



# FUND UPDATE

NEWS FROM ROAD CARRIERS LOCAL 707 WELFARE & PENSION FUND ~ JUNE 2008

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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 IMPACT OF THE PENSION PROTECTION ACT

On August 17, 2006, President Bush signed into law the Pension Protection Act of 2006 ("PPA"). This new law is the most comprehensive pension legislation enacted in the last 25 years. The purpose of this law was to improve the financial health of both the Pension Benefit Guaranty Corporation (PBGC) and defined benefit pension plans such as ours. This will ultimately provide more protection of your future pension benefits.

Beginning this year, the PPA creates categories for pension plans based on the plan's funded status. The categories are Critical (or "red zone"), Endangered (or "yellow zone") or none of the above ("green zone"). Under the PPA, the fund actuaries must annually certify the "zone" the plan is in. Although the actuary has yet to make the determination for this year, it appears our Fund will be in the "red zone".

As a "red zone" plan, our Fund's Trustees must adopt a Rehabilitation Plan, which is designed to improve the Fund's overall funding status over a 10-year period. Because of the funding improvement plan which our Fund began in 2005, we have already taken a number of significant steps to improve the Fund's financial condition. However, the funding improvement plan put into place in 2005 made the necessary changes to meet the guidelines in place at the time. Under the recently enacted PPA, the time frames for meeting those funding improvement goals are compressed. This means we must make up more ground in a shorter period of time.

There are several factors that impact the Fund's ability to "make up ground". The first is employer contributions. The recently negotiated \$1.00 per hour increases in benefit contributions in the National Master Freight Agreement significantly exceeds previously negotiated increases. Yet, employer contributions alone are not going to fix the problem, and a portion of the \$1.00 increase must be used for the Welfare Fund. The next factor impacting the Fund's financial condition is the investment return of our assets. The Pension Fund's target is 7.75%, and the Actuary assumes an investment return of 7.75% per year when doing his calculations. Through careful management of the Fund's investments and despite a rocky investment market, the five year average return for our Fund is 8.7%. This excess investment return also helps us make up ground. Another factor that impacts the Fund is administrative expenses. Although these expenses are a small percentage of the Fund's overall expenditures, the Trustees have worked hard to control these costs and they have continued to go down every year.

Unfortunately factors not under the control of the Trustees have had an adverse impact on the funding status of the plan. The biggest factor is the loss of contributing employers and active participants in the Fund. From 2002 to 2007, nine companies representing 200 employees have ceased participating in the pension plan. All of them were bankruptcies, which means we received only pennies on the dollar for the withdrawal liability owed to the Fund. These numbers don't include C&S (Waldbaums) which moved its operation off Long Island along with 140 pension plan participants.

Even the companies that still participate in the Fund are employing less people. In 2002, there were over 2000 active participants in the Fund. Today, there are less than 1500. And, while the Fund continues to lose actives, we still must provide pensions – now or in the future – to those who are gone. Nearly every one of our numbers is trending negative - the average age of our participants is growing older, the average number of working participants is going down and the amount of hours they are working is decreasing. The only increase

*(continued from page 1)*

has been in the ratio of retirees to actives, which is not a good thing because it means fewer actives are being required to pay for the pensions of an ever-growing population of retirees. In 1997, there were approximately 2600 retirees supported by 2500 actives. In 2007 there were 3050 retirees supported by 1530 actives. This is the same pattern experienced by almost every multiemployer pension fund in the country.

Because of the PPA, many funds have already implemented changes in their plans which have resulted in deep cuts in benefits. These cuts have included significantly raising the age requirements for retirements as well as across-the-board reduction in pension and medical benefits. Although the Trustees are well aware of the impact of these types of changes, the PPA unfortunately leaves plans little choice – The PPA sets the bar very high and in most cases, it requires significant cuts in benefits. This requires some tough decisions and possible sacrifices now, but will ensure that the pension benefits plans promise today will be there for your retirement.

The Trustees are currently meeting and working with the Fund's actuary and other professionals to come up with a plan which meets the guidelines of the PPA and protects your benefits in the future. As required by the PPA, you will receive a separate formal notice of our Fund's "zone" status and plan as soon as it is finalized. Meanwhile, please be assured that the Trustees are carefully weighing all possible alternatives to find the optimal solution for our members.

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### CHANGE IN MAMMOGRAPHY BENEFIT

Effective June 1, 2008, the annual plan maximum for mammography is raised from \$175 to \$225. This applies to in-network providers and out-of-network providers. Be advised that most procedures for mammography performed in hospitals as an outpatient procedure will exceed the \$225.00 annual maximum. Even if the facility is Blue Cross provider, the charges may exceed the \$225 annual maximum and you will be responsible for the difference. It is your responsibility to verify charges prior to services being performed.

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### UPDATED LAB INFORMATION

Effective April 1, 2008, the only lab which participates with Blue Cross is QUEST LABS. It is your responsibility to inform the doctor's office to send all lab work to QUEST LABS ONLY. To locate a lab near you, call BLUE CROSS at 1-800-810-BLUE (2583). If you choose to use an out-of-network lab or your doctor doesn't send your lab work to QUEST, your claims will be subject to the deductible and co-insurance provisions of your plan and you will incur an out-of-pocket expense.

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## Road Carriers Local 707

### BOARD OF TRUSTEES

#### Union Trustees

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

#### *Interim Fund Manager*

Kevin McCaffrey, 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)

**CORRECTIONS AND/OR UPDATES TO SPD'S**

*Please make note of the following corrections and/or updates to your current SPD:*

**ACUPUNCTURE** ~ Services are covered up to **SIX VISITS** when medically necessary and rendered by a licensed provider within the scope of their profession.

**TMJ** ~ TMJ is subject to a **\$5,000 lifetime maximum** under medical benefits.

**HEARING AIDS** ~ As of 9/1/07, it is not necessary to contact the Fund Office for a hearing aid voucher. You should obtain hearing aid(s) as per our SPD and the provider should forward the bill directly to Blue Cross for payment.

*Please Note:*

*The Plan A, Plan B, and Plan RA summary plan descriptions have been amended to allow eligibility for retiree benefits for participants who have participated in the Welfare Fund pursuant to a Change of Operations that required that their pensions to remain in a fund other than the Pension Fund and they had contributions made to the Welfare Fund on their behalf for 20 or more years*

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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.

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

## 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, 2006 through August 31, 2007. 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, life insurance, health and prescription claims incurred under the terms of the plan. The total premiums paid for the plan year ended August 31, 2007 were \$758,099.

### Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$13,039,733 as of August 31, 2007, compared to \$14,956,034 as of September 1, 2006. During the plan year, the plan experienced a decrease in its net assets of \$1,916,301. 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 \$22,324,626, including employer contributions of \$18,852,384, employee contributions of \$1,305,844, realized gains of \$1,084,732 from the sale of assets, earnings from investments of \$953,990 and other income of \$127,676.

Plan expenses were \$24,240,927. These expenses included \$1,723,039 in administrative expenses and \$22,517,888 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 \$10.25 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, 2006 through August 31, 2007. 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 \$43,705,527. These expenses included \$2,881,703 in administrative expenses and \$40,823,824 in benefits paid to participants and beneficiaries. A total of 5,128 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 \$332,705,704 as of August 31, 2007, compared to \$319,887,873 as of September 1, 2006. During the plan year the plan experienced an increase in its net assets of \$12,817,831. This increase 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 \$56,523,358 including employer contributions of \$16,694,208, realized gains of \$16,391,073 from the sale of assets, earnings from investments of \$23,123,606 and other income of \$314,471.

### 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 44.87% of the current liabilities as of September 1, 2006.

### 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 \$15.00 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.

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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.*

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

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