

# Teamsters Joint Council No. 83 of Virginia Health & Welfare and Pension Funds



Administered by West End Administrators  
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April 20, 2011

Dear Reader:

Enclosed with this letter are notices federal law requires us to send you before the end of April. Outside of the numbers and the Temporary Funding Relief Election, the notices provided have been written by government officials and may prove to be somewhat difficult to understand. I've added this cover letter in an attempt to describe their purpose.

## **Notice of Endangered Status**

This notice officially conveys that our pension plan is in the yellow zone as of January 1, 2011, a significant improvement over the red zone status the Fund occupied last year. The Fund now stands at 73.5% funded as compared to 67.6% one year earlier. The notice also conveys that the Trustees are required to develop and adopt a Funding Improvement Plan.

## **Annual Funding Notice**

The notice provides historical information concerning the plan as well as various participant counts, investment information and brief information concerning the Pension Protection Act. The notice closes with instructions on how to obtain a copy of the Fund's annual report and rules that apply to plans that are insolvent or require reorganization.

## **Temporary Funding Relief Election**

This notice is self explanatory.

As always, please feel free to call our office with any questions you may have.

Very truly yours,

Michael M. McCall, CEBS  
President and CEO  
West End Administrators

**Notice of Funded Status**  
**For**  
**Teamsters Joint Council No. 83 of Virginia Pension Plan**

The Pension Protection Act of 2006 requires the Plan to issue a number of notices on an annual basis. This notice is sent to inform you that on March 30, 2011, the plan actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Plan is in Endangered Status for the plan year beginning January 1, 2011.

“Endangered Status” is a label that the law requires the Trustees to use. The Plan is considered to be in Endangered Status because its funded percentage of 73.5% for the 2011 plan year is slightly below the government’s “healthy” threshold of 80%. This means that the actuarial value of the Plan’s investments was 73.5% of the total accrued liability for active and retired employees.

Federal law requires that by November 26, 2011, the Trustees must adopt a Funding Improvement Plan (“FIP”) designed to achieve the following goals:

- Increase the funding percentage by roughly 9% over a ten year period, and
- Avoid any accumulated funding deficiency for any of the plan years for which the FIP applies.

The FIP must propose to the bargaining parties one or more reasonable options for reaching specified benchmarks over a ten year period. The FIP period ends when the plan actuary certifies the Plan is no longer in endangered status, and is not in critical status.

For the duration of the FIP period, the Trustees cannot accept a contract providing for a reduction in contribution rates, a funding holiday, or the exclusion of new hires from pension coverage. Before the adoption of the FIP, the Trustees cannot amend the plan to increase benefits except as required to maintain the Plan’s IRS qualification. After adoption of the FIP, the Trustees may increase benefits only if the actuary certifies that the increase is consistent with the FIP and is funded by contributions in excess of those required to meet the FIP benchmarks.

**Board of Trustees**  
**Teamsters Joint Council No. 83 of Virginia Pension Fund**  
**8814 Fargo Road**  
**Richmond, VA 23229**  
**804-282-3131**  
**c/o Michael M. McCall, Executive Director**

Copies: Pension Benefit Guarantee Corporation (“PBGC”)  
Department of Labor (“DOL”)

## **TEAMSTERS JOINT COUNCIL NO. 83 OF VIRGINIA PENSION PLAN**

**EIN/PN: 54-6097996/001**

### **TEMPORARY FUNDING RELIEF ELECTION AND NOTICE**

As the Trustees explained in previous notices, based upon projected funding, the Pension Plan was certified as a Red Zone plan. A Rehabilitation Plan was adopted to improve funding. Last June, Congress passed the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA) which provides optional relief from certain funding requirements for eligible multiemployer plans. The relief gives plans, when calculating its funding status, a longer period to recognize the investment losses suffered in 2008 and early 2009. To qualify for this relief, the plan's actuary must certify that the plan is projected to have enough funds to cover all benefit payments and expenses for the extended funding period.

We are pleased to advise that, based on our actuary's report, the Pension Plan qualifies for the relief. On March 30, 2011, the Board of Trustees voted to utilize all funding relief provisions available as follows:

1. The investment losses that the Plan incurred for the plan year ending December 31, 2008 will be amortized over 29 years or less, rather than the 15-year period the rules had required.
2. The Plan's regular asset valuation method smoothes the gain or loss for any particular year in equal installments of 20% per year for 5 years. For plan years ending December 31, 2008 and December 31, 2009, the investment losses incurred in those years will now be recognized over a period up to 10 years.
3. The Plan will increase the actuarial value of assets to 130% of market value for the Plan Year beginning on January 1, 2009.

As a result of this funding relief, the annual minimum required contribution from employers to the Plan to avoid a funding deficiency is lower than it otherwise would have been. Together with a better than expected 2010 investment return, on January 1, 2011 the Plan left critical status (the "Red Zone") and entered the endangered classification (the "Yellow Zone") with a funding percentage of 73.5%. The January 1, 2011 certification of zone status is based on the assumption that the benefit changes and contribution rate increases stated in the Rehabilitation Plan will remain in effect. The decision to use the relief means that, for between 2 and 6 years, the Plan cannot be amended to increase benefits unless there are new contributions to pay for the increased benefits.

If you have questions about this Notice, please contact Michael M. McCall at the Fund Office, 8814 Fargo Road, Richmond, VA, 23229. His telephone number is 804-282-3131.

cc: Pension Benefit Guaranty Corporation, Contributing Employers, and Participating Unions.

## APPENDIX B TO §2520.101-5--MULTIEMPLOYER PLANS

### ANNUAL FUNDING NOTICE

For  
Teamsters Joint Council No. 83 of Virginia Pension Fund

#### Introduction

This notice includes important information about the funding status of your pension plan (“the Plan”) and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning January 1, 2010 and ending December 31, 2010 (“Plan Year”).

#### How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by using a measure called the “funded percentage.” 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. Your Plan’s funded percentage for the Plan Year and each of the two 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.

Funded Percentage			
	2010	2009	2008
Valuation Date	January 1	January 1	January 1
Funded Percentage	67.6%	63.5%	78.0%
Value of Assets	\$498,771,590	\$453,751,651	\$516,775,108
Value of Liabilities	\$737,970,941	\$714,680,581	\$662,556,832

#### Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year and are actuarial values. 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 that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table. Please note, the values for December 31, 2009 and 2008 reflect audited results. The value for December 31, 2010 has yet to be audited.

	December 31, 2010	December 31, 2009	December 31, 2008
Fair Market Value of Assets	\$466,680,630	\$423,506,903	\$378,126,301

### 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.

Even though the Plan was 67.6% funded as of January 1, 2010, the Plan was in “critical” status for the year because the plan had a projected funding deficiency within the next four years. In an effort to improve the plan’s funding situation, the trustees adopted a rehabilitation plan on April 23, 2010. The rehabilitation plan covers a ten year window beginning January 1, 2013 and ending January 1, 2023. For employers that agree to pay a surcharge or other required increases, the plan eliminates the 25 and/or 30 and out benefits for participants in Plans 5A and higher that have less than 20 years of benefit accrual service as of December 31, 2009. For employers that do not pay the surcharge or other required increases, the rehabilitation plan eliminates the 25 and/or 30 and out benefits for all participants. You may obtain a copy of the Plan’s funding improvement or rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator

If the Plan is in endangered or critical status for the plan year ending December 31, 2011, separate notification of that status has or will be provided.

### Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 7,276. Of this number, 2,527 were active participants, 3,695 were retired or separated from service and receiving benefits, and 1,054 were retired or separated from service and entitled to future benefits.

### Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets 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 and participation agreements with unions that represent the Plan’s participants.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments 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 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.

Under 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. Cash (Interest bearing and non-interest bearing)	3.25
2. U.S. Government securities	7.96
3. Corporate debt instruments (other than employer securities):	
Preferred	4.25
All other	2.66
4. Corporate stocks (other than employer securities):	
Preferred	.03
Common	45.73
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	18.21
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	7.94
13. Value of interest in registered investment companies (e.g., mutual funds)	.06
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	.13
17. Other	9.78

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, at 804-282-3131, 8814 Fargo Road, Suite 200, Richmond, VA 23229.

#### Events Having a Material Effect on Assets or Liabilities

Federal law requires the plan administrator 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. Material effect events are occurrences that tend to have a significant impact on a plan's funding condition. An event is material if it, for example, is expected to increase or decrease Total Plan Assets or Plan Liabilities by five percent or more. For the plan year beginning on January 1, 2011 and ending on December 31, 2011, the following events are expected to have such an effect:

On March 30, 2011, the Plan's Board of Trustees formally adopted legislative relief as provided for under the Relief Act passed by Congress in June 2010. The relief, coupled with a better than expected 2010 year investment return elevated the Fund into the yellow zone with funding at 73.5%.

#### 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 called the Form 5500 that contains 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. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator identified below under "Where To Get More Information."

### 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. The plan administrator is required by law to include a summary of these rules in the annual funding notice. 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 plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization 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 that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC 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 notice of its status 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, 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 benefits that you have earned a right to receive and that cannot be forfeited (called 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 at 804-282-3131 or 8814 Fargo Road, Suite 200, Richmond, VA 23229. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is 54-6097996. For more information about the PBGC, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).