

## **2015-2016 NOTICE OF ENDANGERED STATUS**

*For*

*San Diego County Teamsters Pension Plan*

*October 28, 2015*

**To:** All Participants, Beneficiaries, Participating Unions and Contributing Employers

The purpose of this notice is to inform you that on September 28, 2015, the Plan's actuary certified to the U.S. Department of the Treasury and to the plan sponsor that the Plan is in endangered status for the Plan Year beginning July 1, 2015. The Plan was previously certified in critical status since the Plan Year beginning July 1, 2008. Federal law requires that you receive this notice. The certification of Plan status and this notice are requirements provided for under the Pension Protection Act of 2006 (PPA) and Section 432 of the Internal Revenue Code for multiemployer plans for plan years beginning in 2008. This notice is intended to meet the disclosure requirements of that Act and to inform you of the status of this Plan.

If the actuary certifies that the Plan's status is endangered (yellow zone), seriously endangered (orange zone), critical (red zone), or critical and declining (deep red zone), the Board of Trustees must notify the Plan's participants and beneficiaries, the bargaining parties, the U.S. Department of Labor and the Pension Benefit Guaranty Corporation, in writing, of this certification and take action to improve the Plan's funding status.

### ***Endangered Status (Yellow Zone)***

A Plan is considered to be in endangered status when its assets are less than 80% of its liabilities or the Plan is projected to have a funding deficiency within the next seven years. While the actuary for the San Diego County Teamsters Pension Plan has certified that the Plan is not projected to have a funding deficiency within the next seven years, the Plan's assets are less than 80% of its projected liabilities. Therefore, the Plan is in endangered status (yellow zone).

The Plan was previously certified in critical status since the Plan Year beginning July 1, 2008. Due to positive investment returns, and provisions adopted by the Trustees under the previous Rehabilitation Plan adopted on May 21, 2009 and most recently updated on February 5, 2014, the Plan has emerged from critical status into endangered status for the Plan Year beginning July 1, 2015. The Plan successfully emerged from critical status because it is not projected to have a funding deficiency in the current and succeeding nine plan years and it satisfies the 30-year solvency requirement.

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*(Continued)*

### ***Funding Improvement Plan***

Federal law requires pension plans in endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. A funding improvement plan is an action plan designed to increase a plan's funded percentage and to ensure that contributions will be sufficient to satisfy the minimum amount required under the law. Since this is the first year the Plan has been certified in endangered status, the Plan must adopt a funding improvement plan within 240 days of the actuary's certification, or May 25, 2016. However, based on the previously adopted rehabilitation plan and associated future contribution rates, no further changes to the Plan's contribution schedule or benefit structure are expected to be necessary at this time to meet the requirements of a funding improvement plan.

The law requires that the Plan's funding status be reviewed and certified annually and notices like this one be sent each year until the Plan is out of endangered status. Similarly, the funding improvement plan must be updated annually. There are several variables beyond the control of the Board of Trustees, including market volatility, the number of plan participants and/or the number of contributing employers, which could affect the Plan's funding status and the necessary corrective actions in the future. The Board of Trustees remains confident that the Plan will continue to provide our participants and their families with secure retirement benefits.

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

For more information about this notice, you may contact the Plan Administrator by phone at (415) 986-6276 or by mail at Allied Fund Administrators, 1640 S Loop Rd, Alameda, California, 94502. You have a right to receive a copy of the rehabilitation plan from the Plan.

cc: U.S. Department of Labor  
U.S. Pension Benefit Guaranty Corporation