If you are eligible for early retirement and retire as an Active Participant, but do not meet the Rule of 85 Requirements, and your accrued benefit at age 65 is $1,000, your early retirement benefit as of January 1, 2019 will be reduced 3% per year between age 62 and 65 and actuarially reduced prior to age 62 (unsubsidized early retirement benefit). If you meet the Rule of 85 Requirements, your accrued benefit earned will be unreduced from age 62 and 65 and reduced 3% per year prior to age 62.

AGE AT RETIREMENT	ACTIVE PARTICIPANT RETIRING DECEMBER 1, 2018 NOT RULE OF 85	AGE AT RETIREMENT	ACTIVE PARTICIPANT RETIRING JANUARY 1, 2019 NOT RULE OF 85
65	$1,000.00	65 yrs 1 month	$1,000.00*
64	970.00	64 yrs 1 month	972.50
63	940.00	63 yrs 1 month	942.50
62	910.00	62 yrs 1 month	912.50
61	860.00	61 yrs 1 month	670.30
60	810.00	60 yrs 1 month	608.00
59	760.00	59 yrs 1 month	552.40
58	710.00	58 yrs 1 month	502.70
57	660.00	57 yrs 1 month	458.20
56	610.00	56 yrs 1 month	418.10
55	560.00	55 yrs 1 month	382.10

* Assumes no additional benefit is earned for work during December 2018. See Question 8 regarding benefits earned during the 2018-2019 Plan Year.

You are an Active Participant under the Preferred Schedule if the majority of your Contributory Hours earned after June 30, 2018 were under the Preferred Schedule and you have 240 or more Contributory Hours to the Pension Plan in the Plan Year (July 1 to June 30) of your retirement or in the preceding Plan Year.

If you are an Active Participant who retires on or after January 1, 2019, but before the bargaining parties have adopted a Schedule, your early retirement benefit will initially be an unsubsidized early retirement benefit. If the Schedule the bargaining parties adopt results in a higher benefit than what was paid to you during the Interim Period, the Pension Plan will pay you the higher benefit retroactive to your retirement date with interest at 6.5%.

13. Q: What is my early retirement benefit as of December 1, 2018 as compared to January 1, 2019 under the *Default Schedule*?

A: If you are eligible for early retirement and retire as an Active Participant, and your accrued benefit at age 65 is $1,000, your early retirement benefit as of January 1, 2019 will be the sum of a) and b) below:

a) Your accrued benefit earned through June 30, 2018, reduced 3% per year between age 62 and 65 and a 5% per year reduction prior to age 62. If you met the Rule of 85 Requirements, your accrued benefit earned through June 30, 2018 will be unreduced from age 62 and 65 and reduced 3% per year prior to age 62.

b) Your accrued benefit earned after June 30, 2018, is actuarially reduced prior to age 65 (unsubsidized early retirement benefit).

AGE AT RETIREMENT	ACTIVE PARTICIPANT RETIRING DECEMBER 1, 2018 NOT RULE OF 85	AGE AT RETIREMENT	ACTIVE PARTICIPANT RETIRING JANUARY 1, 2019 NOT RULE OF 85
65	$1,000.00	65 yrs 1 month	$1,000.00*
64	970.00	64 yrs 1 month	972.50
63	940.00	63 yrs 1 month	942.50
62	910.00	62 yrs 1 month	912.50
61	860.00	61 yrs 1 month	864.20
60	810.00	60 yrs 1 month	814.20
59	760.00	59 yrs 1 month	764.20
58	710.00	58 yrs 1 month	714.20
57	660.00	57 yrs 1 month	664.20
56	610.00	56 yrs 1 month	614.20
55	560.00	55 yrs 1 month	564.20

* Assumes no additional benefit is earned for work during December 2018. See Question 8 regarding benefits earned during the 2018-2019 Plan Year.

You are an Active Participant under the Default Schedule if the majority of your Contributory Hours earned after June 30, 2018 were under the Default Schedule and you have 1,000 or more Contributory Hours to the Pension Plan in the Plan Year (July 1 to June 30) of your retirement or in the preceding Plan Year.

If you are an Active Participant who retires on or after January 1, 2019, but before the bargaining parties have adopted a Schedule, your early retirement benefit will initially be an unsubsidized early retirement benefit.

- If the Schedule the bargaining parties adopt results in a higher benefit than what was paid to you during the Interim Period, the Pension Plan will pay you the higher benefit retroactive to your retirement date with interest at 6.5%.

- If the Default Schedule is imposed before the bargaining parties adopt a Schedule, benefits will be calculated in accordance with the Default Schedule and the Pension Plan will adjust benefits on the first day of the month following the date the Default Schedule is imposed. Changes will not apply retroactively, even if the benefits you had been receiving were greater.

14. Q: What are the Rule of 85 Requirements?

A: You have met the Rule of 85 Requirements if, as of June 30, 2011, you met all of the following criteria:

- You were age 55 or older but had not yet reached age 65;
- You were not a Terminated Participant;
- You had 240 or more Contributory Hours earned under the Pension Trust in the July 1, 2010, to June 30, 2011 Plan Year; and
- Your age plus years of service (defined below) equal or exceed 85.

In addition to meeting the four criteria above, you will qualify for the Rule of 85 Benefit, if from June 30, 2018, until retirement:

- You retire before age 65 as an Active Participant and the majority of your Contributory Hours was accrued under collective bargaining agreements or joinder agreements that adopted the 2018 Rehabilitation Plan Preferred Schedule, or

- You retire before age 65 as an Active Participant under the 2018 Rehabilitation Plan Default Schedule. However, the Rule of 85 Benefit applies only to your accrued benefit earned through June 30, 2018.

Years of service for the Rule of 85 Requirements means years or partial years of Future Credited Service that a Participant earns under this Pension Plan, the Columbia River Retirement Plan, the Inland Waters Pension Plan, and/or the Ferry Concessions Pension Plan (IBU credited service) that has not been permanently forfeited due to a break in service (permanent break in service). If a Participant has 20 or more years of IBU credited service without a permanent break in service as of June 30, 2011, he or she may also count years or partial years of future credited service earned under the Northwest Marine Pension Plan, Southwest Marine Pension Plan, Alaska Longshore Pension Plan, Washington State Ferries Pension Plan, Crown Zellerbach Plan, and Individual Retirement Annuity Plan, provided the future credited service has not been permanently forfeited due to a break in service.

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

A: In order for your pension benefit to start you will need to notify the Administrative Office at 800-547-4457 x 1683 at least 90 days before your benefit will begin. At the time you apply for your pension benefit you must provide satisfactory evidence of your age, such as a copy of your birth certificate. If you are married, it will be necessary to provide evidence of your spouse's birth date, as well as proof of marriage. If you have been divorced, you will need to submit a copy of the divorce decree or Qualified Domestic Relations Order.

16. Q: What if I retire by December 1, 2018 and then return to work?

A: If you retire prior to your normal retirement date (age 65) 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. Any benefits earned after your return to work will be subject to the 2018 Rehabilitation Plan.

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

A: Your benefit will be calculated based on whether you are an Active Participant or Terminated Participant and the 2018 Rehabilitation Plan Schedule under which the majority of your Contributory Hours after June 30, 2018 were earned.

Contributory Hours are hours for which Employer contributions are paid or required to be paid to the Pension Plan on your behalf. If you are in a position that no longer makes contributions to this Pension Plan, you are earning zero Contributory Hours.

If you have zero Contributory Hours to the Pension Plan in the Plan Year (July 1 to June 30) of your retirement and the preceding Plan Year, you will be considered a Terminated Participant at retirement. 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 Concessions Plan), your retirement benefit will be actuarially reduced (unsubsidized).

If the majority of your Contributory Hours earned after June 30, 2018 were under the 2018 Preferred Schedule and you have 240 or more Contributory Hours to the Pension Plan in the Plan Year (July 1 to June 30) of your retirement or in the preceding Plan Year, you will be considered an Active Participant at retirement. Early retirement benefits for Active Participants under the 2018 Preferred Schedule are unsubsidized prior to age 62 and reduced 3% per year between age 62 and 65 (for the IBU, Columbia River, and Inland Waters Plans). If you are eligible for the Rule of 85 Benefit, your early retirement benefits are reduced 3% per year prior to age 62 and unreduced between age 62 and 65.

If the majority of your Contributory Hours earned after June 30, 2018 were under the 2018 Default Schedule and you have 1,000 or more Contributory Hours to the Pension Plan in the Plan Year (July 1 to June 30) of your retirement or in the preceding Plan Year, you will be considered an Active Participant at retirement. Early retirement benefits for Active Participants under the 2018 Default Schedule are the sum of

- Your accrued benefit earned after June 30, 2018, actuarially reduced (unsubsidized) from age 65 for the IBU, Columbia River, and Inland Waters Plans and age 62 for the Ferry Concessions Plan, plus

- Your accrued benefit earned up through June 30, 2018, reduced 5% per year prior to age 62 and reduced 3% per year between age 62 and 65 (for the IBU, Columbia River, and Inland Waters Plans).

The table below briefly summarizes some of the benefit changes under the 2018 Preferred Schedule and 2018 Default Schedules. Please refer to the Pension Plan notice dated May 31, 2018 for a detailed explanation of all the changes.

Plan Provision	Active Participants Preferred Schedule	Active Participants Default Schedule	Terminated Participants
Benefit Accrual	Service / Multiplier 1-9 Years 1.40% 10-19 Years 1.55% 20+ Years 1.70% • 30% of contributions that previously went toward accruals will be reallocated toward funding only. • For the July 1, 2018 – June 30, 2019 plan year only, the accrual will be $0.	Service / Multiplier 1-9 Years 1.00% 10-19 Years 1.00% 20+ Years 1.00%	N/A
Participation	12 months after 1st Contributory Hour	12 months after 1st Contributory Hour	N/A
Hours for Vesting / Benefit Credit	240 hours (no benefit accruals for less than 240 hours).	1,000 hours (no benefit accruals for less than 1,000 hours).	N/A
Early Retirement	Actives eligible for Rule of 85: Benefit reduced 3% per year prior to age 62. Unreduced at age 62. Actives not eligible for Rule of 85: Benefit reduced 3% per year from age 62 to 65, and actuarially reduced (unsubsidized) prior to 62.	Rule of 85 is eliminated. Actives receive actuarially reduced (unsubsidized) early retirement on benefit accruals earned after June 30, 2018. Pre-2018 Rehabilitation Plan early retirement reduction factors for benefits earned through June 30, 2018.	Benefits are actuarially reduced (unsubsidized) from age 65.
Death Benefit	Survivor portion of the 50% joint and survivor annuity payable at the Participant's earliest retirement age.	Survivor portion of the 50% joint and survivor annuity payable at the Participant's earliest retirement age.	Survivor portion of the 50% joint and survivor annuity payable at the Participant's earliest retirement age.
Disability Benefit	Disability benefits are actuarially reduced (unsubsidized) from age 65. Disability benefit prior to age 55 is equal to the amount as if the Participant became disabled at age 55.	Disability benefits are eliminated.	N/A

Changes impacting benefits earned under the Columbia River, Inland Waters and Ferry Concessions Pension Plans are not fully reflected in the chart above.