



NEWS FROM ROAD CARRIERS LOCAL 707 WELFARE & PENSION FUND ~ JULY 2009

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Please note that there is important information about your rights under the Plan in this issue. Please read and retain for future use.

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THE CHALLENGES AHEAD

This past year has seen more challenges than we have seen in most of our lifetimes. The combination of the collapse of the housing market and tightening credit has driven both the US and global economies into recessionary levels not seen since the Great Depression. No industry or sector of our economy has been spared. In addition to high unemployment, record mortgage foreclosures and unprecedented business failures, every type of investment – whether stocks, bonds or real estate – has been detrimentally impacted. Not surprisingly, these staggering investment losses have had a very negative impact on our Fund.

One of the industries that is most sensitive to the ups and downs of the economy is the trucking industry, and it is also the biggest part of our Fund. In fact, 85% of our Pension Fund participants and 70% of our Welfare Fund participants are made up of members working under the National Master Freight Agreement. Since the recession began last year, the loss of freight for most carriers was over 20%. Unfortunately for us, our biggest employer YRC (formerly Yellow and Roadway) saw their business fall by over 30% due to loss of overall freight volumes, overcapacity in the industry and the integration of Roadway and Yellow. YRC is 80% of our Pension Fund and 57% of our Welfare Fund. The loss of business for YRC and other trucking companies decrease the amount of participants in the plan which spreads the risk of our self insured plan over less people. In addition, the members who are working are working less hours which means less contributions coming in while they still qualify for benefit coverage. Add on the cost of medical inflation and the cost of retiree coverage being borne by less actives, you can see the problems we are facing in continuing to maintain our superior benefit structure. The situation was further compounded by the investment losses in the stock market over the past year which reduced the amount of money the Fund has in reserves to pay benefits.

What does this mean to our Welfare Fund? It means we need to either reduce the level of cost of the benefit or increase revenues. Last November, we introduced cost cutting measures such as 20% co-insurance and increased the retiree copay and eligibility for retiree health coverage. Beginning this August, the hours required to be eligible for benefits is increasing. In addition at the beginning of the new plan year on September 1st, we are introducing step therapy and a formulary to control drug costs and adding an annual plan year maximum of \$250,000.00 on hospital and medical benefits. Additional and more-detailed information will be provided from the Fund Office regarding these changes.

As was stated before, we cannot continue to provide benefits at a level above our costs for an extended period of time. For a while there was an expectation the economy would turn around, NMFA members would work more and increase the amount of contributions made on their behalf into the Fund. As Fiduciaries, the Fund Trustees can't responsibly rely on the turnaround occurring anytime soon. For this reason the Trustees needed to bring the revenues more in line with the cost of the benefits with the expectation some of the changes can be reversed if the economy and financial condition of the Fund reverses. We understand these are difficult times for everyone and know these changes will impact our participants, but the alternative of doing nothing will guarantee a drastic impact on all the members and their families.

CHANGES IN WELFARE BENEFITS

Effective August 1, 2009:

To maintain eligibility for welfare benefits under Plans A & B, you will need to work at least 416 reported hours per quarter (up from the previous requirement of 248 reported hours per quarter). This means that, to be eligible for welfare benefits in the current quarter, you need to have worked at least 416 reported hours in the previous quarter.

Part Time Employees working for NMFA companies will now have to work at least 248 reported hours per quarter to qualify for welfare benefits under Plan G.

Effective September 1, 2009:

Annual Maximums: For Medical Benefits under Plans A, B & C, there will be an annual maximum of \$250,000 per person, per plan year. This means that, if your medical care costs more than \$250,000 in any given Plan year, your Medical Benefits coverage will cease for the remainder of that year, but you may become eligible for Medical Benefits coverage again in the next year. Previously, these Plans did not include annual maximums.

Prescription Drug Step Therapy Program: For all of the Plans, we are introducing the Prescription Drug Step Therapy Program to encourage the use of safe and effective generic medications. Under this Program, medications will be grouped into two categories:

Front-Line Medications: If your doctor approves, we recommend that you take these medications first. Front-line medications usually are generic medications that have been approved as safe and effective, and for which you pay the lowest copay. So, the next time your doctor writes you a prescription, you should ask whether there is a generic drug option that is safe and effective for your use.

Back-Up Medications: Generally, these medications are “brand-named,” like those advertised on TV. We recommend that you use these only if a Front-Line Medication is not available to you or does not work for you. Your copay for a Back-Up Medication will always be higher than for a Front-Line Medication. So, the next time your doctor writes you a prescription for a Back-Up Medication, you should ask whether there is Front-Line Medication available. If there is no Front-Line Medication available, your doctor decides that there is no Front-Line Medication appropriate for your use or you decide to use a Back-Up Medication for other reasons, your doctor may prescribe a Back-Up Medication, but you will have to pay a higher copay for it.

For more information about how the Step Therapy Program works or how to determine whether a medication is a Front-Line or Back-Up Medication, call the Fund Office and/or watch a short video at www.steptherapyfacts.com.

Increased Prescription Co-Pay Rates: The prescription drug copay rates for the Plans will be:

<i>Plan A & B</i>	Retail	Mail Order
Generic (Front-Line Medications)	\$5.00 (for 30 days)	\$10.00 (for 90 days)
Brand Preferred (Back-Up Medications)	\$25.00 (for 30 days)	\$50.00 (for 90 days)
Brand Non-Preferred (Back-Up Medications)	\$40.00 (for 30 days)	\$80.00 (for 90 days)

<i>Plan C, G & H</i>	Retail	Mail Order
Generic (Front-Line Medications)	\$10.00 (for 30 days)	\$20.00 (for 90 days)
Brand Preferred (Back-Up Medications)	\$25.00 (for 30 days)	\$50.00 (for 90 days)
Brand Non-Preferred (Back-Up Medications)	\$50.00 (for 30 days)	\$100.00 (for 90 days)

Note: Brand preferred is a medication where there is no generic available. Brand Non-Preferred is a medication that does have a generic available.”

JUST A REMINDER

Effective November 1, 2008, we instituted the following changes to the Welfare Fund:

>>> **20% Co-Insurance.** You are now responsible for paying a 20% co-insurance for all in-network services, except procedures that required a copay or co-insurance on or before of November 1, 2008 (such as doctor visits), and certain out-of-network services. This means that, for any in-network service that previously did not require a copay or co-insurance and for certain out-of-network services, you are now required to pay 20% of the cost for that service, and the Fund will cover the remaining 80% of the cost of that service.

>>> **Out-of-Pocket Maximum.** There is now an annual maximum for out-of-pocket expenses for in-network services, which is \$2,000 per person and \$4,000 per family for each plan year. This means that, on an annual basis, once you have spent \$2,000 (per person) or \$4,000 (per family) on out-of-pocket expenses (such as copays and co-insurance) for in-network services, you will not have to contribute anymore toward your health care coverage for that year. Once you reach those maximum amounts, you will be completely covered by the Fund for the remainder of that year. But, once the next plan year starts, the maximum amounts will restart. The annual \$5,000 out-of-pocket maximum for out-of-network services, which was in place before November 1, 2008, continues to apply.

>>> **Emergency Room Services.** The copay for Emergency Room Services has been increased from \$50 to \$100 per visit. This means that, each time you visit the Emergency Room, you will have to pay \$100 toward your treatment, in addition to any co-insurance, copay or other payment that you may be required to pay.

> **Disability Credit.** Extended coverage for full benefits under the Welfare Plan during a disability for which you are receiving Workers' Compensation benefits has been reduced from 2 years to 18 months.

*Post Mastectomy Reconstructive Surgery**

The Road Carriers Local 707 Welfare Fund covers Post-Mastectomy Reconstructive Surgery. Briefly described, any participant or dependent receiving mastectomy-related benefits will be covered, in a manner determined in consultation with the attending physician and the patient, for:

>>> Reconstruction of the breast on which the mastectomy was performed;

>>> Reconstruction of the breast on which the mastectomy was not performed in order to produce a symmetrical appearance;

>>> Prostheses; and

>>> Treatment of physical complications at all stages of the mastectomy, including lymphedema.

Coverage for all reconstructive surgery described here will be subject to the normal copays, deductibles and co-insurance consistent with the Plan's terms as described in the applicable Summary Plan Description.

**Federal Law requires that we provide this notice to you annually.*

CUSTOMER SERVICE



Want to reach a live person when calling the Fund during business hours ... 8:30 am - 4:00 pm, Monday through Friday?? Just dial 516-560-8500.

Union Trustees
Kevin McCaffrey, C.E.B.S.
Vincent Cangelosi

Interim Fund Manager
Kevin McCaffrey, C.E.B.S.
Phone (516) 560-8500 ~ 1-800-366-3707
Road Carriers Local 707 Welfare and Pension Plans
14 Front Street, Ste. 301 ~ Hempstead, New York 11550
Website ~ www.roadcarriers707.com

Employer Trustees
Peter Hassler
Tom J. Ventura

SUMMARY ANNUAL REPORT FOR ROAD CARRIERS LOCAL 707 WELFARE FUND

This is a summary of the annual report for the ROAD CARRIERS LOCAL 707 WELFARE FUND, (Employer Identification No. 11-2159859, Plan No. 501) for the period September 1, 2007 to August 31, 2008. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

INSURANCE INFORMATION

The plan has contracts with Empire Health Choice HMO, INC., Hartford Life Insurance Co., and Metropolitan Life Insurance Co. to pay the following types of claims incurred under the terms of the plan. All HMO, prescription drug, temporary disability, ad&d and life insurance, claims

The total premiums paid for the plan year beginning September 1, 2007 and ending August 31, 2008 were \$2,664,981.

BASIC FINANCIAL STATEMENT

The value of plan assets, after subtracting liabilities of the plan, was \$9,598,669 as of August 31, 2008 compared to \$13,039,733 as of September 1, 2007. During the plan year the plan experienced a decrease in its net assets of \$3,789,513. This decrease 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. During the plan year, the plan had total income of \$18,869,196. This income includes employer contributions of \$17,867,551, employee contributions of \$1,135,970, realized losses of \$77,868, earnings from investments of \$-366,981, and other income of \$310,524. Plan expenses were \$22,310,260. These expenses included \$1,519,179 in administrative expenses and \$20,791,081 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 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. Transactions in excess of 5 percent of the plan assets;
5. Insurance information including sales commissions paid by insurance carriers; and

To obtain a copy of the full annual report, or any part thereof, write or call the office of the Board of Trustees, Road Carriers Local 707 Welfare Fund, 14 Front Street, Ste. 301, Hempstead, NY 11550, (516) 486-7100. The charge to cover copying costs will be \$10.50 for the full report, or \$0.25 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. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge. You also have the legally protected right to examine the annual report at the main office of the plan: Board of Trustees Road Carriers Local 707 Welfare Fund, 14 Front Street, Ste. 301, Hempstead, NY 11550 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: U.S. Department of Labor, Employee Benefits Security Administration, Public Disclosure Room, 200, Constitution Avenue, NW, Suite N-1513, Washington, D.C. 20210.

SUMMARY ANNUAL REPORT FOR ROAD CARRIERS LOCAL 707 PENSION FUND

This is a summary of the annual report for the ROAD CARRIERS LOCAL 707 PENSION FUND, (Employer Identification No.51-6106510, Plan No. 001) for the period September 1, 2007 to August 31, 2008. 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 (benefits are provided in whole from trust funds). Plan expenses were\$44,899,898. These expenses included \$2,655,777 in administrative expenses and \$42,244,121 in benefits paid to participants and beneficiaries. A total of 5,131 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 \$287,266,521 as of August 31, 2008 compared to \$332,705,704 as of September 1, 2007. During the plan year the plan experienced a decrease in its net assets of \$45,434,183. This decrease 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 \$-539,285, including employer contributions of \$16,115,177, realized losses of \$9,389,410, earnings from investments of \$-7,477,849 and other income of \$212,797.

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. An actuary's statement also shows that the current value of plan assets covers 43.69% of the current liabilities as of September 1, 2007.

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. Transactions in excess of 5 percent of the plan assets;
5. Insurance information including sales commissions paid by insurance carriers;
6. Information regarding any common or collective trust, 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 the office of Board of Trustees Road Carriers, Local 707 Pension Fund, 14 Front Street, Ste 301, Hempstead, NY 11550, 51-6106510 (Employer Identification Number), (516) 486-7100 or the Plan Administrator. The charge to cover copying costs will be \$16.75 for the full report, or \$0.25 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. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge. You also have the legally protected right to examine the annual report at the main office of the plan:

Board of Trustees Road Carriers Local 707 Pension Fund, 14 Front Street, Ste. 301, Hempstead, NY 11550 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: U.S. Department of Labor, Employee Benefits Security Administration, Public Disclosure Room, 200 Constitution Avenue, NW, Suite N-1513, Washington, D.C.

***PRIVACY NOTICE REMINDER**

As you may remember, on or about April 14, 2003, the Road Carriers Local 707 Welfare Fund (“Fund”) sent its HIPAA Notice of Privacy Practices (“Notice”) to you. That Notice is still applicable and available for your

review, and review by your dependents. You and your dependents can obtain copies as follows:

1. The Notice is available on the Fund’s website at www.roadcarriers707.com.
2. If you would like a hard copy of this Notice sent to you, please submit a written request to:

**HIPAA Contact Person
Road Carriers Local 707 Welfare Fund
14 Front Street, Ste. 301
Hempstead, NY 11550
516.560.8500**

**Federal law requires that we provide this notice to you annually.*

**Road Carriers Local 707
Welfare & Pension Funds
14 Front Street, Ste. 301
Hempstead, New York 11550**

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