



**LOCAL 731, I. B. of T. TEXTILE MAINTENANCE and LAUNDRY CRAFT  
PENSION FUND**

**1000 Burr Ridge Parkway  
Telephone 630-887-4150**

**Burr Ridge, IL 60527  
Fax 630-887-4155**



May 2008

Dear Participants,

This mailing from your Pension Fund contains a funding notice and summary of required benefit reductions that will go into effect next year. This does not mean that any of the service credits you have earned to date are being reduced. The reductions apply to credits earned in 2009 and each year after that. However, the changes do eliminate the supplemental benefits that cost significantly more than normal pensions, such as 25-and-out pensions.

The funding notice states that the plan is less than 65% funded and is therefore in "Critical Status." This determination is the cause of the benefit changes and is the result of new rules for funding pension plans adopted by the US government. These rules require the Fund's actuary to calculate the Fund's liabilities differently than in the past. Interest-rate and mortality assumptions were changed and the Fund was required to cover all liabilities over a shorter time. These changes resulted in increasing the actuary's calculation of the current liabilities and reducing the percentage of funding.

Under the new rules the Trustees were obligated to come up with a Rehabilitation Plan that would increase the funded percentage to get out of "Critical Status" within 10 years. After much discussion and consideration of alternatives, the Trustees concluded that it would be necessary to reduce the accrual rate to \$34 per year of service starting next year and eliminate most supplemental benefits. In addition the Fund will need to obtain substantial increases in employer contributions from new collective bargaining agreements. The employers and the union representatives are being notified.

These changes are not necessarily permanent. Depending on the future earnings on Fund assets and on the actual levels of contributions and employment, the Fund may be able to get out of Critical Status earlier. It is the intent of the Trustees to meet the requirements of the Rehabilitation Plan and, as soon as possible after that, restore the level of benefits previously in effect if possible.

Sincerely,  
Board of Trustees

NOTICE OF CRITICAL STATUS  
FOR  
TEAMSTERS LOCAL 731 PENSION FUND

This is to inform you that on April 24, 2008 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan Trustees, that the Plan is in critical status for the Plan year beginning April 1, 2008. Federal law requires that you, as a participant, receive this notice.

CRITICAL STATUS

The Plan is considered to be in critical status because it has a funding problem. More specifically, the Plan's actuary determined that the funded percentage of the plan is 65% or less, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2012 plan year.

REHABILITATION PLAN AND POSSIBILITY OF REDUCTION IN BENEFITS

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the Trustees of the Plan determine that 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 1, 2008. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 1, 2008, 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.

ADJUSTABLE BENEFITS

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

- Special Early Retirement (unreduced benefits after 25 pension credits);
- Post-retirement death benefits;
- Sixty-month payment guarantees;
- 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);
- Recent benefit increases (i.e., occurring in past 5 years);
- Other similar benefits, rights, or features under the plan

EMPLOYER SURCHARGE

The law requires that all contributing employers pay to the Plan a surcharge to help correct the plan's financial situation. 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 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:

Mr. William Woldman  
Administrator  
Teamsters Local 731 Fund Office  
1000 Burr Ridge Parkway  
Burr Ridge, IL 60527

Phone: (630) 887-4150

You have a right to receive a copy of the rehabilitation plan from the Plan once it is adopted.

Sincerely,  
Board of Trustees

## **IMPORTANT NOTICE ABOUT PENSION PLAN CHANGES**

April 2008

To All Plan Participants:

Due to the critical funded status of the Plan, the Trustees of the Local 731 Textile, Maintenance and Laundry Craft Pension Fund are announcing several benefit changes. The Trustees have not taken these actions without thorough actuarial and legal study. As unpleasant a task as it is to announce these modifications, the law and our fiduciary duties require us to do so. These changes, in combination with increases to future employer contributions, will improve our funding for the future.

The changes are as follows:

### **For Active Participants**

1. The accrued pension amount for each Pension Credit earned after April 1, 2009 has been decreased from \$50 to \$34. This change affects all types of retirements including:
  - Regular Retirement
  - Early Retirement
  - Special Early Retirement
  - Deferred Vested

This reduction is to benefits earned on and after April 1, 2009. Benefits earned prior to that date are not being reduced.

2. Effective July 1, 2009 the Special Early Retirement provision has been eliminated from the Plan. This means that participants can no longer retire after 25 years of service with unreduced benefits with the following exception: if a member is age 55 or older and has over 20 years of service as of April 1, 2007 that member will be allowed a Special Early Retirement when reaching 25 years of service but not before age 60.

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Sincerely,  
Board of Trustees

Summary of Material Modifications  
EIN: 51-6051697 PN: 001  
April 2008