



O'Sullivan
Associates Inc.

Teamsters Local 805 Pension Plan
Actuarial Valuation
3/31/2015

1236 Brace Road, Unit E
Cherry Hill, NJ 08034
(856) 795-7777

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1. Certification of Results

This report was prepared on behalf of the Teamsters Local 805 Pension Plan based on employee data, asset statements and Plan documents provided by the Plan Sponsor or its representatives. We relied upon the data as submitted, without formal audit. However, the data was tested for reasonableness, and we have no reason to believe that any other information which would have had a material effect on the results of this valuation was overlooked.

Therefore, to the best of our knowledge and belief, the information presented in this report is complete and accurate, and in our opinion, each assumption used represents our best estimate of anticipated experience under the Plan.

Certified by:

Redacted by the U.S. Department of the Treasury

Enrolled Actuary No.: Redacted by
the U.S.

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2. Valuation Summary

A. Long-Term Funding

Projected annual contributions of \$1.78 million (\$301.07 per month) fall short of the total annual cost of benefits of \$10.39 million (\$1,759.05 per month). This leaves a negative margin of \$8.61 million or \$(1,457.98) per month.

B. White Rose Trucking Withdrawal

White Rose Trucking has withdrawn from the Plan and was assessed \$13.5 million dollars in withdrawal liability. The employer is currently in bankruptcy proceedings and it is unclear how much money the Plan will receive.

For the purpose of this valuation, we have assumed White Rose will not pay any of its withdrawal liability assessment.

C. Pension Protection Act

As of April 1, 2015 the Plan's funding percentage is 43.3% and it has a negative credit balance. Additionally, the Plan is projected to become insolvent within the current or next 19 years, and its ratio of inactive to active participants is in excess of 2 to 1. Therefore, as of April 1, 2015, the Plan is in Critical and Declining Status.

The Trustees have adopted a Rehabilitation Plan to address the Plan's funding issues, which is explained in detail in Section 4.5 of the report.

D. Assumption Changes

We have made the following changes in the Plan's actuarial assumptions:

- The Plan's interest rate assumption was changed from 7.50% to 6.75%.
- The mortality was updated from 1983 GAM to RP-2014 with mortality improvement scale MP-2014.

3. Summary of Funding Measures

1. Current	As of March 31	
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
a at Market	\$ 62,149,280	\$ 66,933,598
b at Actuarial	\$ 68,843,795	\$ 73,161,479
c Actuarial / Market (b/a)	110.8%	109.3%
<u>Present Values</u>		
d Vested Benefits	\$ 158,491,026	\$ 137,766,440
e Accrued Benefits (Accrued Liability)	\$ 158,912,439	\$ 138,296,016
<u>Funding Percentages</u>		
f Vested at market (a/d)	39.2%	48.6%
g Vested at actuarial (b/d)	43.4%	53.1%
h Accrued at market (a/e)	39.1%	48.4%
i Accrued at actuarial (b/e)	43.3%	52.9%

2. Prospective	For Plan Year Ending March 31	
	<u>2016</u>	<u>2015</u>
<u>Contributions</u>		
a Minimum Required	\$ 38,348,354	\$ 30,780,848
b Anticipated	\$ 1,777,517	\$ 2,089,917
c Actual	tbd	\$ 1,616,634
d Maximum Deductible	\$ 246,184,995	\$ 232,847,979
e Credit Balance	\$ (36,516,494) *	\$ (28,943,893)
f Minimum to preserve Credit Balance	\$ 9,125,472 *	\$ 6,862,011
* projected		
<u>Costs</u>		
g Cost of benefits earned in year	\$ 940,735	\$ 878,326
h Amortization of Unfunded Liability	\$ 9,444,724	\$ 7,136,788
i Total Cost (g+h)	\$ 10,385,459	\$ 8,015,114
j Margin (b-i)	\$ (8,607,942)	\$ (5,925,197)

3. Assumptions

a Interest rate per annum	6.75%	7.50%
b Total Months	5,904	7,056

4. Plan Cost

4.1 Contributions, Cost and Margin

A. As of	<u>3/31/2015</u>		
1. Actuarial liability	\$ 158,912,439		
2. Actuarial value of assets	<u>68,843,795</u>		
3. Unfunded actuarial liability (1-2)	\$ 90,068,644		
4. Normal cost	468,193		
5. Expenses	<u>440,000</u>		
6. Total cost of benefits (4+5)	\$ 908,193		
7. Amortization of unfunded liability	\$ 9,118,009		
B. Anticipated Contribution Income*			
1. Projected months	5,904		
2. Projected contribution rate	<u>\$ 301.07</u>	<u>\$/Month</u>	<u>As a % of</u>
3. Anticipated annual contribution (1x2)	\$ 1,777,517	\$ 301.07	<u>Contributions</u>
			100.0%
C. Actuarial Costs*			
1. Cost of benefits earned in the year	\$ 940,735	\$ 159.34	52.9%
2. Amortization of unfunded liability	<u>9,444,724</u>	<u>1,599.72</u>	<u>531.3%</u>
3. Total annual costs (1+2)	\$ 10,385,459	\$ 1,759.05	584.2%
D. Margin (B4-C3)	\$(8,607,942)	\$(1,457.98)	-484.2%
E. Market value of assets	\$ 62,149,280		
F. Spread Statistic	-10.8%		
G. Margin using assets at market	\$(9,309,938)	\$(1,576.89)	-523.8%

There are two component costs to funding a pension plan: the cost of benefits earned in the year and the amortization of the unfunded liability. The costs above are calculated consistent with a funding policy of paying off the unfunded liability over 15 years assuming asset returns of 6.75% annually. The margin, found on Line D above, indicates that the Plan needs an average additional amount of \$1,457.98 per month (off the accrual rate) to pay for all future benefits.

There are many actuarial measures and statistics to measure the state of the Plan's funding. The margin is designed to provide a single simplified statistic for a Trustee to get a sense for whether the Plan is keeping up with its costs. As long as the margin is positive, it is a strong indication that the current benefits are affordable on a long-term basis. If negative, it is an indication that the overall funding may need to be improved before benefits are affordable.

* Assumes contributions and costs are paid at the end of the month.

4.2 Development of Plan Asset Values

4.2.1 Market Value of Assets

	<u>Total Fund</u>
A. Assets at 3/31/2014	\$ 66,933,598
B. Employer contributions	\$ 1,770,559
C. Withdrawal Liability payments received	\$ 0
D. Recognition of Annuity obligation*	\$ 238,708
E. Investment income:	
1. Interest and dividends	\$ 2,535,411
2. Realized/unrealized gain/(loss)	3,152,457
3. Investment fees	<u>(269,284)</u>
4. Total investment income	\$ 5,418,584
F. Distributions:	
1. Benefit payments	\$(11,666,983)
2. Administrative expenses	<u>(545,186)</u>
3. Total distributions	\$(12,212,169)
G. Market value as of 3/31/2015	\$ 62,149,280
H. Average invested assets (A+D+.5 x (B+C+F3))	\$ 61,951,501
H. Rate of return, E4÷H	8.7%

* Previous valuations netted this amount out of assets

4.2.2 Actuarial Value of Assets

A. Market value as of 3/31/2015	\$ 62,149,280
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<u>Development of amount deferred</u>			
<u>Year Ending</u> <u>March 31</u>	<u>Unexpected</u> <u>Amount</u>	<u>Percentage</u> <u>Deferred</u>	<u>Deferred</u> <u>Amount</u>
1. 2009	\$(30,094,302)	30%	\$(9,028,290)
2. 2014	5,456,954	33%	1,818,985
3. 2015	772,221	67%	<u>514,790</u>

B. Total deferred amount	\$ (6,694,515)
C. Preliminary actuarial value of assets (A-B)	68,843,795
D. 80% of market value	49,719,424
E. 120% of market value	74,579,136
F. Actuarial value as of 3/31/2015 (C not less than D or greater than E)	\$ 68,843,795

4.2.3 Actuarial Asset Gain/(Loss)

A. Actuarial assets at 3/31/2014	\$ 73,161,479		
B. Investment income:			
1. Expected income (net of investment expenses)	\$ 4,646,363		
<div>Development of amount recognized</div>			
<div>Year Ending March 31</div>	<div>Unexpected Amount</div>	<div>Percentage Recognized</div>	<div>Recognized Amount</div>
2009	\$(30,094,302)	10%	\$ (3,009,430)
2013	6,515,716	33%	2,171,905
2014	5,456,954	33%	1,818,985
2015	772,221	33%	<u>257,395</u>
2. Total recognized amount	\$ 1,238,855		
3. Forced recognition (due to +/-20% corridor)	<u>\$0</u>		
4. Total investment income (1+2+3)	\$5,885,218		
C. Employer contributions	\$1,770,559		
D. Withdrawal Liability Payments	0		
E. Recognition of DC Fund	238,708		
F. Distributions:			
1. Benefit payments	\$(11,666,983)		
2. Administrative expenses	<u>(545,186)</u>		
3. Total distributions	\$(12,212,169)		
G. Actuarial value as of 3/31/2015	\$ 68,843,795		
H. Average actuarial value (A+E+.5 x (C+D+F3))	\$ 68,179,382		
I. Rate of return (B4÷H)	8.6%		
J. Assumed rate of return	7.5%		
K. Expected income (H x J)	5,113,454		
L. Asset gain/(loss) (B4-K)	771,764		

4.2.4 Total Gain/Loss

A. Unfunded accrued liability (UAL) at 3/31/2014	\$ 65,134,537
B. Annual cost of benefits and expenses at 3/31/2014	844,767
C. Less contributions	(1,770,559)
D. Interest on A, B, and C	<u>4,882,052</u>
E. Expected unfunded accrued liability as of 3/31/2015 (A+B+C+D)	\$ 69,090,797
F. Preliminary UAL before changes as of 3/31/2015	<u>68,643,111</u>
G. Total gain/(loss), (E-F)	\$ 447,686
H. Change due to:	
1. Assumption changes	\$ 21,425,533
2. Plan amendments	0
3. Method changes	<u>0</u>
4. Subtotal changes	\$ 21,425,533
I. Actual unfunded (surplus) accrued liability as of 3/31/2015 (F+H4)	\$ 90,068,644
J. Gain/(loss) due to:	
1. Asset experience	\$ 771,764
2. Expenses	(118,898)
3. Demographic experience	<u>(205,180)</u>
4. Total gain/(loss)	\$ 447,686

4.3 Historical Information

4.3.1 Gain/(Loss)

Plan Year Ending 3/31	<u>Assets</u>	<u>Expense</u>	<u>Demographic Assumptions</u>	<u>Total Gain/(Loss)</u>
2012	\$557,831	\$56,563	\$(2,493,973)	\$(1,879,579)
2013	(2,264,932)	19,058	(970,540)	(3,216,414)
2014	477,351	(8,979)	(1,034,657)	(566,285)
2015	\$771,764	\$(118,898)	\$(205,180)	\$447,686
4-year Average	\$(114,497)	\$(13,064)	\$(1,176,088)	\$(1,303,648)

Gain/loss analysis is one of the most important tools available to an actuary to ensure that the actuary's model of the Plan's funding is accurate. The exhibit above shows the total gain/(loss) broken down into two components: assets and demographic assumptions.

The gain/(loss) on assets is very unpredictable due to the unpredictable returns on the market value of assets. Moreover, the gain/(loss) on assets is greatly influenced by the smoothing method. The pattern of asset gains is discussed later in this report.

After itemizing the gain/(loss) on assets and administrative expenses, what remains is the gain/(loss) on all the other demographic assumptions including retirement, turnover, disability, and mortality. Over time, to remain confident in the future funding, it is important that the gains and losses on the demographic assumptions average zero, or at least a relatively small number.

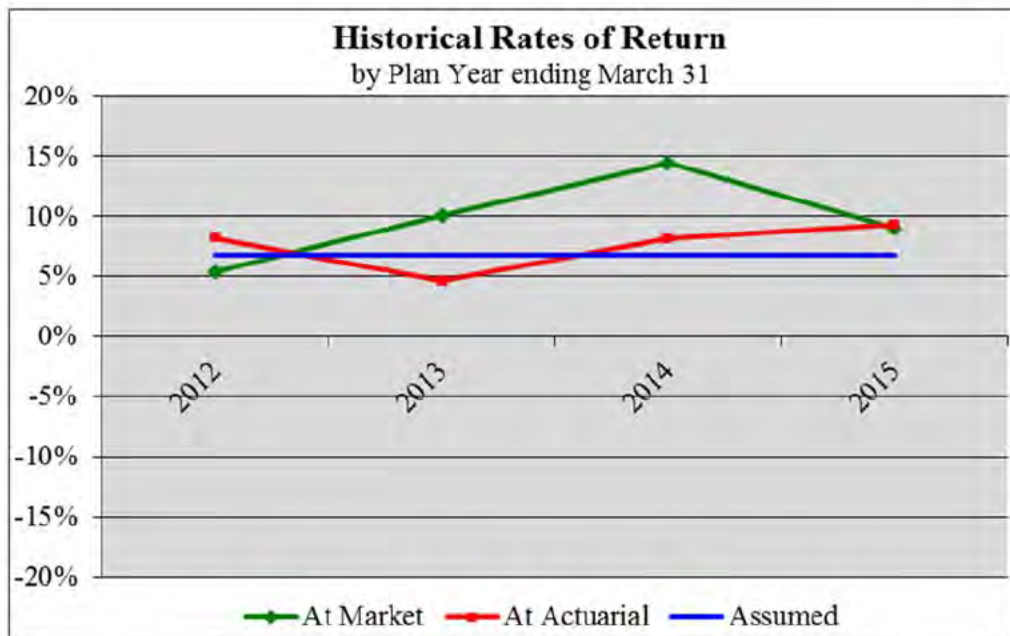
For the last four years the Plan has averaged a loss on demographic assumptions. We have updated the mortality assumption this year.

4.3.2 Asset Information

As of 3/31	Market Value of Assets	Contributions*	Withdrawal Liability Payments	Benefits	Expenses	Market Investment Income	ROR At Market	ROR At Actuarial
2012	\$71,300,012	\$ 1,333,334	\$-	\$(11,224,000)	\$(389,562)	\$3,964,581	5.4%	8.2%
2013	67,919,811	1,616,634	-	(11,428,240)	(385,567)	6,816,972	10.0%	4.6%
2014	66,933,598	1,784,266	20,000	(11,534,520)	(410,313)	9,154,354	14.4%	8.2%
2015	\$62,149,280	<u>1,770,559</u>	=	<u>(11,666,983)</u>	<u>(545,186)</u>	<u>5,657,292</u>	8.7%	8.6%
Totals		\$7,741,531	\$20,000	\$(56,686,133)	\$(2,163,067)	\$25,593,199		
4-year average							9.6%	7.4%

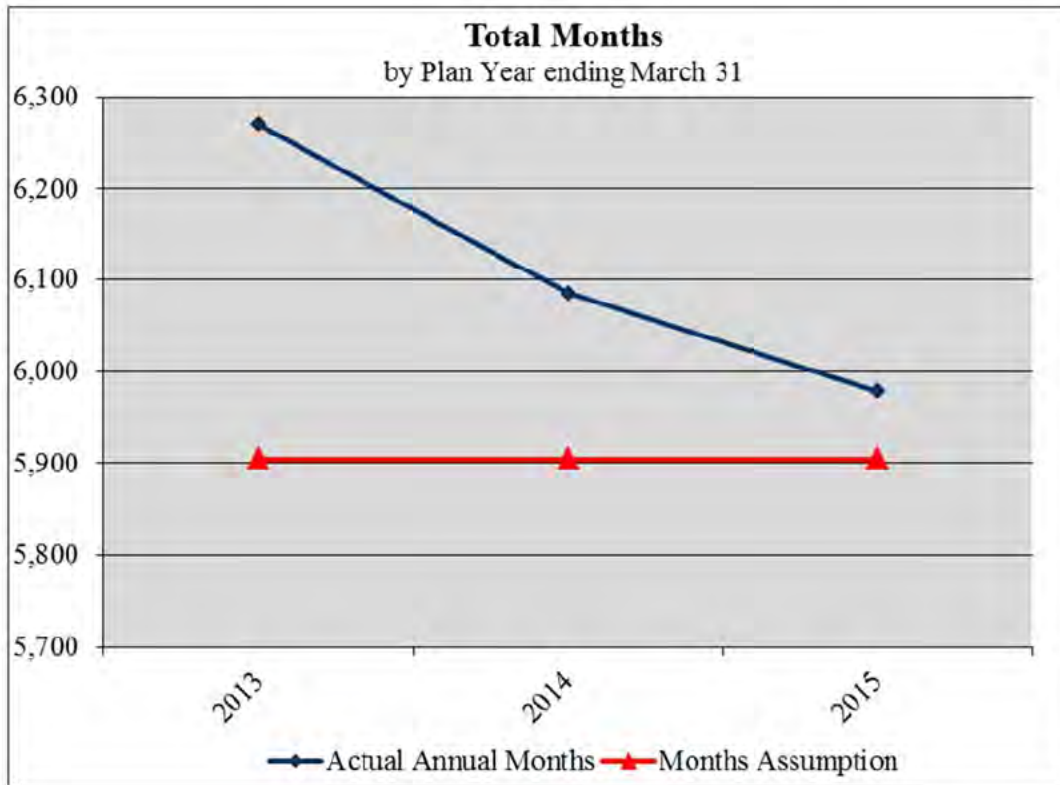
The average return on the market value of assets for the 4 years ending March 31, 2015 was 9.6%. We have changed the interest rate assumption in this valuation from 7.50% to 6.75%.

The performance of the actuarial value of assets as measured by the rate of return smooths out the market value performance. As seen in the table above, the market value return in Plan Year ended 3/31/2015 was 8.7%. The actuarial rate of return was 8.6%.



4.3.3 Employment

Plan Year Ending 3/31	Contribution Income	Weighted Average Contribution Rate	Estimated Total Months*
2013	\$1,616,634	\$257.85	6,270
2014	1,784,266	293.24	6,085
2015	\$1,770,559	\$296.18	5,978

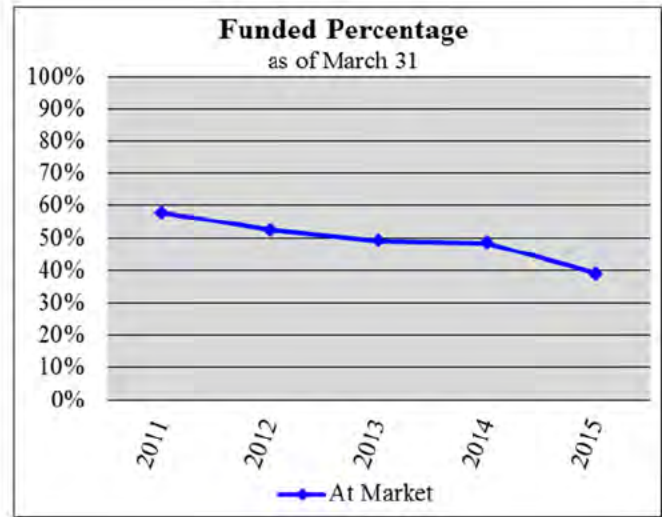


The employment assumption included in the valuation is 5,904 total months annually.

** Total months for the valuation are derived by dividing actual contributions by last year's projected contribution rate, and will not necessarily match reported months by the Plan Office.*

4.3.4 Funded Percentage

Plan Years Ending <u>Mar. 31</u>	Market Value <u>of Assets</u>	Present Value of Accrued <u>Benefits</u>	Funded <u>Percentage</u>
2011	\$77,615,659	\$134,175,975	57.8%
2012	71,300,012	136,331,942	52.3
2013	67,919,811	138,241,282	49.1
2014	66,933,598	138,296,016	48.4
2015	\$62,149,280	\$158,912,439	39.1%



The Funded Percentage is a statistic commonly followed by Trustees. It provides an alternative measure of the Plan's current level of funding. The Funded Percentage compares the market value of assets to the value of benefits accrued as of the valuation date. Based on the market value of assets of \$62,149,280 and the total value of accumulated benefits of \$158,912,439, the Funded Percentage is 39.1% as of March 31, 2015.

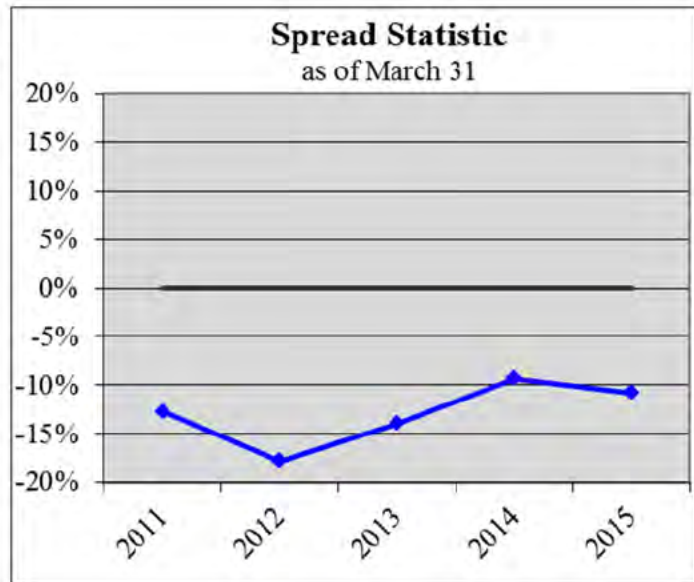
The fact that the Funded Percentage is under 100% means that there are unfunded accumulated benefits when valuing the Plan on an ongoing basis. It does not necessarily imply that the Plan is underfunded on a long term basis because it makes no consideration of future contributions relative to future costs. The Margin is the best single statistic to get a sense of how well funded the Plan is on a long term basis.

Moreover, the Funded Percentage is not a measure of funding on a Plan termination basis. That would require a different interest assumption.

The Funded Percentage as per the Pension Protection Act uses the actuarial value of assets and is 43.3% as of March 31, 2015.

4.3.5 Actuarial Value of Assets Expressed as a % of Market Value

Plan Years Ending Mar. 31	Actuarial Value of Assets	Actuarial Assets as a Percent of Market
2011	\$87,486,251	112.7%
2012	83,943,698	117.7
2013	77,394,976	114.0
2014	73,161,479	109.3
2015	\$68,843,807	110.8%



The three primary measures that help an actuary assess how well funded a plan is on a long-term basis are:

1. Margin,
2. Gain/loss analysis and an assessment of assumptions, and
3. Spread, defined as the difference between the market and actuarial value of assets expressed as a percentage of the market value of assets.

The margin and assumptions were covered in earlier sections.

The third factor is the Spread statistic. When positive it represents a cushion to help offset potential future unfavorable investment experience. Conversely, when the actuarial value is greater than the market value the Spread turns negative. When this is the case future investment returns over and above the assumed return are necessary over time to restore the market value of assets equal to the actuarial value.

Currently the Spread is -10.8%.

4.4 Pension Protection Act

The Plan continues to be in the Red Zone as of April 1, 2015 because it has a funding deficiency. Moreover, the Plan is in Critical and Declining Status (a Red Zone category) as of 4/1/2015 due to the following:

- The Plan meets the criteria for Critical Status, and
- The Plan is projected to become insolvent in the current or next 19 years and
- The Plan's ratio of inactive to active participants is in excess of 2 to 1.

The following is a history of the Plan's Zone Status under the Pension Protection Act:

<u>As of 4/1</u>	<u>Zone Status</u>
2008 – 2014	Critical (Red)
2015	Critical and Declining (Red)

The Trustees have implemented a "reasonable measures" Rehabilitation Plan (RP) as per the Pension Protection Act (PPA) intended to forestall insolvency under IRC §432(e)(3)(A)(ii). The Rehabilitation Plan and important dates are as follows:

Adoption Period:	4/01/2008 – 3/31/2011
Rehabilitation Period:	4/01/2011 – 3/31/2024

Benefit Changes (Alternative Schedule II – for non-Yellow Freight)

Effective 4/1/2010, the accrual rate was reduced to 1% of the contributions made on a Participant's behalf, up to a maximum of \$50 per year of Credited Service. Based on the prevailing collective bargaining agreement, as shown in the most recent update to the RP, the accrual rates from 4/1/2014 expected to be as follows:

Plan Year Beginning <u>4/1</u>	Monthly Benefit <u>Accrual (1%)</u>
2014	\$35.00
2015	35.65
2016	36.40
2017	37.10
2018	\$38.25
2019 and beyond	*

** 3% increases per year to a maximum accrual of \$50 per year of Credited Service*

- The 20-Years-and-Out and 25-Years-and-Out benefits were eliminated for participants who did not have at least 20 years of Credited Service as of 4/1/2009.

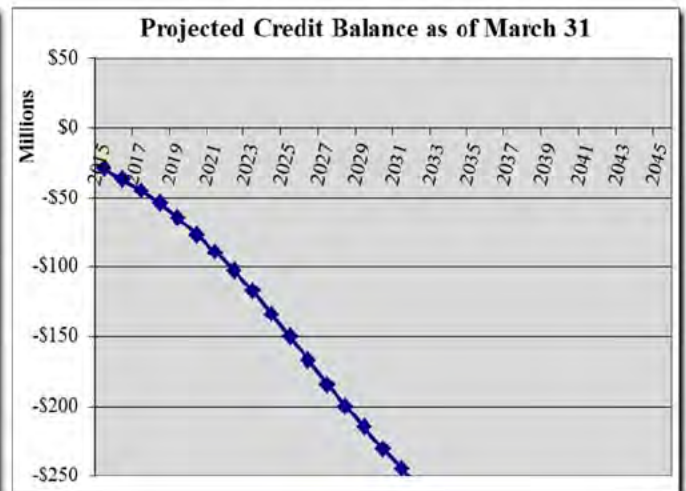
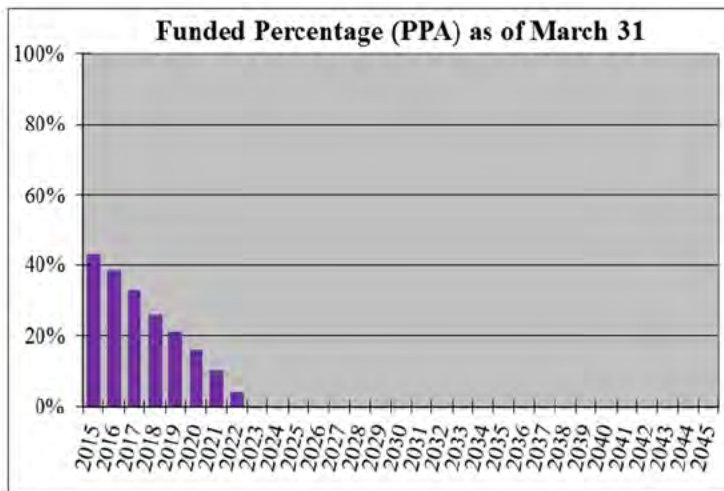
Contribution Rate Increases

- The following contribution rates are required:

Plan Year Beginning 4/1	Monthly Employer Contribution
2014	\$291.61
2015	297.44
2016	303.39
2017	\$309.46

For Plan Years beginning on and after 4/1/2018, additional contribution increases of 3% each year are required.

The charts below show the Plan's projected funded percentage and credit balance as of the 3/31/2015 snapshot date. These charts assume that there are no gains or losses on demographic assumptions and that the market value of assets returns the assumed rate of 6.75%.



Explanation of Why Plan is not Expected to Emerge from Critical Status

The severe economic downturn of 2008 has created a tremendous funding burden related to the investment loss and reduction in employment (future contributions). As a result, the plan sponsor determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status by the end of the rehabilitation period.

Next the Trustees considered reasonable measures to emerge from critical status at a later time. The Trustees believed that such required contribution increases would cause employers to withdraw from the Plan leading to insolvency, financial assistance from the PBGC, and benefit cuts.

Based upon the above, the Trustees have selected the schedule of benefits described above as permitted by IRC §432(e)(3)(A)(ii), also known as a "reasonable measures" schedule, which is intended to forestall insolvency.

5. ASC No. 960 Disclosures

5.1 Present Value of Accumulated Plan Benefits

As of March 31, 2015

A. Present Value of Vested Benefits:	
1. Participants currently receiving payments	\$ 110,819,307
2. Other vested benefits	<u>47,671,719</u>
3. Subtotal vested benefits	\$ 158,491,026
B. Present Value of Non-Vested Benefits	<u>421,413</u>
C. Present Value of Accumulated Benefits (A+B)	\$ 158,912,439

The ASC No. 960 values were computed using the same assumptions as those used for determining funding requirements.

5.2 Reconciliation of Changes in Present Value of Accumulated Benefits

A. Present Value of Accumulated Benefits at Prior Valuation Date	\$ 138,296,016
B. Changes During the Year Due to:	
1. Benefits accumulated and net gains	923,184
2. Benefits paid	(11,666,983)
3. Assumption changes	21,425,533
4. Method changes	0
5. Plan amendments	0
6. Passage of time	<u>9,934,689</u>
7. Total change	\$ 20,616,423
C. Present Value of Accumulated Benefits at Current Valuation Date	\$ 158,912,439

6. Government Reporting

6.1 Summary of Assumptions

These are the assumptions used for the ongoing valuation calculations, unless otherwise noted.

Interest Rate	6.75% per annum
Mortality Healthy	RP-2014 healthy mortality with blue collar adjustment, separate for male and female participants, adjusted with mortality improvement Scale MP-2014 from 2015.
Disabled	RP-2014 disabled mortality, separate for male and female participants, adjusted with mortality improvement Scale MP-2014 from 2015.
Termination	Sarason T -8 Table
Retirement Age	Participants with 20 years of Service Credit as of April 1, 2009 are assumed to retire 3.25 years following 25 years of Service Credit for those credits accrued through March 31, 2005. The remaining credits accrued after April 1, 2005 are assumed to be payable at age 55. Participants with fewer than 20 years of Service Credit as of April 1, 2009 are assumed to retire upon age 65 and 5 Years of Participation.
Employment	5,904 total months annually
Percent Married	80%
Age of Spouse	Females are 3 years younger than their spouses.
Expenses	\$440,000 payable at the beginning of the year
Value of Assets	Average Fair Market Value (without-phase-in). Averaging period is 3 years. Adjusted under the Pension Relief Act of 2010 for a 10-year recognition of the 2008/2009 Plan Year loss.
Funding Method	Unit Credit
Interest Rate for Withdrawal Liability:	6.75% per annum
RPA '94 Current Liability Assumptions	Interest: 3.40%; Last year 3.62% was used Mortality: RP-2000 per IRC §1.430(h)(3)-1

Defined Contribution Dollars The liabilities were grossed up to include the value of the defined contribution plan for certain YRCW participants. Pursuant to the audit, this amount is \$111,792 as of March 31, 2015.

Assumption Changes The interest rate was changed from 7.50% to 6.75%.

The mortality table was changed from 1983 Group Annuity Table, blended 50% male and female with no provision for future mortality improvement, to the following:

Healthy: RP-2014 with blue collar adjustment with mortality improvement scale MP-2014

Disabled: RP-2014 for disableds with mortality improvement scale MP-2014

The expected expenses were increased from \$410,000 per year to \$440,000 per year.

The liabilities were grossed up to include the defined contribution plan for certain YRCW participants.

6.2 Summary of Plan Provisions

Participation	Immediate		
Credited Service	<u>Effective</u>	<u>Definition</u>	
	March 31, 2010 and prior	1,000 hours equals one year	
	April 1, 2010 and after	1/12 th of a year for each month or part thereof for which a contribution is obligated to be made	
Vesting Credit	1,000 hours equals one year		
Break Year	A year with less than 501 hours worked		
Suspension of Benefits	A member's benefit is suspended while working over the Hour Threshold while in Prohibited Employment.		
Prohibited Employment	Work in an industry covered by the Plan in the same geographical area covered by the Plan		
Hours Threshold	40 hours per month, except as follows:		
	<u>Age</u>	<u>Credited Service</u>	<u>Hours Threshold</u>
	50	25 years	70
	65	15 years	70

Normal Retirement Pension

Age requirement:	65
Service requirement:	Five years of Credited Service, or the fifth anniversary of participation

Amount: (Preferred Schedule)	<u>Monthly Benefit per year of Credited Service</u>		
	<u>Period</u>	<u>YRC</u>	<u>Non-YRC</u>
	Prior to 4/1/2005	\$100	\$100
	4/1/2005-3/31/2006	\$100	\$0
	4/1/2006-3/31/2010	\$50	\$50
	4/1/2010 and after*	1% of contributions	1% of contributions

* The monthly accrual for this period is 1/12 of \$50 per month of Credited Service earned until the Participant's employer switched to the 1% formula. The accrual will not exceed \$50 per month in any case.

Minimum for Participants who worked prior to January 1, 1999 who earn 15 or more years of Service Credit:

<u>YRC</u>	<u>Non-YRC</u>
\$2,500	\$2,100

Early Retirement Pension

Age requirement	55
Service requirement	15 years of Credited Service
Amount	Normal Retirement actuarially reduced, with a minimum as below.

Minimum for Participants who worked prior to January 1, 1999.

	<u>YRC</u>	<u>Non-YRC</u>
55	\$800	\$672
56	877	737
57	991	833
58	1,109	931
59	1,247	1,048
60	1,380	1,159
61	1,559	1,309
62	1,751	1,471
63	1,950	1,638
64	2,200	1,848
65	\$2,500	\$2,100

25-Year Service Retirement Pension

Rehabilitation Plan: Preferred Schedule

The following was eliminated for all Participants except those with at least 20 years of Credited Service earned through April 1, 2009.

Age requirement	None
Service requirement	25 years of Credited Service

Must have worked on or after January 1, 1999

Amount:	<u>Age</u>	<u>Monthly Benefit</u>
	Less than 55	Benefit earned prior to 4/1/2005 unreduced
	55 and older	Entire benefit unreduced

The benefit payable is based on the Participant's age on the date the payment is made, not the age of retirement.

Rehabilitation Plan: Default Schedule

Removed from Plan for all Participants not in pay status

20-Year Service Pension

Rehabilitation Plan: Preferred Schedule

The following was eliminated for all Participants except those with at least 20 years of Credited Service earned through April 1, 2009.

Age requirement	None
Service requirement	20 years of Credited Service, with at least 20 years of Credited Service earned through April 1, 2009
	Must have worked on or after January 1, 1999
Amount	\$1,250 per month

Rehabilitation Plan: Default Schedule

Removed from Plan for all Participants not in pay status

Disability Retirement Pension

Rehabilitation Plan: Preferred Schedule

Age requirement	55
Service requirement	15 years of Credited Service
Amount	Normal Retirement Pension

Rehabilitation Plan: Default Schedule

Removed from Plan for all Participants not in pay status

Vested Pension

Age requirement:	None
Service requirement:	5 years
Amount:	For Participants who did not work prior to January 1, 1999: The Early Retirement Pension or Normal Retirement Pension as appropriate
	For Participants with less than 15 years of Credited Service who worked prior to January 1, 1999, the greater of their actuarially reduced Early Retirement Pension, or the minimum Early Retirement Pension table above, multiplied by a fraction: <ul style="list-style-type: none"> The numerator of the fraction is the Participant's years of Credited Service The denominator of the fraction is 30

Pre-retirement death

Married

Age requirement:	None
Service requirement:	5 years

Amount: 100% of the benefit Participant would have received had he retired the day before he died and elected the 100% joint and survivor option. Benefits commence to beneficiary when Participant would have first been eligible to retire.

Non-Married None

Post-retirement death

Qualified Joint & Survivor Annuity If married, pension benefits are paid in the form of an actuarially reduced joint and survivor annuity unless this form is rejected by Participant and spouse. If rejected, or if not married, benefits are payable for the life of the Participant.

6.3 Recent Plan Changes

Effective
2/24/2009
(RP)

Plan Change
Preferred Plan

- The accrual rate was reduced to 1% of annual employer contributions.
- The 20-Year Service Pension and 25-Year Service Pension was removed for Participants who did not have 20 years of Credited Service as of April 1, 2009.

Default Plan

- The accrual rate was reduced to 1% of annual employer contributions.
- The 20-Year Service Pension and 25-Year Service Pension was removed for all Participants.
- The Disability Retirement Pension was removed for all Participants not in pay status.

3/31/2005

Effective March 31, 2005, all benefits accrued under the Plan were frozen and no additional benefits would accrue for all active participants except those employed by Yellow Freight. However, an arbitrator's decision awarded the frozen participants a \$50 per month accrual for the period April 1, 2006 to March 31, 2007 and the Trustees approved a \$50 per month accrual for the period April 1, 2007 to March 31, 2009.

6.4 Contribution Rates by Employer

Plan Year ending 3/31/2016			
	(a)	(b)	(c)
<u>Employer</u>	<u>Count</u>	<u>Monthly Cont. Rate</u>	<u>Expected Annual Conts. (a) x (b)</u>
Tobacco	49	\$297.44	\$174,895
Panasonic & IBT 805	34	\$350.00	142,800
Harold Levinson Associates	<u>409</u>	\$297.44	<u>1,459,836</u>
Total	492		\$1,777,530

Average expected monthly contribution rate (a) / (c) / 12: \$301.07

6.5 Funding Standard Account and Minimum Required Contributions

Rules for determining minimum required and maximum deductible contributions are set forth in IRC Sections 431 and 404, respectively. Since deductibility may be affected by factors not considered here, the deductibility and timing of contributions should be reviewed with tax counsel.

	<u>Actual</u> <u>2015</u>	<u>Projected</u> <u>2016</u>
For Plan Year ending March 31:		
Charges to the FSA:		
a. Funding Deficiency	23,679,708	28,943,893
b. Normal cost	844,767	908,193
c. Amortization charges	6,164,995	8,144,333
d. Interest on a, b and c	<u>2,301,710</u>	<u>2,564,758</u>
e. Total charges	\$32,991,180	\$ 40,561,177
Credits to FSA:		
f. Credit Balance at beginning of year	\$0	\$0
g. Employer contributions	1,770,559	1,777,517
h. Amortization credits	2,056,123	2,072,902
i. Interest on above	<u>220,605</u>	<u>194,264</u>
j. Total credits	\$ 4,047,287	\$ 4,044,683
Credit Balance at end of year	\$(28,943,893)	\$(36,516,494)
Minimum Required Contribution (e - (f + h) x (1.0675))	\$ 30,780,848	\$38,348,354
Minimum Without Regard to the Credit Balance (e - h x (1.0675))	\$30,780,848	\$38,348,354

A Plan's Credit Balance represents a cumulative measure of all prior contributions (since the initial ERISA effective date) against all prior minimum requirements. If cumulative contributions exceed cumulative minimums, then the Plan will maintain a Credit Balance which can be used to offset any current year minimum requirements. As of 3/31/2015, the Plan has a Funding Deficiency of \$(28,943,893). The minimum requirement for the year ending 3/31/2016 is \$38,348,354.

6.6 Maximum Deductible Contribution

A. Traditional Maximum Deductible	\$13,175,752
B. 140% of Projected RPA Current Liability, less Projected Actuarial Value of Assets	246,184,995
C. Minimum Required Contribution	<u>38,348,354</u>
D. Greatest of A, B, and C	\$246,184,995

The maximum allowable deduction for the fiscal year ending 3/31/2016 is \$246,184,995. To be deductible for a given fiscal year, a contribution should be made by the time the tax return for that fiscal year is filed with the IRS (including extensions). Specific advice on the deductibility of contributions and timing should be reviewed with your tax counsel.

6.7 Current Liability at Beginning of Plan Year

Current liability is the present value of accrued benefits under the Plan using actuarial assumptions as prescribed by the Retirement Protection Act of 1994 (RPA '94). The liability is determined using the same assumptions used to determine the Plan's funding requirements, except for the interest rate and mortality table. These values are used for specific, prescribed purposes.

RPA '94 Current Liability:

A. Assumptions:

1. Interest rate 3.40%
2. Mortality table per IRC §1.430(h)(3)-1

B. RPA '94 Current Liability

	<u>Vested Benefits</u>	<u>Total Benefits</u>
1. Retirees and beneficiaries receiving payments	\$140,220,421	\$140,220,421
2. Inactive vested participants	39,562,535	39,562,535
3. Actives	<u>42,528,170</u>	<u>43,431,120</u>
4. Total	\$ 222,311,126	\$ 223,214,076

C. Expected Increase in Liability

\$951,004

D. Expected Benefits To Be Paid During the Year

\$ 11,958,658

6.8 Amortization Schedule for Minimum Required Contribution

Amortization Charges

<u>Date</u> <u>Established:</u>	<u>Base Type</u>	<u>Outstanding</u> <u>Balance</u>	<u>Years</u> <u>Remaining</u>	<u>Amortization</u> <u>Amount</u>
2005	Combined and offset	\$22,002,704	11.927	\$2,570,895
2006	Actuarial Loss	4,509,931	11	556,406
2006	Plan Amendment	471,561	26	36,496
2007	Actuarial Loss	2,937,259	12	341,822
2007	Plan Amendment	293,447	27	22,394
2008	Actuarial Loss	3,262,992	13	360,568
2009	Actuarial Loss	9,527,999	9	1,355,414
2010	Actuarial Loss	266,094	10	35,081
2011	Actuarial Loss	972,154	11	119,938
2012	Actuarial Loss	1,647,090	12	191,679
2013	Actuarial Loss	2,960,882	13	327,184
2014	Actuarial Loss	544,604	14	57,464
2015	Assumption Change	<u>\$21,425,533</u>	15	<u>\$2,168,992</u>
Total Charges		\$70,822,250		\$8,144,333

Amortization Credits

<u>Date</u> <u>Established:</u>	<u>Base Type</u>	<u>Outstanding</u> <u>Balance</u>	<u>Years</u> <u>Remaining</u>	<u>Amortization</u> <u>Amount</u>
2008	Funding Method	\$ (915,688)	3	\$ (325,369)
2008	Assumption Change	(4,390,959)	8	(682,188)
2009	Plan Amendment (RP)	(484,771)	9	(68,962)
2009	Method Change	(3,458,395)	4	(951,062)
2015	Experience Gain	<u>(447,686)</u>	15	<u>\$(45,321)</u>
Total Credits		\$(9,697,499)		\$(2,072,902)

Total	\$61,124,751	\$6,071,431
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6.9 Equation of Balance

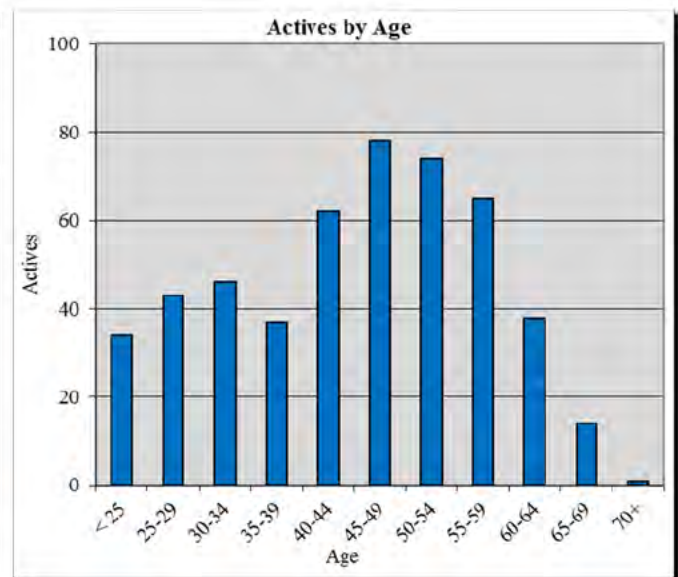
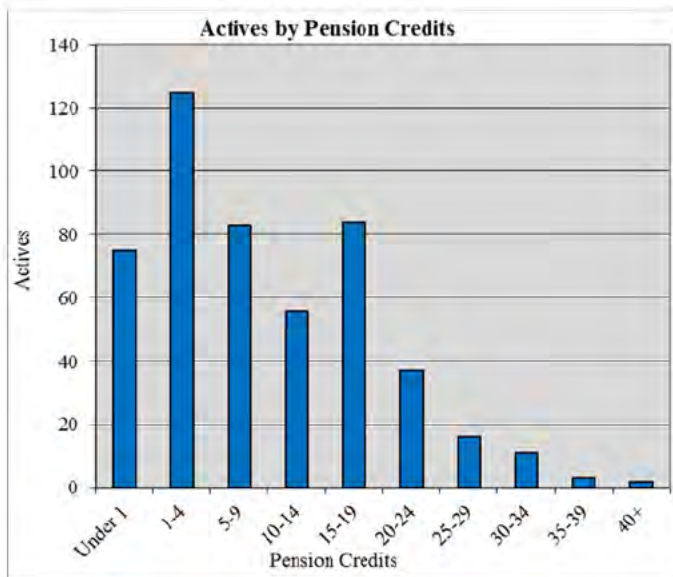
A. Net Outstanding Balance of Bases	\$61,124,751
B. Credit Balance	<u>\$(28,943,893)</u>
C. Unfunded Actuarial Accrued Liability (A-B)	\$90,068,644

7. Data Summary

7.1 Actives by Age and Credited Service

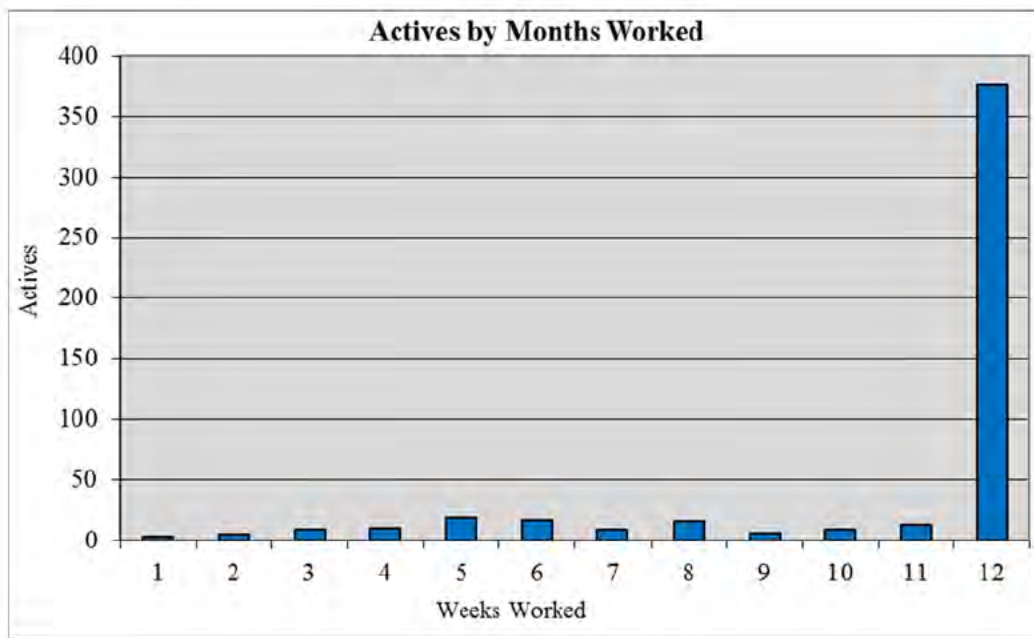
	<u>0-1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>Over 40</u>	<u>Total</u>
20-24	15	18	1								34
25-29	15	22	6								43
30-34	8	17	14	7							46
35-39	8	8	10	3	8						37
40-44	7	17	15	6	17						62
45-49	14	14	12	14	12	10	2				78
50-54	6	11	13	10	18	9	4	2	1		74
55-59	2	13	4	10	13	13	5	5			65
60-64		5	6	3	13	3	4	2	2		38
65-69			2	3	2	2	1	2		2	14
Over 70					1						1
Unknown											0
Total	75	125	83	56	84	37	16	11	3	2	492

The average age of the actives is 45.0 and the average pension service is 9.9 years.



7.2 Distribution of Months Worked

<u>Months</u>	<u>Count</u>
1	3
2	5
3	9
4	10
5	19
6	17
7	9
8	16
9	6
10	9
11	13
12	<u>376</u>
Total	492

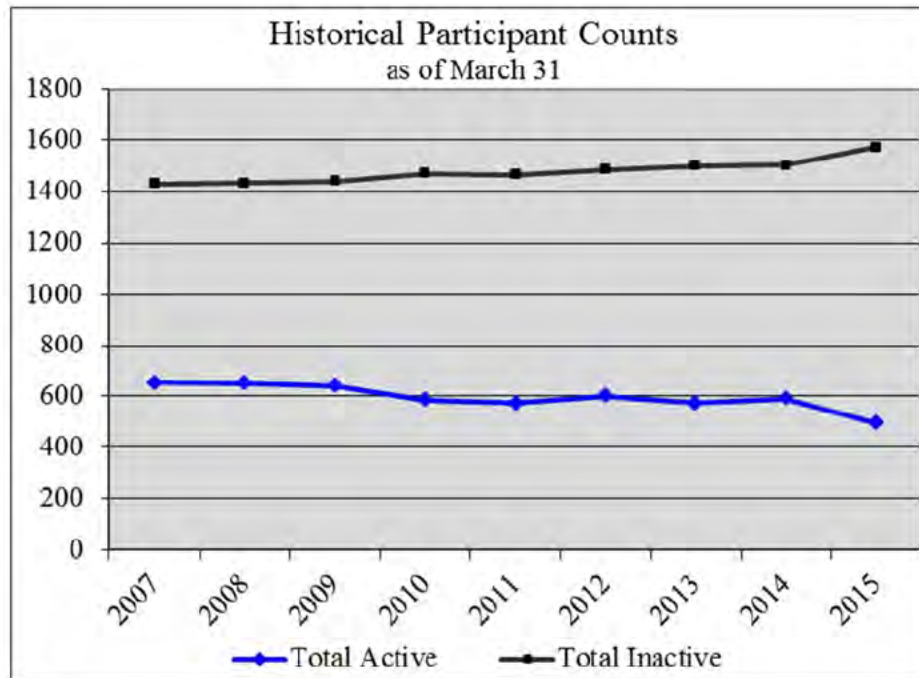


7.3 Flow of Lives

	<u>Actives</u>	<u>Inactive Vested</u>	<u>Disabled</u>	<u>Retired & Beneficiaries</u>	<u>Total</u>
Beginning of year	588	544	13	947	2,092
To Inactive Vested	-93	93			
Terminated Non-Vested	-55				-55
To Retired	-16	-18		34	
To Disabled					
New Alternate Payee				2	2
Deaths		-9		-43	-52
Returned to work	2	-2			
New entrants	66				66
New Beneficiaries				8	8
Data adjustments				4	4
End of year	492	608	13	952	2,065

7.4 Historical Participation

As of <u>March 31</u>	<u>Active</u>	Separated <u>Vested</u>	<u>Retired</u>	<u>Total</u>
2007	650	460	970	2,080
2008	647	456	977	2,080
2009	638	482	960	2,080
2010	583	508	963	2,054
2011	569	514	952	2,035
2012	597	521	964	2,082
2013	569	536	966	2,071
2014	588	544	960	2,092
2015	492	608	965	2,065



7.5 New Pensioners

<u>Class</u>	<u>Count</u>	<u>Average Age</u>	<u>Monthly Pension</u>		
			<u>Min</u>	<u>Average</u>	<u>Max</u>
Disabled					
Normal	16	67.5	\$186	\$1,064	\$3,915
Early	<u>22</u>	<u>59.3</u>	<u>204</u>	<u>1,086</u>	<u>2,535</u>
Total	38	62.8	\$186	\$1,077	\$3,915

<u>Class</u>	<u>Count</u>	<u>Average Age</u>	<u>Monthly Pension</u>		
			<u>Min</u>	<u>Average</u>	<u>Max</u>
Survivor	8	66.1	\$212	\$614	\$1,689
Alternate Payee	<u>2</u>	<u>55.2</u>	<u>155</u>	<u>503</u>	<u>850</u>
Total	10	63.9	\$155	\$592	\$1,689

7.6 All Pensioners

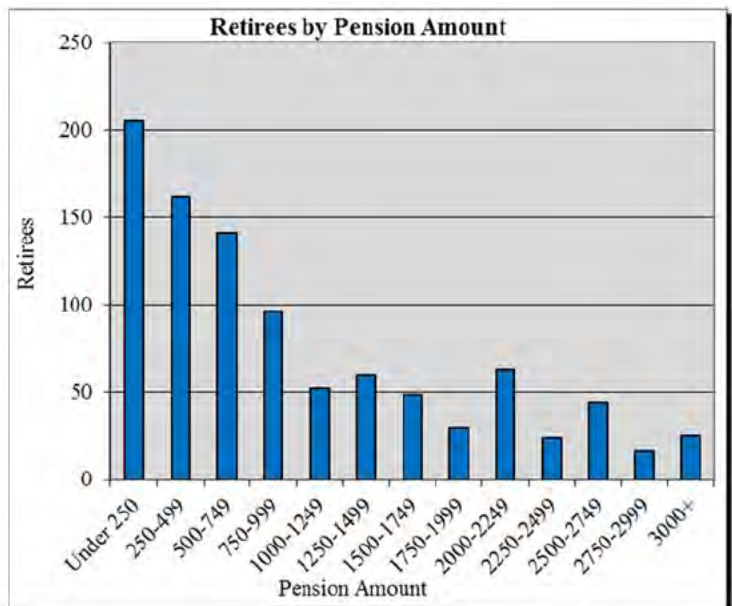
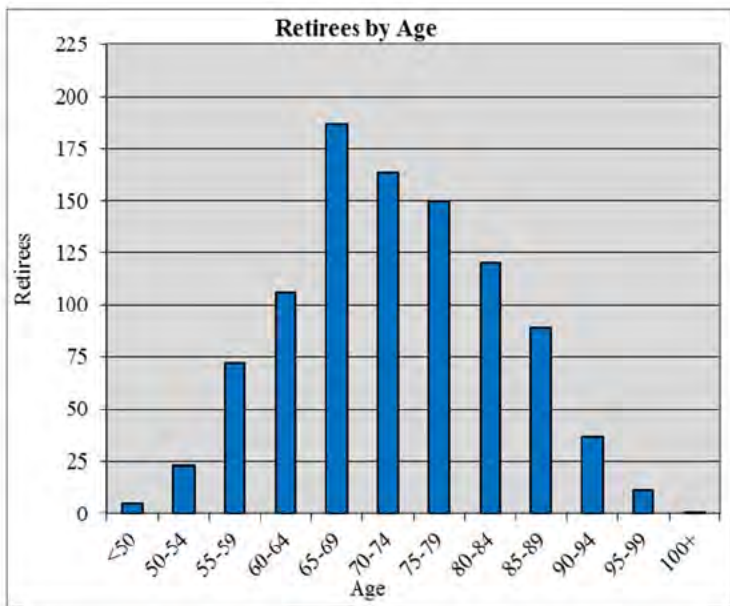
<u>Class</u>	<u>Count</u>	<u>Average Age</u>	<u>Monthly Pension</u>		
			<u>Min</u>	<u>Average</u>	<u>Max</u>
Disabled	13	63.6	\$1,365	\$1,945	\$3,265
Normal	168	77.0	45	1,260	5,594
Early	<u>620</u>	<u>71.0</u>	<u>7</u>	<u>1,025</u>	<u>3,800</u>
Subtotal	801	72.1	\$7	\$1,089	\$5,594

<u>Class</u>	<u>Count</u>	<u>Average Age</u>	<u>Monthly Pension</u>		
			<u>Min</u>	<u>Average</u>	<u>Max</u>
Survivor	162	77.7	\$5	\$542	\$2,601
Alternate Payee	<u>2</u>	<u>55.2</u>	<u>155</u>	<u>503</u>	<u>850</u>
Subtotal	<u>164</u>	<u>77.4</u>	<u>\$5</u>	<u>\$541</u>	<u>\$2,601</u>
Grand Total	965	73.0	\$5	\$998	\$5,594

7.7 Distribution of Monthly Pensions

	\$0- 249	\$250- 499	\$500- 749	\$750- 999	\$1,000 -1,249	\$1,250 -1,499	\$1,500 -1,749	\$1,750 -1,999	\$2,000 -2,249	\$2,250 -2,499	\$2,500 -2,749	\$2,750 -2,999	\$3,000+	Total
<50			2		3									5
50-54				2	2	2	3	4	7	2	1			23
55-59	11	4	13	6	4	5	1	5	9	6	8			72
60-64	21	18	11	8	2	5	7	5	6	3	12	7	1	106
65-69	33	36	24	12	6	14	6	5	17	9	10	5	10	187
70-74	50	28	22	10	7	9	9	4	9	1	7	2	6	164
75-79	49	26	14	13	10	8	11	2	4	1	5	2	5	150
80-84	24	22	18	16	11	9	6	2	7	2	1		2	120
85-89	12	14	24	20	2	7	5	2	2				1	89
90-94	4	10	9	7	4	1			2					37
95-99	1	4	3	2	1									11
100+			1											1
Unk.														5
Total	205	162	141	96	52	60	48	29	63	24	44	16	25	965

The average age of the retirees is 73.0 and the average pension is \$998.



7.8 Distribution of Separated/Vested Participant Accrued Monthly Pensions

	\$0 -249	\$250 -499	\$500 -749	\$750 -999	\$1,000 -1,249	\$1,250 -1,499	\$1,500 -1,749	\$1,750 -1,999	\$2,000 -2,249	\$2,250 -2,499	2,500+	Total
<25	1											1
25-29	3	2										5
30-34	10	13	6	2								31
35-39	5	23	18	7	1				3			57
40-44	8	34	19	12					6			79
45-49	7	30	19	16	2				8			82
50-54	32	17	20	33	14	3			10	1		130
55-59	20	33	18	12	5	1			13		1	103
60-64	26	22	9	10	5	4	1		2			79
65-69	7	8	3	1	1							20
70-74	13	4	1	2	1							21
75+												
Total	132	186	113	95	29	8	1	0	42	1	1	608

The average age of the separated vested is 51.1 and the average accrued benefit is \$622.

