

## **Notice of Critical Status For**

### **Teamsters Joint Council No. 83 of Virginia Pension Fund**

This is to inform you that on March 31, 2010 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2010. Federal law requires that you receive this notice.

#### **Critical Status**

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the plan is projected to have an accumulated funding deficiency for the 2012 plan year.

#### **Rehabilitation Plan**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the first year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Starting April 28, 2010, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that further 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 (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 28, 2010.

#### **Adjustable Benefits**

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

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA).

#### **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The contribution surcharge ends when bargaining parties agree to a collective bargaining agreement that implements the Rehabilitation Plan. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and payable 30 days after this notice of critical status is provided to participants, which in this instance is May 31, 2010, and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

#### **Where to Get More Information**

For more information about this Notice, you may contact Michael M. McCall, Executive Director, 8814 Fargo Road, Suite 200, Richmond, VA 23229, telephone (804) 282-3131. You have a right to receive a copy of the rehabilitation plan from the plan.

## ANNUAL FUNDING NOTICE

For  
Teamsters Joint Council No. 83 of Virginia Pension Fund

### 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, 2009 and ending December 31, 2009 (“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.

	2009	2008	2007
Valuation Date	January 1	January 1	Not Applicable
Funded percentage	63.49%	78.00%	Not Applicable
Value of Assets	\$453,751,561	\$516,775,108	Not Applicable
Value of Liabilities	\$714,680,581	\$662,556,832	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 2007 Plan Year, the Plan’s “funded current liability percentage” was 52.4%, the Plan’s assets were \$435,180,676, and Plan liabilities were \$830,081,578.

### 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, 2009, subject to confirmation later this year when the audit is complete, the fair market value of the Plan’s assets was \$423,332,361. As of December 31, 2008, the fair market value of the Plan’s assets was \$378,126,301. As of December 31, 2007, the fair market value of the Plan’s assets was \$509,972,360.

## Participant Information

The total number of participants in the plan as of the Plan's valuation date was 7,335. Of this number, 2,672 were active participants, 2,994 were retired or separated from service and receiving benefits, and 1,023 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 funding policy of the Plan is that it is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the plan's participants.

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 is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among professional investment managers with complimentary or diverse investment styles in domestic equity securities, international equity securities, domestic fixed income instruments and real estate.

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	3.37
2. U.S. government securities	2.96
3. Corporate debt instruments (other than employer securities):	
Preferred	4.72
All other	3.16
4. Corporate stocks (other than employer securities):	
Preferred	
Common	44.47
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	17.90
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	8.17
13. Value of interest in registered investment companies (e.g., mutual funds)	
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	

Employer Securities	_____
Employer real property	_____
16. Buildings and other property used in plan operation	.10
17. Other	10.15

For information about the plan’s investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact Michael M. McCall, Executive Director, 8814 Fargo Road, Suite 200, Richmond, VA 23229, telephone (804) 282-3131.

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 in endangered status in the Plan Year because the Trustees elected to freeze the 2008 endangered status for 2009 as permitted by the Worker, Retiree and Employer Recovery Act of 2008. The funded percentage was 78.50% in 2008. In an effort to improve the Plan’s funding situation, the trustees adopted a Funding Improvement Plan on September 10, 2008, designed to increase the Plan’s funded percentage, as defined in Pension Protection Act of 2006, by the end of the Funding Improvement Period (January 1, 2011 to December 31, 2020) by approximately 7.2%, with no accumulated funding deficiency during the Funding Improvement Period by maintaining for all contributing employers a contribution rate at least equal to the rate in effect on December 31, 2008, and for every year thereafter that the Fund is in endangered status, and by maintaining the plan of benefits in effect as of the day before the date of certification of Endangered status (March 27, 2008), for all current and future active participants for every year that the Plan is in Endangered status, except as may be required to maintain the Plan’s tax qualification status.

You may obtain a copy of the Plan’s funding improvement plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2010, and ending on December 31, 2010 no events are expected to have such an effect.

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. It is expected that the Plan's annual report will not be available until mid-October 2010.

### 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 Michael M. McCall, Executive Director, 8814 Fargo Road, Suite 200, Richmond, VA 23229, telephone (804) 282-3131. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 54-6097996. 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).