

**NOTICE TO THE PARTICIPANTS IN THE  
ROAD CARRIERS - LOCAL 707 PENSION PLAN**

**DATE:** November 22, 2004

**TO:** Participants in the Road Carriers - Local 707 Pension Plan

**FROM:** The Board of Trustees

**SUBJECT:** Notice of Changes in Plan Benefits

This notice is to inform you that to preserve the ability of the Fund to pay retirement benefits now and in the future, the Trustees of the Fund will make the following modifications to the provisions of the Road Carriers - Local 707 Pension Plan (the "Fund" or the "Plan"), effective January 1, 2005:

- A change in how you accrue pension benefits for service on or after January 1, 2005.
- A change in the Twenty-Five Year Service Pension benefit available for participants under the age of 55.
- Changes in the Supplemental Pension Benefit ("Bridge Benefit").
- The addition of the Single Life Annuity and the 50% or 100% Husband and Wife Pension with Pop-Up as alternative forms of pension payment.
- An actuarial change in the 5-Year Period Certain Life Annuity.

**Please note that the changes described above will not apply to those who are already receiving benefit payments. However, if any individual already receiving benefits returns to work or is otherwise eligible for future benefit accruals with a contributing employer under the Plan, then the changes described above will apply to their future benefit accruals.**

Note, the National Master Freight Agreement is referred to in this notice as the "NMFA."

**A CHANGE IN HOW YOU WILL ACCRUE RETIREMENT BENEFITS**

Prior to January 1, 2005, your pension benefits are accrued based on a flat dollar amount multiplied by the number of pension credits that you have earned. Each pension credit that you earn is based on the hours you worked during the year. Effective January 1, 2005, you will accrue pension benefits based on a percentage of a portion of the contributions your employer makes on your behalf. The contributions made by your employer are not necessarily based on the total hours you work, but rather are based solely on those hours for which contributions are required to be made, in accordance with your collective bargaining agreement and Fund rules. Note, however, that you will continue to earn pension credits based on the hours worked during the year.

**Calculating the Normal Retirement Pension Benefit**

Provided below is a brief explanation of how you currently accrue Normal Retirement Pension benefits payable in the form of a monthly benefit at your normal retirement date (which is generally the first day of the month on or after you reach age 65 with 15 pension credits), followed by a description of how you will begin accruing retirement benefits beginning January 1, 2005. These same changes will apply to the alternate Minimum Statutory Pension. Service Pensions are discussed later in this notice. Please note that the value of any benefits you earned or will earn through December 31, 2004 will not change.

**For Participants Covered by the NMFA**

- ***Benefit Prior to January 1, 2005.*** Your accrued Normal Retirement Pension benefit under the Plan payable at your normal retirement date is equal to your benefit level, determined according to Table 1 (generally using the date when you last earned an hour of service in covered employment), multiplied by the number of pension credits you earned before January 1, 2005.

- **Benefit On or After January 1, 2005.** Your accrued Normal Retirement Pension benefit under the Plan payable at your normal retirement date will equal the benefit you accrued prior to January 1, 2005 (as described above), plus for each year after January 1, 2005 in which you earn pension credit, 1.0 percent of your employer’s contribution for the year (not to exceed \$4.3975/hour).

**For Participants Not Covered by the NMFA**

- **Benefit Prior to January 1, 2005.** Your accrued Normal Retirement Pension benefit under the Plan payable at your normal retirement date is equal to the benefit level, determined according to Table 1 (generally using the date when you last earned an hour of service in covered employment), and reduced by the ratio of your employer's contribution rate divided by the contribution rate established under the NMFA (generally using the rates in effect on the date when you last earned an hour of service in covered employment), and then multiplied by the number of pension credits you earned before January 1, 2005. This is summarized by the following formula:

$$\text{Your Benefit} = \text{Benefit Level (Table 1)} \times \frac{\text{Employer's Contribution Rate}}{\text{NMFA Contribution Rate}} \times \text{Pension Credits}$$

- **Benefit On or After January 1, 2005.** Your accrued Normal Retirement Pension benefit under the Plan as of your normal retirement date will equal the benefit you accrued prior to January 1, 2005 (as described above), plus for each year after January 1, 2005 in which you earn pension credit, 1.0 percent of your employer’s contribution for the year (not to exceed your employer’s hourly contribution rate in effect on December 31, 2004).

**For Participants with a Pension Calculated Under Both the NMFA and Under Contracts Other than the NMFA**

- **Benefit Prior to January 1, 2005.** Your accrued Normal Retirement Pension benefit under the Plan payable at your normal retirement date is generally equal to the sum of the benefits attributable to each contributing employer that you worked for.
- **Benefit On or After January 1, 2005.** Your accrued Normal Retirement Pension benefit under the Plan as of your normal retirement date will equal the benefit you accrued prior January 1, 2005 (as described above), plus for each year after January 1, 2005 in which you earn pension credit, 1.0 percent of the contributions for the year by your employer covered under the NMFA (not to exceed \$4.3975/hour) plus 1.0 percent of the contributions for the year by your employer not contributing at the NMFA rate (not to exceed your employer’s hourly contribution rate in effect on December 31, 2004).

**Table 1 - Benefit Level**

| <b>Date</b>                         | <b>Benefit Level</b>   |
|-------------------------------------|--|
| July 1, 2000 - December 31, 2004    | \$115.00   |
| April 1, 1998 - June 30, 2000       | \$100.00   |
| September 1, 1997 - March 31, 1998  | \$89.16  |
| September 1, 1994 - August 31, 1997 | \$85.83  |
| September 1, 1991 - August 31, 1994 | \$83.33  |
| April 1, 1988 - August 31, 1991     | \$80.00 for each Pension Credit not in excess of 25<br>\$12.00 for each Pension Credit in excess of 25 |

**Examples of How This Change Will Affect Your Normal Retirement Pension Benefit**

The expected reduction in future benefit accruals resulting from the change in the benefit formula will vary for each participant. Below are examples of how potential reductions in future benefit accruals may affect some participants on account of the change in the benefit formula. Each example below assumes the participant works 2,000 hours each year after January 1, 2005 until retirement and that employer contributions are made at the NMFA rate.

➤ You are age **58** as of January 1, 2005 with 10 Pension Credits:

- If the Fund was **not** amended to change the benefit formula, your benefit at age **65** would equal **\$1,955** per month payable for your life.

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| $\$115 \times 17 \text{ Pension Credits} = \$1,955$ |
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- Because of the changes to the Fund, your benefit at age **65** would equal **\$1,766** per month payable for your life.

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| <b>Pre-2005</b>      | $\$115 \times 10 \text{ Pension Credits} = \$1,150$                                |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 7 \text{ Years} = \$616$ |
| <b>Total</b>         | $\$1,150 + \$616 = \$1,766$  |

➤ You are age **43** as of January 1, 2005 with 8 Pension Credits:

- If the Fund was **not** amended to change the benefit formula, your accrued benefit at age **65** would equal **\$3,450** per month payable for your life.

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| $\$115 \times 30 \text{ Pension Credits} = \$3,450$ |
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- Because of the changes to the Fund, your accrued benefit at age **65** would equal **\$2,855** per month payable for your life.

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| <b>Pre-2005</b>      | $\$115 \times 8 \text{ Pension Credits} = \$920$                                      |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 22 \text{ Years} = \$1,935$ |
| <b>Total</b>         | $\$920 + \$1,935 = \$2,855$   |

**CHANGES IN THE TWENTY-FIVE YEAR SERVICE PENSION BENEFIT FOR THOSE UNDER AGE 55**

Prior to January 1, 2005, participants with 25 pension credits are eligible to receive the Twenty-Five Year Service Pension benefit regardless of age. Effective January 1, 2005, those under age 55 will have the portion of their Twenty-Five Year Service Pension benefit that accrues after January 1, 2005 reduced by ½% for each whole calendar month that their benefit begins before the first day of the month on or following their 55th birthday. Additionally, beginning January 1, 2005, those participants who retire under the Twenty-Five Year Service Pension prior to reaching age 55 are not eligible for the Supplemental Pension Benefit (“Bridge Benefit”) as described below.

**Calculating the Twenty-Five Year Service Pension Benefit for Those Under Age 55**

Provided below is a brief explanation of how the Twenty-Five Year Service Pension benefit is calculated currently for those under age 55, followed by a description of how the Twenty-Five Year Service Pension benefit will be calculated beginning January 1, 2005 for those under age 55.

**For Participants Covered by the NMFA**

- **Benefit Prior to January 1, 2005.** Your Twenty-Five Year Service Pension benefit under the Plan payable at your retirement date and payable in the form of a monthly benefit is equal to your benefit level, determined according to Table 2 (generally using the date when you last earned an hour of service in covered employment), multiplied by the number of pension credits you earned before January 1, 2005.
- **Benefit On or After January 1, 2005.** Your Twenty-Five Year Service Pension benefit under the Plan as of your retirement date will equal the benefit you accrued prior to January 1, 2005 (as described above), plus for each year after January 1, 2005 in which you earn pension credit, 1.0 percent of your employer’s contribution for the year

(not to exceed \$4.3975/hour), reduced by ½% for each whole calendar month that your benefit begins before the first day of the month on or following your 55th birthday.

**For Participants Not Covered by the NMFA**

- **Benefit Prior to January 1, 2005.** Your Twenty-Five Year Service Pension benefit under the Plan payable at your retirement date and payable in the form of a monthly benefit is equal to the benefit level, determined according to Table 2 (generally using the date when you last earned an hour of service in covered employment), and reduced by the ratio of your employer's contribution rate divided by the contribution rate established under the NMFA (generally using the rates in effect on the date you last earned an hour of service in covered employment), and then multiplied by the number of pension credits you earned before January 1, 2005. This is summarized by the following formula:

$$\text{Your Benefit} = \text{Benefit Level (Table 2)} \times \frac{\text{Employer's Contribution Rate}}{\text{NMFA Contribution Rate}} \times \text{Pension Credits}$$

- **Benefit On or After January 1, 2005.** Your Twenty-Five Year Service Pension benefit under the Plan as of your retirement date will equal the benefit you accrued prior to January 1, 2005 (as described above), plus for each year after January 1, 2005 in which you earn pension credit, 1.0 percent of your employer's contribution for the year (not to exceed your employer's hourly contribution rate in effect on December 31, 2004), reduced by ½% for each whole calendar month that your benefit begins before the first day of the month on or following your 55th birthday.

**For Participants with a Pension Calculated Under Both the NMFA and Under Contracts Other than the NMFA**

- **Benefit Prior to January 1, 2005.** Your Twenty-Five Year Service Pension benefit under the Plan payable at your retirement date is generally equal to the sum of the benefits attributable to each contributing employer that you worked for.
- **Benefit On or After January 1, 2005.** Your Twenty-Five Year Service Pension benefit under the Plan as of your retirement date will equal the benefit you accrued prior January 1, 2005 (as described above), plus for each year after January 1, 2005 in which you earn pension credit, 1.0 percent of the contributions for the year by your employer covered under the NMFA (not to exceed \$4.3975/hour) plus 1.0 percent of the contributions for the year by your employer not contributing at the NMFA rate (not to exceed your employer's hourly contribution rate in effect on December 31, 2004). The portion of your benefit that you accrue on or after January 1, 2005 shall be reduced by ½% for each whole calendar month that your benefit begins before the first day of the month on or following your 55th birthday.

**Table 2 - Benefit Level for Twenty-Five Year Service Pension**

| Date                             | Benefit Level   |
|----------------------------------|---|
| July 1, 2000 - December 31, 2004 | \$115.00 for each Pension Credit (or fraction thereof)  |
| April 1, 1999 - June 30, 2000    | If you have: <ul style="list-style-type: none"> <li>• 25 (but less than 30) Pension Credits and had not reached age 55 as of your retirement - \$2,000 per month, plus \$100 for each Pension Credit in excess of 25; or</li> <li>• 30 Pension Credits - \$100 for each Pension Credit; or</li> <li>• reached age 55 as of your retirement - \$100 for each Pension Credit</li> </ul> |
| April 1, 1998 - March 31, 1999   | If you have: <ul style="list-style-type: none"> <li>• 25 (but less than 30) Pension Credits - \$1,800 per month; or</li> <li>• 30 Pension Credits, contributions made on your behalf under the General Freight Agreement on or after April 1, 1997, and you retired on or after April 1, 1998 - \$100 for each Pension Credit</li> </ul>  |

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| September 1, 1997 -<br>March 31, 1998  | If you have: <ul style="list-style-type: none"> <li>• 25 (but less than 30) Pension Credits - \$1,600 per month; or</li> <li>• 30 Pension Credits - \$89.16 for each Pension Credit</li> </ul>   |
| September 1, 1994 -<br>August 31, 1997 | If you have: <ul style="list-style-type: none"> <li>• 25 (but less than 30) Pension Credits - \$1,545 per month; or</li> <li>• 30 Pension Credits - \$85.83 for each Pension Credit</li> </ul>   |
| September 1, 1991 -<br>August 31, 1994 | If you have: <ul style="list-style-type: none"> <li>• 25 (but less than 30) Pension Credits - \$1,500 per month; or</li> <li>• 30 Pension Credits - \$83.33 for each Pension Credit</li> </ul>   |
| April 1, 1988 -<br>August 31, 1991     | If you have: <ul style="list-style-type: none"> <li>• 25 (but less than 30) Pension Credits, and contributions made on your behalf under the NMFA on or after April 1, 1998 - \$1,600 per month; or</li> <li>• 30 Pension Credits - \$66.67 for each Pension Credit</li> </ul> |

**Examples of How This Change Will Affect Your Twenty-Five Year Service Pension Benefit**

The expected reduction in future benefit resulting from the change in the Twenty-Five Year Service Pension benefit formula will vary for each participant who retires before reaching age 55. Below are examples of how potential reductions in future benefits may affect some participants on account of the change in the Twenty-Five Year Service Pension benefit formula. Each example below assumes the participant works 2,000 hours each year after January 1, 2005 until retirement and that the employer contributions are made at the NMFA rate.

- You are age **45** as of January 1, 2005 with 20 Pension Credits and you retire at age **50** with 25 Pension Credits:
  - If the Fund was **not** amended to change the benefit formula, your benefit would equal **\$2,875** per month payable for your life.

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| $\$115 \times 25 \text{ Pension Credits} = \mathbf{\$2,875}$ |
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- Because of the changes to the Fund, your benefit would equal **\$2,608** per month payable for your life.

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|----------------------|---|
| <b>Pre-2005</b>      | $\$115 \times 20 \text{ Pension Credits} = \mathbf{\$2,300}$  |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 70\%$<br>(Early Reduction Factor: $\frac{1}{2}\%$ reduction $\times$ 12 months $\times$ 5 years) $\times$ 5 Years<br><b>= \$308</b> |
| <b>Total</b>         | $\mathbf{\$2,300 + \$308 = \$2,608}$  |

- You are age **52** as of January 1, 2005 with 25 Pension Credits and you retire at age **53** with 26 Pension Credits:
  - If the Fund was **not** amended to change the benefit formula, your benefit would equal **\$2,990** per month payable for your life.

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| $\$115 \times 26 \text{ Pension Credits} = \mathbf{\$2,990}$ |
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- Because of the changes to the Fund, your benefit would equal **\$2,952** per month payable for your life.

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|----------------------|---|
| <b>Pre-2005</b>      | $\$115 \times 25 \text{ Pension Credits} = \mathbf{\$2,875}$  |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 88\%$ (Early Reduction Factor: $\frac{1}{2}\%$ reduction $\times$ 12 months $\times$ 2 years) $\times$ 1 Year = <b>\$77</b> |
| <b>Total</b>         | $\mathbf{\$2,875 + \$77 = \$2,952}$   |

## CHANGES IN THE SUPPLEMENTAL PENSION BENEFIT (BRIDGE BENEFIT)

Prior to January 1, 2005, the Supplemental Pension Benefit ("Bridge Benefit") is available to participants who have 25 or more pension credits (18 of which are attributable to service under the Plan), but have not reached age 65. Effective January 1, 2005, the Bridge Benefit will be available to those who (a) have 25 or more pension credits (18 of which are attributable to service under the Plan) and are at least age 55 but have not reached age 65 at their retirement date, or (b) have 30 or more pension credits (18 of which are attributable to service under the Plan) but who have not reached age 65 on their retirement date.

### Calculating the Supplemental Pension Benefit (Bridge Benefit)

Provided below is a brief explanation of how you currently accrue the Bridge Benefit, followed by a description of how you will accrue the Bridge Benefit beginning January 1, 2005.

- **Benefit Prior to January 1, 2005.** The amount of the Bridge Benefit equals \$100 per month payable 12 times per year until the month before you reach age 65.
- **Benefit On Or After January 1, 2005.** The amount of the Bridge Benefit will equal \$200 per month, plus an additional \$100 per month multiplied by the number of additional full pension credits you earn after each January 1st following your initial eligibility for the Bridge Benefit on or after January 1, 2005. The Bridge Benefit is payable 12 times per year until the month before you reach age 65. By law, the monthly Bridge Benefit shall not exceed the Social Security benefit received at Social Security normal retirement age.

*Although it is the Trustees' intent to continue the Supplemental Pension Benefit (Bridge Benefit), it should be noted that this benefit is not part of any accrued benefit under the Fund, and the Fund may reduce or eliminate the Supplemental Pension Benefit (Bridge Benefit) in the future.*

### Examples of How this Change Will Affect Your Supplemental Pension Benefit (Bridge Benefit)

The changes in the Bridge Benefit will vary for each participant. Below are examples of how the changes may affect some participants. Each example below assumes the participant works 2,000 hours each year after January 1, 2005 until retirement and that employer contributions are made at the NMFA rate.

- You are age **56** as of January 1, 2005 with 26 Pension Credits and you retire on July 1, 2006 at age **57** with 27 Pension Credits:
  - If the Fund was **not** amended to change the benefit formula, your benefit at your retirement would equal **\$3,205** payable monthly (12 times per year) up to age 65, with a 13th check paid each December payable in the amount of **\$3,105**. After age 65, you would receive an amount equal to **\$3,105** payable monthly (12 times per year) for your lifetime, with a 13th check paid each December in the amount of **\$3,105**. Note that your monthly benefit prior to age 65 includes an additional benefit of **\$100** payable only until age 65. Your total annual benefit, payable to age 65 would be \$41,565. From age 65 on, your annual benefit would be \$40,365.

$$\$115 \times 27 \text{ Pension Credits} = \$3,105 + \$100 \text{ Bridge Benefit}$$

- Because of the changes to the Fund, your benefit at your retirement would equal **\$3,378** payable monthly (12 times per year) up to age 65, with a 13th check paid each December payable in the amount of **\$3,078**. After age 65, you would receive an amount equal to **\$3,078** for your lifetime, with a 13th check paid each December in the amount of **\$3,078**. Note that your monthly benefit prior to age 65 includes an additional benefit of **\$300** payable only until age 65. The "Bridge Benefit" is comprised of the \$200 per month base benefit triggered January 1, 2005, plus \$100 for the one full pension credit you earned (in 2006) after the January 1st that you first became eligible for the Bridge Benefit. Your total annual benefit, payable to age 65 would be \$43,614. From age 65 on, your annual benefit would be \$40,014.

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| <b>Pre-2005</b>      | $\$115 \times 26 \text{ Pension Credits} = \mathbf{\$2,990}$  |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 1 \text{ Year} = \mathbf{\$88} +$         |
|                      | $\text{Bridge Benefit} = \$200 + \$100 \times 1 \text{ additional Pension Credit} = \mathbf{\$300}$ |
| <b>Total</b>         | $\mathbf{\$2,990 + \$88 + \$300 = \$3,378}$   |

➤ You are age **58** as of January 1, 2005 with 34 Pension Credits and you retire September 1, 2007 at age **60** with 36 Pension Credits:

- If the Fund was **not** amended to change the benefit formula, your benefit at your retirement would equal **\$4,240** payable monthly (12 times per year) up to age 65, with a 13th check paid each December payable in the amount of **\$4,140**. After age 65, you would receive an amount equal to **\$4,140** for your lifetime, with a 13th check paid each December in the amount of **\$4,140**. Note that your monthly benefit prior to age 65 includes an additional benefit of **\$100** payable only until age 65. Your total annual benefit, payable to age 65 would be \$55,020. From age 65 on, your annual benefit would be \$53,820.

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| $\$115 \times 36 \text{ Pension Credits} = \mathbf{\$4,140} + \mathbf{\$100} \text{ Bridge Benefit}$ |
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- Because of the changes to the Fund, your benefit at your retirement would equal **\$4,486** payable monthly (12 times per year) up to age 65, with a 13th check paid each December payable in the amount of **\$4,086**. After age 65, you would receive an amount equal to **\$4,086** for your lifetime, with a 13th check paid each December in the amount of **\$4,086**. Note that your benefit prior to age 65 includes an additional monthly benefit of **\$400** payable only until age 65. The “Bridge Benefit” is comprised of the \$200 per month base benefit triggered January 1, 2005, plus \$200 for the two full pension credits you earned (in 2006 and 2007) after the January 1st when you first became eligible for the Bridge Benefit. Your total annual benefit, payable to age 65 would be \$57,918. From age 65 on, your annual benefit would be \$53,118.

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| <b>Pre-2005</b>      | $\$115 \times 34 \text{ Pension Credits} = \mathbf{\$3,910}$   |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 2 \text{ Years} = \mathbf{\$176} +$        |
|                      | $\text{Bridge Benefit} = \$200 + \$100 \times 2 \text{ additional Pension Credits} = \mathbf{\$400}$ |
| <b>Total</b>         | $\mathbf{\$3,910 + \$176 + \$400 = \$4,486}$   |

➤ You are age **53** as of January 1, 2005 with 25 Pension Credits. You become eligible for the Bridge Benefit on March 1, 2007, when you turn 55 years old. You retire on July 1, 2008 at age **56** with 28 Pension Credits:

- If the Fund was **not** amended to change the benefit formula, your benefit at your retirement would equal **\$3,320** payable monthly (12 times per year) up to age 65, with a 13th check paid each December payable in the amount of **\$3,220**. After age 65, you would receive an amount equal to **\$3,220** payable monthly for your lifetime, with a 13th check paid each December in the amount of **\$3,220**. Note that your monthly benefit prior to age 65 includes an additional benefit of **\$100** payable only until age 65. Your total annual benefit, payable to age 65 would be \$43,060. From age 65 on, your annual benefit would be \$41,860.

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| $\$115 \times 28 \text{ Pension Credits} = \mathbf{\$3,220} + \mathbf{\$100} \text{ Bridge Benefit}$ |
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- Because of the changes to the Fund, your benefit at your retirement would equal **\$3,439** payable monthly (12 times per year) up to age 65, with a 13th check paid each December payable in the amount of **\$3,139**. After age 65, you would receive an amount equal to **\$3,139** for your lifetime, with a 13th check paid each December in the amount of **\$3,139**. Note that your monthly benefit prior to age 65 includes an additional benefit of **\$300** payable only until age 65. The “Bridge Benefit” is comprised of the \$200 per month base benefit, triggered March 1, 2007, plus \$100 for the one full pension credit you earned (in 2008) after the January 1st that you first became eligible for the Bridge Benefit. Your total annual benefit, payable to age 65 would be \$44,407. From age 65 on, your annual benefit would be \$40,807.

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|----------------------|---|
| <b>Pre-2005</b>      | $\$115 \times 25 \text{ Pension Credits} = \mathbf{\$2,875}$  |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 3 \text{ Years} = \mathbf{\$264} +$       |
|                      | $\text{Bridge Benefit} = \$200 + \$100 \times 1 \text{ additional Pension Credit} = \mathbf{\$300}$ |
| <b>Total</b>         | $\mathbf{\$2,875 + \$264 + \$300 = \$3,439}$  |

### Duration of Monthly Payment for the Supplemental Pension Benefit (Bridge Benefit)

In general, the number of months that you will receive the Bridge Benefit will equal the number of months between your retirement date and the month before you reach age 65. For example, if you retire at age 55, the Bridge Benefit is payable for 120 months (10 years from 55 to 65 times 12 months per year). However, payment of the Bridge Benefit will stop upon the earlier of your death or the month before you reach age 65. Please keep in mind that although the monthly Bridge Benefit will increase with each year that you work past the age when you are first eligible for the Bridge Benefit, your total Bridge Benefit (the total of all monthly payments) will begin to decrease at a certain point as you approach age 65. This is because you will receive your monthly Bridge Benefit over a fewer number of months as you get closer to age 65.

### Examples of Total Payable Supplement Pension Benefit (Bridge Benefit)

Each example below assumes the participant works 2,000 hours each year after January 1, 2005 until retirement and that the employer contributions are made at the NMFA rate.

- You were age 55 as of January 1, 2005 with 25 Pension Credits and retire at age **58** as of June 1, 2008 with 28 Pension Credits (after having earned one full Pension Credit in 2008):
  - Your monthly Bridge Benefit will be **\$500** and your total payable Bridge Benefit will be \$39,000 (\$500 x 12 months x 6.5 years).
- You were age 55 as of January 1, 2005 with 25 Pension Credits and retire at age **59** as of June 1, 2009 with 29 Pension Credits (after having earned one full Pension Credit in 2009):
  - Your monthly Bridge Benefit will be **\$600** and your total payable Bridge Benefit will be \$39,600 (\$600 x 12 months x 5.5 years).
- You were age 55 as of January 1, 2005 with 25 Pension Credits and retire at age **62** as of June 1, 2012 with 32 Pension Credits (after having earned one full Pension Credit in 2012):
  - Your monthly Bridge Benefit will be **\$900** and your total payable Bridge Benefit will be \$27,000 (\$900 x 12 months x 2.5 years).

## OTHER CHANGES TO THE PLAN

### Changes to the Normal and Alternative Forms of Payment

#### If You Are Single

- *Prior to January 1, 2005.* Your normal form of benefit payment under the Plan is a Single Life Annuity with a guaranteed 5-year payment period. You have no alternative form of benefit payment options under the Plan.
- *On Or After January 1, 2005.* Your normal form of benefit payment under the Plan is a Single Life Annuity with no guaranteed payment period. However, you may elect a 5-Year Period Certain Life Annuity as an alternate form of benefit payment under Plan. The 5-Year Period Certain Life Annuity will guarantee that you or your designated beneficiary will receive at least 5-years of payments under the Plan. You should be aware that the 5-Year Period

Certain Life Annuity form of payment will be more costly to you over the Single Life Annuity with no guaranteed payment period, as actuarial adjustments have been made to the benefit. Specifically, the benefit will be reduced in accordance with actuarial equivalence factors as allowed by law. In addition, the same actuarial adjustments have been made to the pre-retirement death benefit under the Plan.

Your benefit under the Single Life Annuity on and after January 1, 2005 will not be less than your benefit under the Single Life Annuity with a Guaranteed 5-Year Payment Period determined as of December 31, 2004.

### **If You Are Married**

- ***Prior to January 1, 2005.*** Your normal form of benefit payment under the Plan is a 50% Husband and Wife Pension which provides a reduced monthly benefit to you for your life and after your death, a monthly benefit to your spouse equal to 50% of the monthly amount paid to you. If your spouse predeceases you, no additional monthly benefit payments will be paid after your death. You may elect, with your spouse's consent, as an alternate form of benefit payment under the Plan either a 5-Year Period Certain Life Annuity (as described above) or a 100% Husband and Wife Pension which provides a reduced monthly benefit to you for your life and after your death, a monthly benefit to your spouse equal to 100% of the monthly amount paid to you. As with the 50% Husband and Wife Pension, if your spouse predeceases you, no additional monthly benefit payments will be paid after your death.
- ***On Or After January 1, 2005.*** Your normal and alternate forms of benefit payments under the Plan will remain the same as prior to January 1, 2005 and as described above. In addition, with your spouse's consent, you may elect a Single Life Annuity as an alternate form of benefit payment under the Plan or add a "Pop-Up" feature to either the 50% Husband and Wife Pension and/or the 100% Husband and Wife Pension. The Single Life Annuity allows you to receive monthly payments from the Plan for your lifetime. No additional monthly benefit payments will be paid after your death. The Husband and Wife Pension with the "Pop-Up" feature allows you to continue and increase your otherwise reduced monthly benefit payments if your spouse predeceases you. Each of the alternate forms of benefit payments under the Plan will be reduced in accordance with actuarial equivalence factors as allowed by law.

### **Examples of Changes to the Normal and Alternate Forms of Payment**

The changes to the Normal and Alternate Forms of payments under the Plan will vary for each participant depending on many factors such as age, marital status at retirement, and/or spouse's age. Below are examples of how the changes may affect some participants. Each example below assumes the participant works 2,000 hours each year after January 1, 2005 until retirement and that the employer contributions are made at the NMFA rate.

- You are single and you retire at age **65** as of January 1, 2006. Your monthly benefit is \$3,000 payable as an annuity.
  - The normal form of benefit under the Plan for a single participant is a Single Life Annuity with no guaranteed period of payment. You will receive a monthly benefit in the amount of **\$3,000** (13 times per year) for your lifetime. No additional monthly benefit payments will be payable under the Plan after your death.
  - If you choose the 5-year Certain Life Annuity, you will receive an actuarially adjusted monthly benefit in the amount of **\$2,963** (13 times per year). You will receive the monthly benefit for your lifetime with a guaranteed period of payment of at least 5-years.
- You are married and you retire at age **65** as of January 2006. Your spouse is age **62** and your monthly benefit is \$3,000 payable as a single life annuity:
  - The normal form of benefit under Plan for a married participant is a 50% Husband and Wife Pension. You will receive a monthly benefit, which is actuarially reduced and adjusted for your age and the age of your spouse, in the amount of **\$2,737**. You will receive the monthly benefit for your lifetime and your spouse will receive 50% of the monthly benefit paid to you at your death. If your spouse predeceases you, no additional monthly benefit payments will be payable under the Plan after your death.

- If you, with your spouse's consent, choose the 50% Husband and Wife Pension with the "Pop-Up" feature, you will receive a monthly benefit which is actuarially reduced and adjusted for your age and the age of your spouse in the amount of **\$2,703**. You will receive this monthly benefit while both you and your spouse are alive. Should you predecease your spouse, your spouse will receive 50% of the monthly benefit that you were receiving prior to your death. If your spouse predeceases you, your monthly benefit will be increased to **\$3,000** (the original life annuity benefit at the time you retired).

### EXAMPLES OF HOW THE CHANGES WORK TOGETHER

Below are examples of how your retirement benefits are affected by the changes to the Plan's Normal Retirement Pension benefit formula, the Twenty-Five Year Service Pension benefit, the Supplemental Pension Benefit, and the addition of the 5-Year Certain Life Annuity and the 50% or 100% Husband and Wife Pension with "Pop-Up" as alternative forms of payment for those who are married. Each example below assumes the participant works 2,000 hours each year after January 1, 2005 until retirement and that the employer contributions are made at the NMFA rate.

- Example 1:** You are age **50** as of January 1, 2005 with 25 Pension Credits and you are single and retire on January 1, 2008 at age **53** with 28 Pension Credits, your benefit as of that date under the Twenty-Five Year Service Pension (using the Normal Retirement Pension benefit formula in effect on January 1, 2005) equals **\$3,107** per month (13 payments per year). Since you are single, your normal form of benefit payment is a Single Life Annuity with no guaranteed period of payment. No additional benefits would be payable under the Plan at your death. If, however, you were to choose the 5-Year Certain Life Annuity as your form of benefit payment, your monthly benefit will be reduced to **\$3,098**, but such benefit amount is guaranteed for at least 5-years.

#### Single Life Annuity:

|                      |  |
|----------------------|--|
| <b>Pre-2005</b>      | $\$115 \times 25 \text{ Pension Credits} = \mathbf{\$2,875}$   |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 88\% \text{ (Early Reduction Factor (1/2\%} \times 12 \text{ months} \times 2 \text{ yrs))} \times 3 \text{ Years} = \mathbf{\$232}$ |
| <b>Total</b>         | $\mathbf{\$2,875 + \$232 = \$3,107}$   |

#### 5-Year Certain Life Annuity:

|  |
|--|
| $\$3,107 \times 0.996875 \text{ (Actuarial Adjustment Factor)} = \mathbf{\$3,098}$ |
|--|

If, instead of retiring on January 1, 2008, you continued working for two more years until age 55 with 30 Pension Service Credits, you would receive **\$3,315** per month (13 times per year) as a Single Life Annuity with no guaranteed period of payment. In addition, you would receive a monthly "Bridge Benefit" of **\$200** until you reach age 65. If you were to choose the 5-Year Certain Life Annuity as your form of benefit payment, your monthly benefit will be reduced to **\$3,303** per month, but such benefit amount is guaranteed for at least 5-years. You would still receive the **\$200** "Bridge Benefit" as indicated above.

#### Single Life Annuity:

|                      |  |
|----------------------|--|
| <b>Pre-2005</b>      | $\$115 \times 25 \text{ Pension Credits} = \mathbf{\$2,875}$   |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 5 \text{ Years} = \mathbf{\$440 +}$<br>$\mathbf{(\$200 \text{ Bridge Benefit})}$ |
| <b>Total</b>         | $\mathbf{\$2,875 + \$440 = \$3,315 + (\$200 \text{ Bridge Benefit})}$  |

#### 5-Year Certain Life Annuity:

|   |
|---|
| $\$3,315 \times 0.996189 \text{ (Actuarial Adjustment Factor)} = \mathbf{\$3,303 +}$<br>$\mathbf{(\$200 \text{ Bridge Benefit})}$ |
|---|

- Example 2:** You are age **51** as of January 1, 2005 with 27 Pension Credits and you are single and retire on January 1, 2008 at age **54** with 30 Pension Credits. Your benefit as of that date (using the Normal Retirement Pension benefit formula in effect on January 1, 2005) equals **\$3,353** per month (13 times per year). You would receive your

monthly benefit as a Single Life Annuity with no guaranteed period of payment. In addition, you would receive a monthly "Bridge Benefit" of \$200 until you reach age 65. If you were to choose the 5-Year Certain Life Annuity as your form of benefit payment, your monthly benefit will be reduced to \$3,342 per month, but such benefit amount is guaranteed for at least 5-years. You would still receive the \$200 "Bridge Benefit" as indicated above.

**Single Life Annuity:**

|                      |  |
|----------------------|--|
| <b>Pre-2005</b>      | \$115 x 27 Pension Credits = <b>\$3,105</b>  |
| <b>Post-12/31/04</b> | 1% x \$4.3975 x 2,000 hours/yr x 94% (Early Reduction Factor (1/2% x 12 months)) x 3 Years = <b>\$248 + (\$200 Bridge Benefit)</b> |
| <b>Total</b>         | <b>\$3,105 + \$248 = \$3,353 + (\$200 Bridge Benefit)</b>  |

**5-Year Certain Life Annuity:**

|   |
|---|
| $\$3,353 \times 0.996549$ (Actuarial Adjustment Factor) = <b>\$3,342 + (\$200 Bridge Benefit)</b> |
|---|

If, instead of retiring on January 1, 2008, you continued working until June 1, 2012 (having earned one full Pension Credit in 2012) and retired at age 58 with 34 Pension Credits, you would receive \$3,721 per month (13 times per year) as a Single Life Annuity with no guaranteed period of payment. In addition, you would receive a monthly "Bridge Benefit" of \$600 until you reached age 65. If you were to choose the 5-Year Certain Life Annuity as your form of benefit payment, your monthly benefit will be reduced to \$3,700 per month, but such benefit amount is guaranteed for at least 5-years. You would still receive the \$600 "Bridge Benefit" as indicated above.

**Single Life Annuity:**

|                      |  |
|----------------------|--|
| <b>Pre-2005</b>      | \$115 x 27 Pension Credits = <b>\$3,105</b>                                      |
| <b>Post-12/31/04</b> | 1% x \$4.3975 x 2,000 hours/yr x 7 Years = <b>\$616 + (\$600 Bridge Benefit)</b> |
| <b>Total</b>         | <b>\$3,105 + \$616 = \$3,721 + (\$600 Bridge Benefit)</b>                        |

**5-Year Certain Life Annuity:**

|   |
|---|
| $\$3,721 \times 0.994185$ (Actuarial Adjustment Factor) = <b>\$3,700 + (\$600 Bridge Benefit)</b> |
|---|

➤ **Example 3:** You are age 54 as of January 1, 2005 with 27 Pension Credits and you are married and retire on January 1, 2008 at age 57 with 30 Pension Credits and your spouse is age 54 as of that date. Your benefit as of your retirement date (using the Normal Retirement Pension benefit formula in effect on January 1, 2005) equals \$3,167 per month (13 times per year). You would receive your monthly benefit as a 50% Husband and Wife Pension. Your spouse will receive a monthly benefit of \$1,584 after your death. If your spouse predeceases you, no additional benefits would be payable after your death. In addition, you would receive a monthly "Bridge Benefit" of \$400 until you reach age 65. If you, with your spouse's consent, were to choose the 50% Husband and Wife Pension with "Pop-Up" as your form of benefit payment, your monthly benefit will be reduced to \$3,149 per month, payable for your lifetime. Your spouse will receive a monthly benefit of \$1,575 after your death. If your spouse were to predecease you, your monthly benefit under the Plan will increase to \$3,369. You would still receive the \$400 "Bridge Benefit" as indicated above.

**Single Life Annuity:**

|                      |  |
|----------------------|--|
| <b>Pre-2005</b>      | \$115 x 27 Pension Credits = <b>\$3,105</b>                                      |
| <b>Post-12/31/04</b> | 1% x \$4.3975 x 2,000 hours/yr x 3 Years = <b>\$264 + (\$400 Bridge Benefit)</b> |
| <b>Total</b>         | <b>\$3,105 + \$264 = \$3,369 + (\$400 Bridge Benefit)</b>                        |

**50% Husband and Wife Pension:**

|   |
|---|
| $\$3,369 \times 0.939995$ (Actuarial Adjustment Factor) = <b>\$3,167 + (\$400 Bridge Benefit)</b> |
|---|

**100% Husband and Wife Pension with Pop-Up Provision:**

|   |
|---|
| $\$3,369 \times 0.934713 \text{ (Actuarial Adjustment Factor)} = \$3,149 +$ $\text{\$400 Bridge Benefit}$ |
|---|

If, instead of retiring on January 1, 2008, you continued working until June 1, 2012 (having earned one full Pension Credit in 2012) and retired at age 61 with 34 Pension Credits, you would receive **\$3,451** per month (13 times per year) as a 50% Husband and Wife Pension. Your spouse will receive a monthly benefit of **\$1,726** after your death. If your spouse predeceases you, no additional benefits would be payable after your death. In addition, you would receive a monthly "Bridge Benefit" of **\$800** until you reach age 65. If you, with your spouse's consent, were to choose the 100% Husband and Wife Pension with "Pop-Up" as your form of benefit payment, your monthly benefit will be reduced to **\$3,167** per month, payable for your lifetime. Your spouse will receive a monthly benefit of **\$3,167** after your death. However, if your spouse predecease you, your monthly benefit will increase to **\$3,721**. You would still receive the **\$800** "Bridge Benefit" as indicated above.

**Single Life Annuity:**

|                      |  |
|----------------------|--|
| <b>Pre-2005</b>      | $\$115 \times 27 \text{ Pension Credits} = \$3,105$  |
| <b>Post-12/31/04</b> | $1\% \times \$4.3975 \times 2,000 \text{ hours/yr} \times 7 \text{ Years} = \$616 +$ $\text{\$800 Bridge Benefit}$ |
| <b>Total</b>         | $\$3,105 + \$616 = \$3,721 + (\$800 \text{ Bridge Benefit})$   |

**50% Husband and Wife Pension:**

|   |
|---|
| $\$3,721 \times 0.927244 \text{ (Actuarial Adjustment Factor)} = \$3,451 +$ $\text{\$800 Bridge Benefit}$ |
|---|

**100% Husband and Wife Pension with Pop-Up Provision:**

|   |
|---|
| $\$3,721 \times 0.850969 \text{ (Actuarial Adjustment Factor)} = \$3,167 +$ $\text{\$800 Bridge Benefit}$ |
|---|

**Questions**

This notice is intended to satisfy the requirements of section 204(h) of the Employee Retirement Income Security Act of 1974, as amended and section 4980F of the Internal Revenue Code of 1986, as amended. This notice is intended only as a summary, and the actual Plan documents will govern your rights. If you have any questions regarding this notice or your benefits under the Plan, please contact:

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