

# LOCAL 705

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## PENSION FUND

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### Local 705, International Brotherhood of Teamsters Pension Plan Notice of Plan Status

April 12, 2008

Participants, Beneficiaries, Participating Unions, and Contributing Employers to the Local 705 International Brotherhood of Teamsters Pension Plan (the "Pension Plan"), this document is being provided to you as required under the Pension Protection Act of 2006, which requires that the Trustees disclose certain information regarding the Pension Plan's funding status.

The United States Congress enacted the Pension Protection Act of 2006 ("PPA" or "Act"), in part, to ensure that pension plans have the assets necessary to fund pension liabilities when participants retire and apply for their pensions. The Act implemented several safeguards aimed at improving plan funding levels, and imposed on plans the obligation to provide participants, contributing employers, and other interested parties with helpful information regarding the "financial health" of the plans in which they participate or otherwise have an interest.

Many of the Act's safeguard provisions relate to funding, which, in the most simple terms, is how much a plan has coming in, going out, how the assets are invested, and what is in reserve (or "in the bank") to fund pensions that become payable in the future. These safeguards are intended to create more discipline in determining the funding strategy for pension benefits, with the ultimate goal of avoiding preventable funding problems.

Starting with the 2008 Plan Year, the Act requires that the Pension Plan be tested annually to determine how well it is funded. The Act established formal benchmarks for measuring a plan's funding. Plans that are in the yellow ("seriously endangered" or "endangered") or red ("critical") zones must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to restore the plan's financial health.

#### Plan's Status – Yellow Zone

For the Plan Year beginning January 1, 2008, the Pension Plan is less than 80% funded (the Pension Plan's actual percentage is 71.98%) and the Pension Plan is projected to have a funding deficiency in Plan Years beginning on and after January 1, 2013. A funding deficiency for the Pension Plan means that the level of contributions will be less than the minimum amount required by law to maintain an acceptable funding level. The Pension Plan's actuary provided this certification based on the Act's funding measures. On March 13, 2008, the Pension Plan was categorized as being in the yellow "seriously endangered" zone for the 2008 Plan Year.

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