

**Notice of Endangered Status for the 2017 Plan Year
for
Teamsters Pension Plan of Philadelphia & Vicinity**

This is to inform you that on March 30, 2017 the Plan actuary certified to the U.S. Department of the Treasury and to the Plan sponsor that the Plan is deemed to be in endangered status for the Plan year beginning January 1, 2017. Federal law requires that you receive this notice.

Endangered Status

The Plan is considered to be in endangered status because the January 1, 2017 funded percentage (plan assets as a percentage of liabilities) is less than 80%. More specifically, the Plan's actuary has determined that the January 1, 2017 funded percentage is 72.3%. An accumulated funding deficiency is not projected to occur at the end of the 2017 Plan year or at the end of any of the next following six Plan years.

Funding Improvement Plan and Reduction in Future Benefits

Federal law requires that pension plans in endangered status adopt a funding improvement plan aimed at improving the financial health of the plan. The law also requires the Plan to furnish the bargaining parties with proposed schedules that modify future contributions and/or benefit accrual rates in order to meet certain benchmarks for improving the Plan's financial condition over a period of years. The Trustees adopted a funding improvement plan at their August 12, 2010 meeting. The plan that was adopted is expected to help the Plan emerge from endangered status by the end of the funding improvement period through various benefit reductions and supplemental contribution increases.

Where to Get More Information

For more information about this Notice, contact Teamsters Pension Plan of Philadelphia & Vicinity at (800) 523-2846 or (856) 382-2400, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109. You have a right to receive a copy of the Funding Improvement Plan from the Plan.

**ATTENTION
TEAMSTERS PENSION PLAN PARTICIPANTS:**

**IMPORTANT TEAMSTERS PENSION PLAN
NOTICES ENCLOSED WITH THIS MAILING**

PLEASE REVIEW UPON RECEIPT

Teamsters Pension Trust Fund of
Philadelphia and Vicinity
6981 N. Park Drive, Suite 400
Pennsauken, New Jersey 08109



Teamsters Pension Trust Fund of Philadelphia and Vicinity

6981 N. PARK DRIVE, SUITE 400 • PENNSAUKEN, NJ 08109 • (856) 382-2400
TOLL-FREE (800) 523-2846 • FAX (856) 382-2401 • www.teamsterfunds.com

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May 1, 2017

CERTIFIED MAIL – RRR

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

**Re: Teamsters Pension Trust Fund of Philadelphia and Vicinity
EIN/PN: 23-1511735/001**

Dear Madam/Sir:

Enclosed please find our Annual Funding Notice for the 2016 Plan Year, as well as the Notice of Endangered Status for the 2017 Plan Year, which were mailed on April 30, 2017 by first class mail to all Fund participants and beneficiaries, contributing employers and participating labor organizations.

Should you require any additional information, please do not hesitate to contact this office.

Sincerely,

WILLIAM J. EINHORN

For the Board of Trustees

WJE:pes
Enclosures

Receipt No.: 7008 1140 0001 8472 9563



Teamsters Pension Trust Fund

of Philadelphia and Vicinity

6981 N. PARK DRIVE, SUITE 400 • PENNSAUKEN, NJ 08109 • (856) 382-2400
TOLL-FREE 1-800-523-2846 • FAX (856) 382-2401 • www.teamsterfunds.com

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BOB SCHAEFFER, JR
TOM J. VENTURA
WILLIAM J. EINHORN

TO: Participants and Employers
FROM: Board of Trustees
DATE: April 30, 2017
RE: Important Information about Your Pension Plan

This packet contains important information about the financial status of the Teamsters Pension Plan of Philadelphia & Vicinity, including two legally-required notices:

- Annual Funding Notice for the 2016 Plan Year
- Notice of Endangered Status for the 2017 Plan Year

We know that these technical, required notices about benefits can be difficult to understand. This cover letter is intended to explain what the enclosed notices mean to you in easy-to-understand terms.

Background

Pension plans like the Teamsters Pension Plan of Philadelphia & Vicinity are designed to accumulate contributions and invest them so that sufficient assets are available to pay participant pensions at retirement. It is critical that the plan be funded properly to continue providing benefits for participants. The Trustees of the plan engage consultants, including actuaries, who certify that the plan is properly funded under federal law using a series of commonly-used assumptions such as mortality rates and long-term interest rates that predict future investment performance.

As you know, during 2008 and the beginning of 2009, the US stock market and other global financial markets declined more sharply than for any time period we have experienced since the Great Depression. While the plan had diversified its assets among various types of investments, it could not avoid being affected by the severe economic downturn. Like other pension plans, the plan experienced a significant loss of assets. Since that time there has been some recovery but asset growth for 2016 was almost 8%. Our actuaries project that our plan's funded percentage at the start of 2017 is 72.3%. While there has been some improvement overall in the past few years, the plan has not completely recovered from the investment losses in 2008 and early 2009, which will continue to have an impact on plan funding for several more years.

As a result of the investment losses, the status of the plan became what is called "endangered" for 2010. Despite the subsequent improvement in the market and the adoption on funding relief in 2011, the plan has been and continues to be "endangered" for 2017. It is important to note that the plan changes that were announced in December, 2010 as a result of the plan first becoming endangered remain in place.

What It Means to Be Endangered or Seriously Endangered

Under the Pension Protection Act of 2006 (PPA), within the first 90 days of each plan year, the plan's actuary must certify whether the plan is in one of the following categories: endangered, seriously endangered, critical status, or critical and declining status.

In general, to perform this calculation, the actuary must determine if a plan's funded ratio is at least 80% and whether the plan will be unable to meet the minimum required funding standards in any of the next 7 years. The actuary must also project the plan's assets, benefit costs, contributions, and unfunded liability to determine if the plan will have enough money to pay benefits when due, or if the plan is expected to run out of assets.

There are two tests that indicate whether a plan is in endangered status. If a plan fails either test, it is considered endangered. If it fails both tests it is considered seriously endangered.

- The first test is based on the plan's funded percentage at the beginning of the year. In this test, the plan's assets are divided by the value of all plan participants' benefits earned as of that date. If this ratio is over 80%, the test is passed. **For the 2017 actuarial certification, the plan's PPA funded percentage is 72%.**
- The second test looks at the future of the plan. A projection is made to determine whether the level of expected contributions over the next seven years is enough to prevent the plan from having a minimum funding shortfall during that period. **For the 2017 actuarial certifications the actuary has projected that the plan will be able to meet the minimum required funding standards over the next seven years.**

Since the Plan failed the first test for 2017, it was considered endangered.

What It Means for You

Because the actuaries had certified the plan was endangered for the plan year beginning January 1, 2010, the Board of Trustees needed to take action in late 2010 to help ensure the plan's long-term financial health. Since the Trustees determined that benefit reductions were necessary, you received a separate notice identifying and explaining the effect of those reductions at that time. **Please note that only benefits going forward were affected – benefits currently being paid could not be reduced.**

Another rule the plan must follow is to provide participants and beneficiaries, bargaining parties, the Pension Benefit Guaranty Corporation, and the Secretary of Labor with the enclosed Notice of Endangered Status. You are receiving this notice within the 30-day requirement set forth by PPA.

About the Annual Funding Notice

The enclosed Annual Funding Notice provides detailed information about the status of the plan for the year beginning January 1, 2016. Federal law requires pension plans to share this financial information with participants every year.

Our Continuing Commitment

The Teamsters Pension Plan of Philadelphia & Vicinity has been providing benefits for plan participants without interruption for well over 55 years. In 2016, benefit payments totaling over \$185 million were paid to over 13,000 retired participants and beneficiaries. The Trustees understand this is a time of uncertainty and concern due to the economic environment, and continue to work with the plan's professional advisers to carefully monitor the plan's investments and benefit structure in an effort to provide benefits for years to come. The Trustees are committed to operating the plan on a financially sound basis and meeting applicable federal funding requirements.

Where to Get More Information

Please submit any questions in writing addressed to the Teamsters Pension Plan of Philadelphia & Vicinity at 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109. The Administrative Office may refer technical questions to the plan's actuary, but will reply to all questions received in writing.