

NOTICE OF ELECTION UNDER THE PENSION RELIEF ACT OF 2010
for the
Inlandboatmen's Union of the Pacific National Pension Plan

July, 2011

Nearly all financial markets experienced a significant decline during 2008. In response to the economic crisis, the President signed into law a bill that includes multiemployer pension plan funding relief. The pension provisions of the "Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010" (PRA 2010) are generally effective the first day of the first plan year ending after August 31, 2008. Specifically, PRA 2010 allows trustees to elect to use an asset smoothing period of up to 10 years for the 2008 plan year investment losses and amortize those losses effective beginning with the 2009 plan year over a period of up to 29 years rather than over 15 years.

Fund Information

Fund Name	Inlandboatmen's Union of the Pacific National Pension Plan
Taxpayer Identification Number (EIN)	93-0792184
Plan Number	001

Background

Under Internal Revenue Code (IRC) Section 432(b), a plan's enrolled actuary must prepare a certification each year concerning the plan's funded status.

If the plan has funding or liquidity problems, or both, the plan will be certified in endangered status (Yellow Zone) or critical status (Red Zone) depending on the severity of the problem. A plan that does not have a funding or liquidity problem will be certified in the Green Zone.

If a plan is certified in endangered or critical status, the trustees of the plan are required to adopt a rehabilitation plan to improve the plan's funded status over a specified period of time. This rehabilitation plan may involve reductions in benefits, increases in employer contributions, or both. The rehabilitation plan to improve the plan's funded status must then be presented to the bargaining parties for approval.

The Plan's enrolled actuary certified the Plan is in critical status for the plan year beginning July 1, 2010. The Board of Trustees adopted a rehabilitation plan that modifies contribution rates and benefits in order for the Plan to emerge from critical status over a 10-year rehabilitation period.

PRA 2010 Election

The Board of Trustees elected the following pension funding relief on January 31, 2011 and June 30, 2011. These elections provide the Plan more time to return to full funding.

- ◆ Extended amortization of the 2008-2009 plan year investment loss will begin on July 1, 2009, with the last amortization base established on July 1, 2014. These extended amortization bases will be fully amortized by June 30, 2038.

**NOTICE OF ELECTION UNDER THE PENSION RELIEF ACT OF 2010
for the
Inlandboatmen's Union of the Pacific National Pension Plan**

- ◆ 10-year asset smoothing of the 2008-2009 plan year investment loss effective July 1, 2009 for a period of 10 years. The investment loss will be fully recognized by June 30, 2018.

Impact of Electing Funding Relief

Absent the election of pension funding relief, the Rehabilitation Plan developed by the Board of Trustees would have required larger reductions in benefits and higher increases in contributions.

The elections decrease the required minimum contribution each year that is taken into account in determining the appropriate contribution rates under collective bargaining agreements and may also affect the Plan's status under IRC Section 432(b) for future plan years.

PRA 2010 provides that benefit improvements may not go into effect during either of the two plan years immediately following a plan year in which the funding relief applies unless the plan actuary certifies that the increases are fully paid for by additional contributions and the plan is projected to attain at least the same funding levels for those two years as if the benefits were not increased.

Where to Get More Information

For more information about this notice, you may contact

A&I Benefit Plan Administrators, Inc.
1220 S.W. Morrison, Suite 300
Portland, OR 97205-2222
(503) 224-0048