



Teamsters Local 277, Pension Fund

130 Front Street • Suite # 300
Hempstead, NY 11550
(916) 505-1623

2010 JUN 15 PM 4:05
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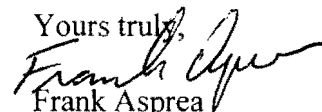
June 11, 2010

U.S. Department of Labor
Employee Benefits Security
Administration
Public Disclosure Room N-1513
200 Constitution Avenue NW
Washington, DC 20210

To Whom It May Concern:

Enclosed are copies of our "Notice of Critical Status" and "Automatic Employer Surcharge" that were sent to participants, beneficiaries and bargaining units of Teamsters Local 277 Pension Fund.

If you have any questions, please contact me at the fund office.

Yours truly,

Frank Asprea
Fund Manager

FA/bfg
Encl;
Cc: Board of Trustees
F. Moss, Esq.



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To: Contributing Employers June 27, 2010
From: Board of Trustees of the Teamsters Local 277 Pension Fund
Subject: Automatic Employer Surcharge

The Teamsters Local 277 Pension Fund (the "Pension Fund" or "Fund") has been determined by its actuary to be in "critical status," as that term is defined under the Pension Protection Act of 2006 ("the PPA"). On this date, June 27, 2010, we are also sending you a "Notice of Critical Status" informing you of the actuary's determination.

The Notice of Critical Status contains a section entitled "Employer Surcharge." As described in that section, applicable law requires contributing employers to pay surcharges to help correct the Fund's financial situation. The purpose of this letter is to reiterate and further explain this requirement.

The PPA requires the Trustees of the Pension Fund to adopt a "rehabilitation plan" no later than January 23, 2011. The rehabilitation plan is designed to improve the Fund's financial situation within a certain period of time. As part of the rehabilitation plan, the Trustees will provide collective bargaining parties with one or more schedules within thirty days after the adoption of the rehabilitation plan (i.e., no later than February 22, 2011). These schedules will reflect changes in benefit and/or contribution rates that, as projected by the Fund actuary, will improve the benefit security of the Fund in compliance with the PPA.

The PPA mandates that effective July 27, 2010, all employers contributing to the Fund must contribute an additional 5 percent over the contracted amount for the remainder of 2010. This surcharge shall apply to any contribution required to be paid on or after July 27, 2010, or actually paid after that date even if originally due earlier. This surcharge shall be increased to 10 percent beginning March 1, 2011. These surcharges will remain in effect until you execute a new collective bargaining agreement containing a schedule that complies with the rehabilitation plan. These requirements apply even if the collective bargaining agreement or interim agreement covering Fund participants employed by you will not have expired before the relevant dates.

Please note that these surcharges will not be used to improve benefits for Fund participants. The surcharges will also not be included in contributions for the purposes of calculating any applicable withdrawal liability.

You will be billed separately for the surcharge amounts. Please continue to submit your regular contributions as before, by the 15th of the month following the month for which the contributions are payable.

As required by the PPA, the Trustees will pursue collection of these surcharges diligently, as with all other contributions to the Fund.

Thank you for your cooperation in helping to ensure the improved benefit security of Fund participants employed by you. If you have any questions, please contact the Fund Office, Frank Asprea, Fund Administrator, 14 Front Street, Hempstead, NY 11550, Tel: 1-516-505-1623.

TEAMSTER LOCAL 277 PENSION FUND

Notice of Critical Status For **Teamsters' Local 277 Pension Fund**

This is to inform you that on May 28, 2010 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 ("red zone") for the plan year beginning March 1, 2010. 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. More specifically, the plan's actuary determined that the sum of the plan's normal cost and interest on the unfunded benefits for the current year exceeds the present value of all expected contribution for the year. The present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants, and the plan is projected to have accumulated funding deficiency in plan years beginning on and after March 1, 2014.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying the explaining of the effect of those reductions. Any reduction of adjustable benefits 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 27, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of June 27, 2010, 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 it is in critical status.

Adjustable Benefits

As indicated above, adjustable benefits may be reduced or eliminated as part of any rehabilitation plan pension may adopt. "Adjustable benefits" include:

1. Benefits, rights, and features under the plan (other than basic benefit payable at normal retirement),-including post-retirement death benefits, disability benefits not yet in pay status, and similar benefits,
2. Any early retirement benefit or retirement-type subsidy and any benefit payment option (other than the qualified joint-and survivor annuity), and recent benefit increases (i.e., occurring in past 5 years).

(Over)

Employer Surcharge

The law requires that all contributing employers pay to the Fund surcharge to help correct the Fund's financial situation, beginning 30 days after the employer is notified that the plan is in critical status. The surcharge is a percentage of the employer's negotiated contribution rate. A 5% surcharge is applicable during the first plan year that the Fund is in critical status. The surcharge goes up 10% for each succeeding Plan Year in which the Fund is in critical status, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the rehabilitation Plan.

For the remainder of the first year 5% surcharge will be due with respect to any contribution required to be paid on or after June 27, 2010, or actually paid after that date even if originally due earlier, and will continue to February 28, 2011. (or if earlier, the date that an employer participates into a collective bargaining agreement which contains provisions consistent with the Rehabilitation Plan). For subsequent Plan years, i.e., beginning March 1, 2011, the 10% surcharge will apply to contributions required to be paid or actually paid on and after that date until a collective bargaining agreement with provisions consistent with the Rehabilitation Plan goes into effect. Employer should note that surcharge payments should be made by a separate check.

Where to Get More Information

For more information about this notice, you may contact the Fund Office, Frank Asprea, Fund Administrator, 14 Front Street, Third Floor, Hempstead, NY 11550, (516) 505-1623. You have a right to receive a copy, of the Rehabilitation Plan when it has been completed.