



# FUND UPDATE

NEWS FROM ROAD CARRIERS LOCAL 707 WELFARE & PENSION FUND ~ JUNE 2007

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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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## PENSION PROTECTION ACT OF 2006

In response to the financial crisis facing most pension funds throughout the country, Congress last year passed the Pension Protection Act of 2006 (PPA). Containing the most significant reform of the pension laws in 20 years, this new law contains important changes for multiemployer plans, such as our Pension Fund.

Our Pension Fund is like so many other Funds which increased benefits at a time when the stock market was reaching new highs and then experienced 3 straight years of market declines. In 2000, our Pension Fund was well over 100% funded and increasing benefits based on sound actuarial advice that the strong financial condition of the Fund could support such improvements. Three years later, like many other Funds, we were dealing not only with stock market losses but the loss of some of our largest contributing employers and a new and unforeseeable underfunding problem.

The PPA creates three new categories for underfunded plans- “Endangered” (“yellow zone”), “Seriously Endangered” (“orange zone”) and “Critical “ (“red zone”)- and requires that certain action be taken by Trustees of the Funds in these categories. A plan’s status is generally based on funding percentages (assets divided by liabilities) and the Plan’s projected accumulated funding deficiencies. Generally, if a plan is less than 65% funded or meets one of several other tests, it will be considered to be in the red zone. Otherwise, if a plan is less than 80% funded, it will be considered to be in the yellow or orange zone, depending on a number of other factors.

The PPA establishes a timetable for improving the status of underfunded plans. The Plan’s actuary has 90 days from the beginning of the plan year (which is September 1st for the 707 Fund) to certify the plans financial status. If the Plan is less than 80% funded, the Trustees must notify you, and others, within 30 days after the plan’s status is certified by the Actuary.

If the Fund falls within one of the three categories, the PPA requires the Trustees to adopt a plan to improve the financial status. This includes options designed to meet specified goals within 10 or 15 years. These options include benefit modifications, increases in employer contributions or a combination of the two. Within 30 days of the adoption of the plan to improve the funding status, the Trustees must present the options to the bargaining parties (Union and Contributing Employers). If the bargaining parties fail to agree on the changes necessary to meet the applicable goals, the Trustees must implement the so called “default” option, which calls for benefit reductions and surcharges to the contributing employers.

For plans in the red zone, the PPA requires employers be assessed an automatic surcharge (10% after the first year) of their total contributions until the collective bargaining parties agree on a funding-improvement plan. The PPA also allows for reduction of certain benefits, subject to the outcome of the bargaining over the options provided by the Trustees. These benefits include (1) post retirement death benefits, disability benefits not in pay status and similar benefits;(2) any early retirement benefit or retirement type subsidy and any benefit payment option (other than joint and survivor annuity); and (3) benefit increases adopted or effective less than 60 months before the plan entered the red zone. The PPA does not permit the reduction of adjustable benefits already being paid out, and the Fund may not reduce these benefits prior to notifying participants, and others, that the plan is in the red zone and that adjustable benefits may be reduced.

The Trustees of the 707 Fund are working with the Fund’s professionals to prepare for the PPA requirements. Although the actuary has not made his determination, it is apparent that generous benefit increases in 2000 combined with three years of a declining stock market along with the bankruptcy of many large employers has had a significant impact on the funding status of the Fund.

## SPECIAL DISCOUNTS FOR RETIREES

\*Road Carriers Local 707 Welfare Fund offers discounts to retirees who do not qualify for medical benefits from the Fund. These are the discounts available:

### Prescription Drug Discounts

Take your prescription ID card along with your prescription to a participating pharmacy and you will receive an automatic discount off the regular retail price of many of your prescription medications.

### Dental Discount Program

The DDS Dental Plan Courtesy Fee Program includes many dental procedures through participating DDS panel dentists at deeply discounted courtesy fees. To receive a voucher and information about participating dental providers, call DDS at 1-800-255-5681.

### Vision Care Program

The Davis Vision Value Advantage Program offers vision plan benefits at the same discounted group prices that the Fund pays for active members. Information on the network provides is available by calling 1-800-999-5431.

\*The retiree is responsible for payment the full discounted price.

## TEAMSTERSCARE MAILORDER PHARACY HELPFUL HINTS

At TeamstersCare, our pharmacists and pharmacy staff work hard to serve you. We need your help to provide you with the best service possible. To help us serve you, please:

- Plan ahead for refills -- Let us know in advance that you need a refill. Remember, mail service takes 7-10 days from receipt of your order to process.
- Check the label -- If there are no more refills, please contact your doctor for a new prescription.
- Check the label -- "Rx exp" will tell you when the prescription expires. If expired, please contact your doctor for a new prescription.
- New prescription? -- If your Doctor calls or faxes a new prescription, be sure to have a credit card on file with us.
- 90 day supply? -- When you doctor writes, or faxes your prescriptions, each prescription order must indicate a 90 day quantity (3 Inhalers, 90 tablets etc). Refills indicated do not apply to the 90 day supply. We are required to fill each order as written, even if it is for a 30 day supply.

Thank you for helping us to better serve your prescription needs!

## Road Carriers Local 707

### BOARD OF TRUSTEES

#### Union Trustees

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

#### *Fund Manager*

David B. Stewart, C.E.B.S.  
*Phone* (516) 486-7100 ~ 1-800-366-3707

#### Employer Trustees

Peter Hassler  
Tom J. Ventura

Road Carriers Local 707 Welfare and Pension Plans  
14 Front Street, Ste. 301 ~ Hempstead, New York 11550

*Website*

[www.roadcarriers707.com](http://www.roadcarriers707.com)

## CHANGE IN PPO

Please be advised that effective September 1, 2007, the Road Carriers Local 707 Welfare Fund will no longer use the MagnaCare PPO network. Instead, participants will have access to the Blue Card Program (Blue Cross Blue Shield). This move will give the participants of Road Carriers Local 707 Welfare Plan access to more than 5,800 hospitals and over 784,000 in-network provider office sites nationwide. Road Carriers Local 707 members will have access to over 99% of all hospitals and 89% all physicians nationwide.

As a result of this change, the participation agreement the Fund has with the Central States Teamsters and the IBT Local 671 Welfare Fund will be terminated and all Road Carriers participants will enjoy the same coverage.

Our studies show that this change will cause only minimal disruption to our participants. We looked at our claims for the last year and 97.3% of the MagnaCare providers used by Road Carriers Local 707 participants participate in the Blue Card Program. Of the 2,393 out-of-network doctors used by our participants, 2,027 participate with the Blue Card Program.

In other words, if our experience from last year were to repeat itself, 84% of our out-of-network claims will become in-network claims, saving both our participants and the Fund money while at the same time providing our participants with national provider access. Additional information and new ID Cards will be provided prior to September 1st.

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## IT IS YOUR RESPONSIBILITY TO USE A PARTICIPATING PROVIDER

Please be advised that it is your responsibility to determine whether the medical providers you and your family use participate in your network.

### Medical PPO

If you are enrolled in the Medical PPO, check to see that the doctor or other provider you use is a participating provider. If you are referred outside the doctor's office for X-rays, blood tests or other diagnostic procedures, make sure you are being referred to a participating radiologist, laboratory, etc. Network providers are supposed to make their best effort to refer you to another in-network provider. However, the responsibility is yours. The Fund Office will process out-of-network claims. However, all out-of-network claims, regardless of the place of service, will be subject to your plan's annual deductible and coinsurance.

### Empire BlueCross BlueShield EPO

If you are enrolled in the Empire BlueCross BlueShield EPO, check to see that the doctor or other provider you use participates with Empire BlueCross BlueShield EPO. If you are referred outside the doctor's office for X-rays, blood tests or other diagnostic procedures, make sure you are being referred to a BlueCross BlueShield radiologist, laboratory, etc. Network providers are supposed to make their best effort to refer you to another in-network provider. However, the responsibility is yours. The Fund Office will process out-of-network claims. However, all out-of-network claims, regardless of the place of service, will be subject to your plan's annual deductible and coinsurance. To check the participation status of a provider, you can call Empire or visit their website. Their phone number is 1-800-553-9603. Their URL is [www.empireblue.com](http://www.empireblue.com).

## SUMMARY ANNUAL REPORT FOR ROAD CARRIERS LOCAL 707 WELFARE FUND

This is a summary of the annual report of the Road Carriers Local 707 Welfare Fund, EIN 11-2159859, Plan No. 501, for the period September 1, 2005 through August 31, 2006. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

### Insurance Information

The plan has contracts with Hartford Life Insurance Company, Metropolitan Life Insurance Company, and Empire HealthChoice HMO, Inc to pay temporary disability, accidental death and dismemberment, and health and prescription claims incurred under the terms of the plan. The total premiums paid for the plan year ended August 31, 2006 were \$725,048.

### Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$14,956,034 as of August 31, 2006, compared to \$16,688,160 as of September 1, 2005. During the plan year, the plan experienced a decrease in its net assets of \$1,732,126. This decrease includes unrealized appreciation and 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 \$20,731,647, including employer contributions of \$18,719,994, employee contributions of \$1,422,997, other income of \$18,342, realized gains of \$67,325 from the sale of assets, and earnings from investments of \$502,989.

Plan expenses were \$22,463,773. These expenses included \$1,810,443 in administrative expenses and \$20,653,330 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% of the plan assets; and
5. Insurance information, including sales commissions paid by insurance carriers.

To obtain a copy of the full annual report, or any part thereof, write Board of Trustees Road Carriers Local 707 Welfare Fund, 14 Front Street, Hempstead, NY 11550, (516) 486-7100. The charge to cover copying costs will be \$9.75 for the full annual report, or 25 cents 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, 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: Public Disclosure Room, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., 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, EIN 51-6106510, Plan No. 001, for the period September 1, 2005 through August 31, 2006. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

### **Basic Financial Statement**

Benefits under the plan are provided through a trust fund. Plan expenses were \$42,693,774. These expenses included \$3,128,585 in administrative expenses and \$39,565,189 in benefits paid to participants and beneficiaries. A total of 5,193 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 \$319,887,873 as of August 31, 2006, compared to \$331,195,457 as of September 1, 2005. During the plan year the plan experienced a decrease in its net assets of \$11,307,584. This decrease includes unrealized appreciation and 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 \$31,386,190 including employer contributions of \$15,895,368, realized gains of \$2,282,699 from the sale of assets, other earnings from investments of \$13,106,500 and other income of \$101,623.

### **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 report also shows that the current value of plan assets covers 47.52% of the current liabilities as of September 1, 2005.

### **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% of the plan assets;
5. insurance information including sales commissions paid by insurance carriers;
6. actuarial information regarding the funding of the plan; and
7. information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call Board of Trustees Road Carriers Local 707 Pension Fund, 14 Front Street, Hempstead, NY 11550, (516) 486-7100. The charge to cover copying costs will be \$16.00 for the full annual report, or 25 cents 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, 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: Public Disclosure Room, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

## COLLECTION NOTICES

Do not ignore medical bills from providers or notices from bill collectors. Don't assume that the Fund office is provided with copies of these items and will resolve the situation. Send a copy of the bill or notice to the Fund Office as soon as you receive it with an explanation.

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## MAYO CLINIC NEWSLETTER

We trust you are receiving and reading the quarterly Mayo Clinic HealthQuest newsletter being provided "compliments of" Road Carriers Local 707 Welfare Fund. This eight page informative newsletter provides important insights as consumers take a more active choice in their health care. Articles explore the benefits of everything from managing medication expenses, interpreting health news and the importance of regular physical activity. A new issue should be arriving at your house this month!

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## \*POST MASTECTOMY RECONSTRUCTIVE SURGERY

You should be aware that the Road Carriers Local 707 Welfare Fund covers Post-Mastectomy Reconstructive Surgery. The following is a brief description of this coverage update:

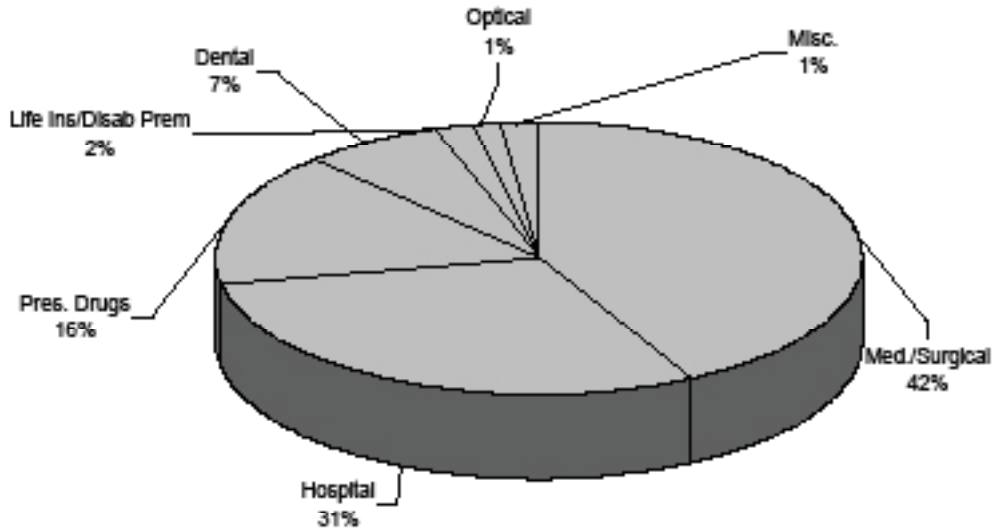
- Subject to the usual deductible and co-insurance, for any participant or dependent undergoing a mastectomy and who elects reconstructive surgery, the Fund covers reconstruction of the breast on which the mastectomy was performed.
- As part of this, the Fund also covers reconstruction of the breast on which the mastectomy was not performed in order to produce a symmetrical appearance.
- In addition, the Fund covers the cost of any prostheses and treatment of physical complications at all stages of the mastectomy including lymphedemas.
- To be covered, reconstructive surgery must be conducted in a manner determined in consultation with the attending physician and patient. The coverage for reconstructive surgery will be subject to the usual deductible and co-insurance consistent with the terms of the Fund's summary plan description.



### GRACE HANCOCK

*Congratulations to Grace Hancock on her retirement from the Road Carriers Local 707 Fund Office. Grace was a dedicated employee of the Fund for over 25 years and we all miss her caring and dedication. We all wish her the very best of health and happiness in the future!*

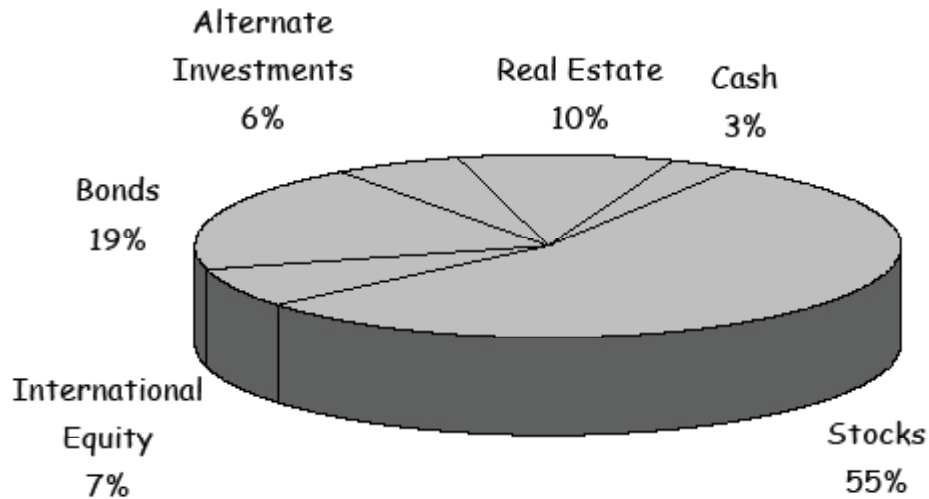
**HOW YOUR WELFARE DOLLAR WAS SPENT 9/1/05 - 8/31/06**



Medical-Surgical	\$ 8,578,621
Hospital	6,049,459
Prescription Drugs	3,239,166
Dental	1,388,567
Life Ins/Disability Premiums	432,577
HMO Premiums	292,526
Optical	231,760
Medical Consultants	95,389
Mental Health Program	33,294
Total .....	\$20,341,359

*\*\*Miscellaneous includes medical consultants, mental health program and HMO Premiums.*

**HOW YOUR PENSION DOLLARS ARE INVESTED**



**HANDLING OF CLAIMS DURING A DIVORCE PROCESS**

It is no longer our policy to wait for a divorce decree in order to pend or deny claims. All claims for spouses will be pended immediately upon written notice from a participant that a divorce is in process. No spousal claims will be released thereafter without a divorce decree or written instructions from the participant acknowledging responsibility for claims subsequent to the effective date of divorce.

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**\*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](http://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  
516.486.7100**

*\*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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