

SUBURBAN TEAMSTERS OF NORTHERN ILLINOIS PENSION FUND

**1171 Commerce Dr., West Chicago, Illinois 60185
(630) 293-0390**

Notice of Plan Status

April 30, 2010

To all Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The Pension Protection Act (PPA or Act), signed into law in 2006, is intended to improve the financial condition of pension plans. Many of the Act's provisions relate to funding, which, in simplest terms, refers to how much money a pension plan has coming in, going out, and in reserve (or "in the bank") for the future. The Act's provisions are intended to create more discipline to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. Benchmarks for measuring a plan's funding, with formal labels, were established. Plans that are in the yellow ("seriously endangered" or "endangered") or red ("critical") zones must notify all plan participants, beneficiaries, unions, and contributing employers of the plan's status, and must take corrective action to improve the plan's funding.

In recent years, steps have been taken to bring this Pension Plan's benefit liabilities into balance with its assets. This has been done through a combination of benefit changes and increases in contributions from contributing employers. While these actions are expected to improve the financial situation over time, there is currently a shortfall that must be resolved for the Plan to comply with the Act's requirements.

Plan's Status – Red Zone

On March 31, 2010, the Pension Fund's actuary certified that the Pension Plan is in the red "critical" zone for the Plan Year beginning January 1, 2010. This red zone certification is based on the actuary's determination that the Pension Plan is projected to have a funding deficiency within the four plan years beginning January 1, 2010. This means that contributions are not expected to be high enough to meet government standards for funding both past and future benefits. This does not mean that the Fund will have a problem paying benefits to current pensioners and beneficiaries in the near future. It means that, if corrective action is not taken, the Fund may have a problem paying benefits years in the future. The Trustees have already taken some corrective action and more will follow, as explained below.

Rehabilitation Plan

The Act requires that a plan in the red "critical" zone adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. To comply with the Act, the Trustees will adopt a Rehabilitation Plan before November 26, 2010. Employers and unions will be notified of the items that will need to be covered in new or renewed collective bargaining agreements after the Rehabilitation Plan has been adopted. Until the Rehabilitation Plan is implemented, employer contributions will be governed by the existing collective bargaining agreements and there will not be any changes in either benefits or employer contributions, except as described in this notice.

The Act allows a Rehabilitation Plan to eliminate or change "adjustable benefits." These include disability benefits not yet in pay status and subsidized early retirement benefits. Any reductions will apply only to participants and beneficiaries whose benefit commencement date is after April 30, 2010. Benefits for pensioners and beneficiaries already in pay status on April 30, 2010, will not be affected.

In addition to adjustable benefits, which may be reduced or eliminated in a Rehabilitation Plan, there are other benefits which a plan in the red "critical" zone is not permitted to pay, including lump sum benefits and any other payment in excess of the monthly amount paid under a single life annuity. Because of this requirement, some features of the Plan, including the "step option," the 120-month guarantee of pension payments and the retiree death benefit, will not be available to participants or beneficiaries whose benefit commences after April 30, 2010, as long as the Plan remains in the red "critical" zone.

Employer Surcharge

The Act requires that all contributing employers pay a contribution surcharge to the Plan to help correct the Plan's financial situation. The amount of the surcharge for the remainder of the 2010 plan year (until December 31, 2010) is 5% of the amount the employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. This contribution surcharge applies to all contributions due and payable to the Plan beginning on May 30, 2010. For contributions due beginning January 1, 2011, the contribution surcharge will increase to 10% of the negotiated contribution rate. These contribution surcharges will end when an employer begins contributing under a collective bargaining agreement that implements the Rehabilitation Plan.

What's Next

We understand that legally required notices like this one can create concern about the Plan's future. While the red "critical" zone label is required to be used by law, the fact is that we are working with our actuaries and consultants to monitor the Plan's condition and address Plan issues. We will take the actions necessary to improve the Fund's financial condition. However, since the Pension Plan is influenced by economic and financial variables beyond our control (such as stock market volatility and changes in participation and/or the number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed.

Once the Rehabilitation Plan has been adopted, any benefit, contribution, or other changes included in the Rehabilitation Plan will be communicated to all affected individuals and parties before any changes are made. As previously explained, no benefit changes will apply to any retiree or beneficiary whose benefits started by April 30, 2010.

For more information about this notice or the Pension Plan in general, contact the Pension Plan Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

Federal law requires that you receive this notice. Also as required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.

EIN: 36-6155778; PN: 001