

LOCAL 705

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PENSION FUND

EBSA/PUBLIC DISCLOSURE

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LOCAL 705, INTERNATIONAL BROTHERHOOD OF TEAMSTERS PENSION FUND

NOTICE OF PLAN STATUS

April 2017

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

The US Congress enacted the Pension Protection Act (the "PPA") of 2006 and also the Multiemployer Pension Reform Act of 2014 ("MPRA"), in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. The PPA implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan's "financial health" with participants and others related to the plan.

Many of PPA's safeguard provisions relate to funding, which, in simplest terms, is how much money a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, PPA requires that a pension plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal classifications ("zone status"), were established. Plans that are in "endangered," "seriously endangered," or "critical" status must notify all plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the plan's financial health.

PPA's zone status rules were modified by MPRA, enacted on December 16, 2014. MPRA, among other changes, added a new zone status called "critical and declining". Additional measures to improve funding shortfalls are available to "critical and declining" plans.

Plan's Status – Yellow Zone

On March 31, 2017, the Local 705, International Brotherhood of Teamsters Pension Fund ("the Fund"), which funds the benefits under the Local 705, International Brotherhood of Teamsters Pension Plan (the "Plan"), was certified by its actuary to be in "endangered" status (also known as the "Yellow Zone") for the Plan year beginning January 1, 2017 ("2017 Plan year"). This is based on the actuary's determination that the Plan is no longer in "critical" status because the Plan is projected to not have an accumulated funding deficiency for the 2017 Plan year or any of the succeeding 9 Plan years, is projected to remain solvent for the 2017 Plan year and the succeeding 30 Plan years, and is projected to be less than 80% funded as of January 1, 2017.

Funding Improvement Plan

The PPA requires pension plans in endangered or seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The Trustees of the Plan will need to adopt a Funding Improvement Plan (FIP) by November 24, 2017. The goal of this FIP will be to increase the Plan's funded percentage by 33% of the difference between the funded percentage as of January 1, 2017 and 100% by the end of the funding improvement period, and to avoid a funding deficiency by the end of the funding improvement period. The Plan's actuary has estimated that the Plan's funded percentage, as of January 1, 2017, is 64.5%.

What's Next

Once the Funding Improvement Plan is adopted, any necessary changes will be communicated to all affected individuals and/or parties. However please note that since the Plan's financial condition generally changes with changes in the economy, the Act requires that the Plan's funding status be reviewed and certified annually. This means that you will receive a notice like this each year until the Plan is no longer in the Yellow Zone.

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" status (or "Yellow Zone") classification is required to be used by law, we are working with our actuaries and consultants to continue to review the Plan's condition and address its issues. We will take actions necessary to improve the Plan's financial condition.

For more information about this notice or the Plan in general, please contact in writing the Fund's Administrator, Jack F. Witt, Fund Administrator at 1645 West Jackson Boulevard, 7th Floor, Chicago, Illinois 60612.

Sincerely,
Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.