



# Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan – Founded 1955

## 2008 ANNUAL FUNDING NOTICE

### FOR THE WESTERN CONFERENCE OF TEAMSTERS PENSION PLAN

#### Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2008 and ending December 31, 2008 (referred to hereafter as "2008 Plan Year").

#### Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the 2008 Plan Year and two (2) preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	<u>Plan Year 2008</u>	<u>Plan Year 2007</u>	<u>Plan Year 2006</u>
Valuation Date	January 1, 2008	January 1, 2007	January 1, 2006
Funded Percentage	97.1%	95.8%	93.8%
Value of Assets	\$31,398,542,000	\$29,492,088,000	\$28,126,065,000
Value of Liabilities	\$32,342,445,000	\$30,793,813,000	\$29,978,123,000

Note: The Plan's funded percentage for the 2009 Plan Year, determined as of January 1, 2009, is projected to be 84.7%.

#### Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2008, the fair market value of the Plan's assets was \$25,077,454,672. As of December 31, 2007, the fair market value of the Plan's assets was \$32,322,565,946. As of December 31, 2006, the fair market value of the Plan's assets was \$31,394,717,178. The value of Plan assets shown as December 31, 2008 is an estimate based on the most accurate unaudited financial information available at the time this notice was prepared. The final audited information on the Plan's assets will be reported on the Plan's Form 5500 for 2008 filed with the Employee Benefits Security Administration later this year.

#### Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 535,026. Of this number, 238,250 were active participants, 126,700 were retired or separated from service and receiving benefits, and 168,201 were retired or separated from service and entitled to future benefits.

## Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. Plan benefits are funded by employer contributions and investment returns on those contributions. Employer contributions are based on hours worked multiplied by an hourly contribution rate established through collective bargaining. The Plan's funding policy provides that based on the level of those employer contributions and the investment performance of the Plan's assets, the Trustees will establish and adjust the levels of Plan benefits as necessary to satisfy the minimum funding standards of ERISA and the Internal Revenue Code. The funding policy works in coordination with the Plan's investment policy by spreading investment gains and losses over several years, helping to reduce volatility in the value of Plan assets recognized for funding purposes.

Once money is contributed to a plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries, who are responsible for plan investments, with guidelines or general instructions concerning various types or categories of investment management decisions. The Plan's investment policy is to maintain a diversified portfolio of investments managed by professional investment managers and spread across a broad range of asset classes. Although individual investment categories within the portfolio may have different risk and return characteristics, the risk profile of the Plan's overall investment portfolio is conservative in nature. The Investment Committee of the Trustees, working closely with experienced consultants and investment managers, monitors and makes appropriate changes to the Plan's investments, seeking to achieve consistent investment performance over the long term in a variety of economic and investment conditions.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments as of the end of the 2008 Plan Year. These allocations are percentages of total assets:

ASSET ALLOCATIONS	PERCENTAGE
1. Interest-bearing cash	0.30%
2. U.S. Government securities	22.38%
3. Corporate debt Instruments	22.21%
4. Corporate stocks	7.82%
5. Partnership/joint venture interests	3.70%
6. Real estate	8.53%
7. Loans	0.14%
8. Value of interest in common/collective trusts	24.53%
9. Value of interest in pooled separate accounts	9.64%
10. Value of funds held in insurance co. general account (unallocated contracts)	0.68%
11. Buildings and other property used in Plan operation	0.07%

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts or pooled separate accounts – contact Michael M. Sander, Administrative Manager, at (206) 329-4900, Western Conference of Teamsters Pension Plan, 2323 Eastlake Avenue East, Seattle, WA 98102.

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

**The Plan was not in endangered or critical status in the 2008 Plan Year and, based on actuarial projections, is not in endangered or critical status in the current Plan Year (2009).** For further information on the Plan's 2009 funded status, go to the Plan's website at: [http://www.wctpension.org/whats\\_new/funding\\_status09.html](http://www.wctpension.org/whats_new/funding_status09.html).

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. The Plan's 2006 and 2007 annual reports are available now. The Plan's 2008 annual report will be available after it is filed with the US Department of Labor in mid-October 2009. You may obtain a copy of the Plan's annual report by making a written request to Michael M. Sander, Administrative Manager, Western Conference of Teamsters Pension Plan, 2323 Eastlake Avenue East, Seattle WA 98102. There will be a charge for the annual report to cover copying costs. In addition, copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling (202) 693-8673.

### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

**Example 1:** If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

**Example 2:** If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

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Where to Get More Information

For more information about this notice, you may contact Michael M. Sander, Administrative Manager, at (206) 329-4900, Western Conference of Teamsters Pension Plan, 2323 Eastlake Avenue East, Seattle WA 98102. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is 91-6145047. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

