TEAMSTERS LOCAL 814

WELFARE FUND PENSION FUND

ANNUITY FUND

Notice of Critical Status

for

Teamsters Local 814 Pension Fund

April 30, 2010

To: All Participants, Beneficiaries, Contributing Employers, and Teamsters Local 814

Red Zone Status

On March 31, 2010 the Pension Fund's actuary determined and certified for the first time that the Plan is in the red zone for the 2010 plan year. This determination was made because the Plan is less than 65% funded and is projected to have a funding deficiency within five years.[1]

As you know from notices received in the last two years, the Fund was originally certified in 2008 as endangered. It would have been certified as seriously endangered in 2009, except that the Trustees elected to freeze the 2008 certification, as permitted under the law. The Fund's funding condition worsened because of the continuing impact of the investment losses and because of the cessation of the supplemental contributions in February, 2010.

Rehabilitation Plan and Possibility of Reduction in Benefits

The PPA requires that any pension fund in the red zone adopt a "rehabilitation plan" designed to enable the Plan to improve its funded position to meet statutory funding requirements over time. Like the Funding Improvement Plan ("FIP") adopted in 2008, the rehabilitation plan will include schedules with recommendations to the bargaining parties for contribution increases and/or reductions in future benefits to be implemented once the current bargaining

[1] The Plan is also in the red zone because the actuary determined that the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions 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 a funding deficiency within five years.

agreements expire. However, in addition to changing future benefit accruals, the law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan, based on the outcome of collective bargaining. Once the rehabilitation plan is adopted, the rehabilitation plan schedules will replace the FIP schedules that are currently in place under the 2008 FIP. Like the FIP, the Trustees will monitor and adjust the rehabilitation plan, as needed, at least once every Plan year.

If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining 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 age. In addition, the reductions may apply only to participants and beneficiaries whose benefit applications are received by the Fund after April 30, 2010.

Adjustable Benefits

The Plan offers the following adjustable benefits, which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (not yet in pay status);
- Early retirement benefit or retirement-type subsidies, including the Service Pension, the unreduced Regular Pension payable at age 62, the Early Pension reduced from age 62, and the fully subsidized 50% joint and survivor benefit; and
- Optional joint and 75% survivor annuity.

Again, you will be notified by a separate notice if any of these adjustable benefits will be cut.

Employer Surcharge

The PPA requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation, beginning 30 days after the employer is notified that the plan is in critical status. The surcharge is a percentage of each employer's negotiated contribution rate. A 5% surcharge is applicable the first year in critical status. The surcharge increases to 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 plan year, the 5% surcharge is due with respect to any work performed after May 30, 2010 through December 31, 2010. For subsequent years, *i.e.*, beginning with work performed in and after January 1, 2011, the 10% surcharge will apply. The surcharge will cease when the employer is required to pay a negotiated contribution rate that satisfies the Rehabilitation Plan or after that date.

What's Next

We understand that legally required notices like this one can create anxiety and concern about the Pension Plan's future. The Board of Trustees is working with contributing employers and the Union to increase contributions and reduce certain benefits to improve the financial health of the Plan so that retirement benefits for participants and their families are secure into the future.

In the event you have questions or would like additional information, you may contact the Plan Administrator in writing at Teamsters Local 814 c/o Alicare – 333 Westchester Avenue, White Plains, NY 10604 or call (866) 647-4618.

Sincerely,
The Board of Trustees

cc: US Department of Labor
US Pension Benefit Guaranty Corporation