

# **Teamsters Local 641 Pension Fund**

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## **Notice of Critical Status for Teamsters Local 641 Pension Plan EIN: 22-6220288/PN: 001**

This is to inform you that in May 2024, the plan actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that the Plan is in Critical status for the plan year beginning March 1, 2024. 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. The Plan was insolvent as of March 1, 2021. However, as a result of receiving the special financial assistance under the American Rescue Plan Act, the Plan is now able to pay full benefits during the Plan Year beginning March 1, 2022. Despite having sufficient assets to pay benefits, the Plan is required by law to be in Critical status regardless of any other measures due to receiving this assistance.

### **Rehabilitation Plan**

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 17<sup>th</sup> 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 March 10, 2008, you were notified that the Plan reduced or eliminated adjustable benefits. As of March 4, 2008 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 in critical status. If the trustees of the Plan determine 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 in adjustable benefits (other than a repeal of a recent benefit increase as described below) 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 June 1, 2008.

### **Adjustable Benefits**

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan the Pension may adopt:

- Subsidized Early Retirement;
- Disability Benefit;
- Subsidized Joint and Survivor Annuities.

As part of the Rehabilitation Plan, the free five-year certain life benefit, regular pensions and supplemental pensions have all been dropped from the plan. Service pensions were eliminated for retirements for individuals who initially retired on or after 6/1/2008. As an update to the rehabilitation plan the service requirement for the early retirement and disability pensions has been limited to only service earned with Local 641 (i.e. reciprocal service will not count towards early and disability retirement eligibility). Effective 1/1/2012, the annual accrual is limited to \$80.

Further, because the Plan is in Critical and Declining status and prior to the Plan becoming insolvent, accrued benefits and benefits that are in pay status may be reduced, subject to the following restrictions and to the approval of governmental agencies and Plan participants, as indicated on the prior page:

- Benefits may not be reduced for
  - Participants age 80 or older
  - Participants who are disabled
- Reductions are limited for participants between age 75 and 80, pro-rated for each month a participant is less than 80 years old.
- If the Plan becomes insolvent, benefits may not be reduced below 100% of the PBGC maximum benefit guarantee of the first \$11 plus 75% of the next \$33 per year of service.

When the Teamsters 641 Pension Plan became insolvent on March 1, 2021, every participant's monthly pension benefit was reduced, first to the benefit level supported by the available assets, and then to the PBGC maximum benefit guarantee regardless of the participant's age.

As of March 31, 2022, the PBGC approved the Special Financial Assistance under the American Rescue Plan Act, and benefits were restored to their original level. However, the Plan will remain in Critical Status regardless, pursuant to the requirements of the law.

### **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation until such time their collective bargaining agreements are updated to reflect the contribution increase required by the Rehabilitation Plan. 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. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

### **Where to Get More Information**

For more information about this Notice, you may contact:

Diane Florian  
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Union, NJ 07083  
Phone 908-687-4488

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

Date Sent: 6/28/2024