



# 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](http://www.teamsterfunds.com)

April 30, 2009

Re: **Important Information About Your Pension Plan**

To Participants and Employers:

Each year the federal government requires qualified pension plans to provide an annual notice sharing financial information about the plan. Enclosed you will find this annual notice for the Teamsters Pension Plan of Philadelphia & Vicinity, which is in a new format this year. These numbers and calculations are required by the U.S. Department of Labor. No action is required — the purpose of this cover letter is only to explain what is happening and what some of the numbers in the notice mean.

### ***What is happening***

It is not news that conditions are very difficult for investors these days. In 2008, the Standard & Poor's 500-stock index fell 39%. In comparison, our Pension Plan investment fell by over 30%. Pension plans around the country are struggling as their investments have been hit hard by declines in the value of assets. This means many plans were significantly underfunded at the end of 2008. (See below for an explanation about what it means to be less than 100% funded.)

Most Pension Plans have suffered significant setbacks. You will see the final, audited numbers that show the effects of 2008's investment losses in next year's notice. We caution that it will take several additional years before we see the full impact of the 2008 losses.

### ***What is being done***

In response to recent investment turbulence, the Board of Trustees is continuing to do the things we have always aimed to do:

- Invest appropriately for the long term
- Act prudently using professional advice
- Do our best to anticipate problems and prevent them from occurring down the road.

Market ups and downs are to be expected and we do not count on positive returns every year. Because pension plans pay out benefits over a very long time, we have a long-term strategy that can take advantage of time to ride out the rough periods.

### ***What does it mean to be less than 100% funded?***

Every year the government requires qualified pension plans to look at the benefits that have been earned by plan participants to date and the value of the plan's assets and compare the two. Then we ask the question, "If all the plan benefits that have been earned had to be paid out, would the plan have enough money?" That ratio of assets and liabilities is the percent the plan is funded (called the funded percentage).

It's normal for a plan's funded percentage to change from year to year. In fact, it's the long-term trends that matter the most. Because pension benefits are not paid out all at once, there is time for future contributions and investment earnings to work in our favor.

However, if a pension plan's funding status becomes critically low — as is currently happening to many plans due to extreme economic conditions — the plan is required to take certain measures and notify participants. For 2008, our Plan was adequately funded and these steps were not needed. For 2009, we were able to take advantage of pension relief so that we did not need to take certain measures other than notify participants that such relief was being taken, as described more fully on the Special Notice enclosed at the end of this packet..

### ***Understanding a few key terms***

As you read the enclosed notice, you may encounter some unfamiliar terms and concepts. The following explanations will help you better understand some of the complexity behind the calculations.

There are two basic ways to determine the level of plan assets: using **market values** or **actuarial values**. Asset values used in the notice (see chart on page 1) are actuarial values, not market values. Market values show the exact picture of a plan's funded status at a given point in time, but that point could be too high or too low depending on the market conditions that day. Actuarial values smooth out these fluctuations to get a better sense of the value over time.

For the 2008 notice, the Plan's liabilities will be lower than in the past few years. That's because this year's notice is required to use a different interest rate than in previous years. The interest rate used to calculate funded percentages in 2006 and 2007 used a government-mandated interest rate to determine Plan liabilities. In the 2008 notice, the funded percentages shown use the Plan's actuarial interest rate assumption of 7.5% to determine liabilities. This change has the effect of lowering the reported liabilities and increasing the funded percentage when compared to previous notices.

### ***How it affects you***

The Trustees continue to manage the Plan carefully for active participants still earning benefits under the Plan, former participants with vested benefits, and retirees already receiving monthly payments. Payments are being made as appropriate and money is being set aside for future payments.

### ***More about the PBGC***

While we cannot guarantee there will not be changes to the Plan in the future, your accrued pension benefit is protected by the Pension Benefit Guaranty Corporation (PBGC). This is a federal insurance agency (similar to the FDIC, which insures bank deposits). Like all pension plans, we pay premiums to the PBGC for insurance. The PBGC insures pension benefits up to certain limits. The enclosed notice includes information on the rules governing termination of plans and benefit payments guaranteed by the PBGC – this is required language and not related to our Plan's current funding situation.

### ***If you have questions***

We know some of the technical, required notices about benefits can be difficult to understand. This cover letter is intended to explain what the enclosed notice means, in easy-to-understand terms. For details related to your Pension Plan, please rely on your Summary Plan Description and the enclosed notice.

If you have questions about the enclosed notice, please contact the Fund office.

## ANNUAL FUNDING NOTICE

### For Teamsters Pension Plan of Philadelphia & Vicinity

#### Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2008 and ending December 31, 2008 (referred to hereafter as “Plan Year”).

#### Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	January 1, 2008 to December 31, 2008	January 1, 2007 to December 31, 2007	January 1, 2006 to December 31, 2006
Valuation Date	January 1, 2008	January 1, 2007	January 1, 2006
Funded Percentage	82.2%	Not applicable	Not applicable
Value of Assets	\$1,627,527,188	Not applicable	Not applicable
Value of Liabilities	\$1,979,723,061	Not applicable	Not applicable

#### Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered “not applicable” in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For the plan year beginning January 1, 2007 and ending December 31, 2007, the Plan’s “funded current liability percentage” was 58.4%, the Plan’s assets were \$1,561,037,238, and Plan liabilities were \$2,673,133,660. For the plan year beginning January 1, 2006 and ending December 31, 2006, the Plan’s “funded current liability percentage” was 57.5%, the Plan’s assets were \$1,400,954,689, and Plan liabilities were \$2,435,192,321.

#### Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than

market values, they are estimates. As of December 31, 2008, the fair market value of the Plan's assets was \$1,127,490,077. As of December 31, 2007, the fair market value of the Plan's assets was \$1,612,406,963. As of December 31, 2006, the fair market value of the Plan's assets was \$1,561,037,238.

#### Participant Information

The total number of participants in the plan as of the Plan's valuation date was 27,225. Of this number, 9,943 were active participants, 12,857 were retired or separated from service and receiving benefits, and 4,425 were retired or separated from service and entitled to future benefits.

#### Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The Plan's funding policy is to maintain a balance such that plan resources will fund plan obligations. Plan resources include accumulated plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expense paid from plan assets. In implementing this funding policy, the plan Directors will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of plan obligations. Over time, the Directors may adjust plan benefits in response to investment returns and other plan experience, or seek additional contributions from the bargaining units.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan has a target allocation among asset categories of 45% domestic equity, 10% international equity, 15% fixed income, 10% real estate and 20% in hedge funds and private equity.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	9.1%
2. U.S. Government securities	5.6%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	10.3%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	23.3%
5. Partnership/joint venture interests	3.5%
6. Real estate (other than employer real property)	7.8%
7. Value of interest in registered investment companies (e.g., mutual funds)	29.9%
8. Other (Hedge Fund-of-Funds)	10.5%

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the Plan Year.

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan’s annual report by making a written request to the Plan Administrator, William J. Einhorn, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109.

### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called “plan reorganization rules,” a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC’s guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan’s available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan’s financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the

Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

#### Where to Get More Information

For more information about this notice, you may contact Teamsters Pension Plan of Philadelphia & Vicinity at either (800) 523-2846 or (856) 382-2400, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 23-1511735. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).



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April 30, 2009

## Special Notice

*(provided in accordance with Section 204(c)(2)(A)(ii) of the  
Worker, Retiree, and Employer Recovery Act of 2008)*

To Participants and All Interested Parties:

This notice is provided pursuant to section 204(c)(2)(A)(ii) of the Worker, Retiree and Employer Recovery Act of 2008 (“WRERA”).

The Board of Trustees of the Teamsters Pension Trust Fund of Philadelphia and Vicinity, the Plan Sponsor of the Teamsters Pension Plan of Philadelphia and Vicinity (EIN # 23-1511735, Plan # 001) have made an election under section 204 of WRERA to treat the plan as being in the same status under Section 432 of the Internal Revenue Code of 1986, as amended (the “Code”), for the plan year beginning on January 1, 2009 as it was for the plan year beginning January 1, 2008, that is, neither in endangered nor critical status. Had this election not been made, the Plan’s Actuary has certified that the Plan would be considered “seriously endangered” as defined under Code Section 432 for the Plan Year beginning January 1, 2009.

This election applies only for the current plan year; and if the plan is certified to be in endangered or critical status for the year following the election year (i.e., January 1, 2010), the Fund will provide notice of the plan’s status (i.e., endangered or critical) for that following year and the steps that will have to be taken to improve the plan’s funded situation, which steps may include increases in contributions and reductions in future benefit accruals.

Information on or how to obtain additional information about the election may be obtained from the plan administrator, William J. Einhorn, Teamsters Pension Trust Fund, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109, telephone number (856) 382-2400.

Copies of this Notice have also been sent to:

Pension Benefit Guaranty Corporation  
Multiemployer Program Division  
1200 K Street, N.W., Suite 930  
Washington, D.C. 20005

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