



PHILADELPHIA

Update

Official Publication of the
Teamsters Health & Welfare and
Pension Funds
of Philadelphia and Vicinity

www.teamsterfunds.com

September 2006

PPO Medical Program to be Jointly Administered With Horizon Blue Cross/Blue Shield Effective October 1, 2006

Same great benefit program and provider network, but with new ID cards and enhanced claims processing

**LOOK FOR YOUR NEW IDENTIFICATION CARDS IN THE MAIL
DURING THE LAST WEEK IN SEPTEMBER**

In order to enhance the service provided to our members, improve claims processing accuracy and efficiency, and capture the most advantageous discounts, the Fund will be switching its Blue Cross "Home" plan from Independence Blue Cross to Horizon Blue Cross/Blue Shield of New Jersey, effective with claims incurred on and after October 1, 2006. This change will only affect those members enrolled in the "PPO" or "Personal Choice" plan — ***those enrolled in the Keystone HMO Plan are not affected by this change.*** (Independence Blue Cross, which owns Keystone Health Plan East will remain the "Home" Plan for that group of Fund participants.)

New identification cards will be mailed to eligible members' homes on September 26th and 27th. Use your existing card to obtain medical services up through September 30, 2006. However, if and when you need to see the doctor or go to the hospital ***on or after*** October 1, 2006, make sure you present your new ID card so that the provider of service will have the correct group and identification numbers to submit a claim. If you don't, and the provider submits a claim using your old numbers, your claim is sure to be denied or, at the very least, delayed in processing.

Same doctors, same network. As long as you use a Blue Cross "PPO" participating provider, you can be assured that you are receiving "in-network" benefits, minimizing your "out-of-pocket" expense.

In case you haven't heard . . . We've moved!

The Fund office has relocated to Pennsauken, New Jersey. Our new address and phone numbers are:

Teamsters Health & Welfare / Pension Trust Funds of
Philadelphia and Vicinity
6981 N. Park Drive, Suite 400
Pennsauken, NJ 08109
(856) 382-2400 (800) 523-2846

More important than ever . . . Make sure we have your current address

Because the new agreement with Horizon Blue Cross becomes effective October 1st, members, particularly those covered under the PPO, are urged to make sure they have their current home address on file with the Fund.

If you are in doubt, please call the Fund's eligibility department at 1-800-523-2846. If we do not have a correct address for you, you may change it by sending in a new census card to the Fund. (Changes via telephone are not permitted.)

In This Issue . . .

- **Benefit improvements announced by Trustees**
- **Summary Annual Reports for the Health & Welfare and Pension Funds**
- **Annual Funding Notice for Teamsters Pension Plan of Philadelphia and Vicinity**

Trustees Implement Mail Order for Maintenance Drugs . . . Save on Your Copays!

Effective July 1, 2006, the Trustees put in place a mail order benefit for certain prescription drugs covered under the Fund's Prescription Drug Benefit Program. This program offers the savings and convenience of mail order for your maintenance drugs, delivered to your home through the Express Scripts Pharmacy. ***Even better, this new home delivery benefit allows you to obtain a 90 day supply of your maintenance prescription drug with only one (1) co-payment, instead of three (3) co-payments you currently pay at your retail pharmacy.***

Home Delivery Benefit Requirements:

1. This mail order benefit is available for maintenance medications only. Merely because you may take a medication of a regular basis over a significant period of time doesn't mean it is a "maintenance drug" under the program. A listing of maintenance drugs covered under this benefit is available through the Fund office, or on the Fund's web site, www.teamsterfunds.com.
2. Home Delivery is not available until you are on your maintenance medications for three (3) months.

Choose from Two Easy Ways to Get Started

1. **Visit www.express-scripts.com.** *(If you haven't already filled your prescription at a participating pharmacy, this option won't work)*
2. **Complete** and send the order form/envelope (available through Express Scripts, the Fund office, or the Fund's web site) with your prescription and copayment to Express Scripts. Ask your doctor for a 90-day prescription (with up to one year of refills, if appropriate).

Enjoy the Benefits of Home Delivery

Get your prescription drugs delivered to your home and you could:

- **Order refills** from home **only four times a year**.
- Save yourself **two (2) full co-payments** per quarter (8 co-payments per year).
- Talk with a **pharmacist anytime, any day**.

Trustees Implement More Benefit Improvements to Take Effect October 1, 2006:

Emergency Room Visit Copayment

Effective with services rendered under both the PPO and the Keystone HMO programs on and after October 1, 2006, the patient copayment for an emergency room visit will decrease from \$150 to \$100. This copayment will be waived if the patient is admitted to the hospital.

Out-Patient Laboratory Testing

Under the PPO Program, effective with services rendered for out-patient lab tests on and after October 1, 2006, the first \$100 of allowed charges will be paid at 100% and will not be subject to the patient's yearly deductible and co-insurance obligations.



Teamsters Health and Welfare Fund of Philadelphia and Vicinity

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SUMMARY ANNUAL REPORT FOR TEAMSTERS HEALTH & WELFARE FUND OF PHILADELPHIA & VICINITY

This is a summary of the annual report of the TEAMSTERS HEALTH & WELFARE FUND OF PHILADELPHIA & VICINITY (employer identification number 23-1392600) for the plan year ending December 31, 2005. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was (\$18,363,053) as of the end of plan year, compared to (\$12,278,839) as of the beginning of the plan year. During the plan year the plan experienced a change in its net assets of (\$6,084,214). This change includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. During the plan year, the plan had total income of \$98,977,685 including employer contributions of \$95,131,820, employee contributions of \$2,201,449, gains/(losses) of \$0 from the sale of assets, and earnings from investments of \$1,644,416. Plan expenses were \$105,061,899. These expenses included \$3,106,152 in administrative expenses and \$101,955,747 in benefits paid to participants and beneficiaries.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The following items are included in that report: (1) An accountant's report; (2) Financial information and information on payments to service providers; (3) Assets held for investment; (4) Loans or other obligations in default or classified as uncollectible; (5) Transactions in excess of 5 percent of the plan assets; (6) Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call the office of William J. Einhorn, who is a representative of the plan administrator at 6981 NORTH PARK DRIVE, SUITE 400, PENNSAUKEN, NJ 08109 and phone number, 856-382-2400. The charge to cover copying costs will be \$5.00 for the full annual report, or \$0.10 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report.

You also have the legally protected right to examine the annual report at the main office of the plan: 6981 NORTH PARK DRIVE, SUITE 400, PENNSAUKEN, NJ 08109, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

William J. Einhorn,
Administrator

IMPORTANT!

This Newsletter contains a summary of Health & Welfare plan changes regarding the implementation of a mail order pharmacy benefit for maintenance medications that took effect July 1, 2006 and other changes that will take effect October 1, 2006. Please read this material immediately. Keep it for future reference.

Our Member Service Department representatives are available Monday through Friday, 8 a.m. to 5 p.m. to answer any questions you may have about your benefit coverage.

*Call us at 1-800-523-2846 or
email us at claims@teamsterfunds.com.*

Find us on the World Wide Web at www.teamsterfunds.com

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September 30, 2006

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

To Participants and Employers:

The Department of Labor requires us to send to all interested parties information in a standard format regarding the funding status of the Teamsters Pension Plan of Philadelphia & Vicinity ("Your Plan"). This cover letter attempts to put the attached Annual Funding Notice in perspective.

Pension plans like Your Plan are designed to accumulate contributions and invest them before Participants retire so that sufficient assets are available to pay their pensions at retirement. It is critical that the Plan is funded properly to continue providing benefits for Participants at intended levels. The Trustees of the Plan have engaged consultants to ensure that the Plan is adequately funded. Among them are actuaries who certify that the Plan is properly funded under Federal law, utilizing a series of commonly used assumptions regarding items like mortality rates and long-term interest rates that reflect investment performance.

The **funding status** of a pension plan is commonly expressed as a percentage, reflecting the balance between the **assets** (contributions plus investments) and **liabilities** (benefits plus operating expenses) of the plan. There are numerous ways in which the funded status can be determined. One way, using a 7.50% interest rate assumption (as recommended by an independent actuary) and the **market** value of assets, the funded percentage of Your Plan would be 75.8%.

In the enclosed Annual Funding Notice, an interest rate of 6.10% (as prescribed by the IRS) and the **actuarial** value of assets were used in determining the funding status of Your Plan, resulting in a lower percentage than our actuary's calculation. The IRS-prescribed interest rate of 6.10% is significantly below the 7.50% long-term interest rate used by the Plan's actuary.

The enclosed notice makes reference to special rules governing "insolvent plans." Your plan is not financially troubled, and is not subject to these requirements.

The Teamsters Pension Plan of Philadelphia & Vicinity has been providing benefits for Plan Participants without interruption for over 45 years. In 2005, benefit payments totaling approximately \$122.5 million were paid to over 12,800 retired Participants and beneficiaries. The Trustees of the Plan have remained committed to operating the Plan on a financially sound basis and meeting all Federal funding requirements, with the goal of providing benefits to enable Plan Participants the ability to obtain a secure financial future.

If you have any questions, please contact the Pension Benefits Department by calling the Fund office at either (800) 523-2846 or (856) 382-2400.

Annual Funding Notice for Teamsters Pension Plan of Philadelphia & Vicinity

Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of Teamsters Pension Plan of Philadelphia & Vicinity, Plan Number 001 and EIN 23-1511735 (Plan). This notice also includes information about rules governing insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning 1/1/2005 and ending 12/31/2005 (Plan Year).

Plan's Funding Level

The Plan's "funded current liability percentage" for the Plan Year was 58.3%. In general, the higher the percentage, the better funded the plan. The funded current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the fund increase or decline, and whether benefit payments for the fund increase or decline.

Plan's Financial Information

The market value of the Plan's assets as of 1/1/2005 was \$1,345,147,759. The total amount of benefit payments for the Plan Year was \$122,506,869. The ratio of assets to benefit payments is 11.0. This ratio suggests that the Plan's assets could provide for approximately 11 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. However, the ratio does not take into account future changes in total benefit payments or plan assets.

Rules Governing 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 ($\35.75×10).

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 ($\17.75×10).

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. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (i.e., 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 more information about the PBGC and multiemployer benefit guarantees, go to PBGC's website, 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).



Teamsters Pension Trust Fund *of Philadelphia and Vicinity*

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SUMMARY ANNUAL REPORT FOR TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA & VICINITY

This is a summary of the annual report for the TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA & VICINITY (employer identification number 23-1511735) for the plan year ending December 31, 2005. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided by a trust fund. Plan expenses were \$129,561,104. These expenses included \$7,054,235 in administrative expenses and \$122,506,869 in benefits paid to participants and beneficiaries. A total of 27,107 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$1,406,887,569 as of the end of the plan year, compared to \$1,345,276,645 as of the beginning of the plan year. During the plan year the plan experienced a change in its net assets of \$61,610,924. This change includes unrealized appreciation or depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income of \$191,172,028, including employer contributions of \$87,862,775, gains of \$29,447,899 from the sale of assets, and earnings from investments of \$73,861,354.

Minimum Funding Standards

An actuary's statement shows that enough money was contributed to the plan to keep it funded in accordance with the minimum funding standards of ERISA.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report: (1) An accountant's report; (2) Financial information and information on payments to service providers.; (3) Assets held for investment; (4) Loans or other obligations in default or classified as uncollectible; (5) Transactions in excess of 5 percent of the plan assets; (6) Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates; and (7) Actuarial information regarding the funding of the plan.

To obtain a copy of the full annual report, or any part thereof, write or call WILLIAM J. EINHORN, the plan administrator at 6981 NORTH PARK DRIVE, SUITE 400, PENNSAUKEN, NJ 08109 and phone number, 856-382-2400. The charge to cover copying costs will be \$5.00 for the full annual report, or \$0.10 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report.

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William J. Einhorn, Administrator