

**WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS  
PENSION FUND**

**SUSPENSION APPLICATION**

**Exhibit 18**

**Actuarial Reports**

**WESTERN PENNSYLVANIA TEAMSTERS  
AND  
EMPLOYERS PENSION FUND**

**ACTUARIAL VALUATION  
AS OF JANUARY 1, 2018**

**FOR THE PLAN YEAR ENDING  
DECEMBER 31, 2018**

**BEYER-BARBER COMPANY**  
Employee Benefit and Actuarial Consultants  
1136 Hamilton St., Suite 103  
Allentown, PA 18101

Dated: September 20, 2018



# BEYER-BARBER COMPANY

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September 20, 2018

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Board of Trustees  
Western Pennsylvania Teamsters  
and Employers Pension Fund  
900 Parish Street, Suite 101  
Pittsburgh PA 15220-3425

Re: January 1, 2018 Actuarial Valuation Report

Trustees:

In accordance with the Pension Protection Act of 2006 (PPA), we previously certified that the Plan is in Critical and Declining Status for the 2018 plan year. As a result, the Trustees must adopt an updated Rehabilitation Plan on or before December 31, 2018. That update will be based on forecast projections using this valuation, a determination as to whether the Rehabilitation Plan as it exists is making "scheduled progress" and whether the Trustees have taken all reasonable measures to forestall insolvency.

The following report summarizes the actuarial valuation results of the Western Pennsylvania Teamsters and Employers Pension Fund as of January 1, 2018. Expected employer contributions for 2018 of \$63,184,288 along with the existing Credit Balance will not be sufficient to satisfy Minimum Funding Standards for the 2018 plan year. This will result in a larger Funding Standard Account Deficiency on next year's 2018 Form 5500 filing.

It is important to understand that PPA permits Fund employers to avoid an excise tax equal to 100% of the amount of the funding deficiency, as long as the Trustees have taken all reasonable measures in developing and maintaining the Rehabilitation Plan with the objective of forestalling insolvency. In addition to the Funding Standard Account Deficiency, expected employer contributions are not sufficient to pay Normal Cost, plan expenses and amortize the plan's Unfunded Accrued Liability. As a result, the Unfunded Accrued Liability is expected to increase.

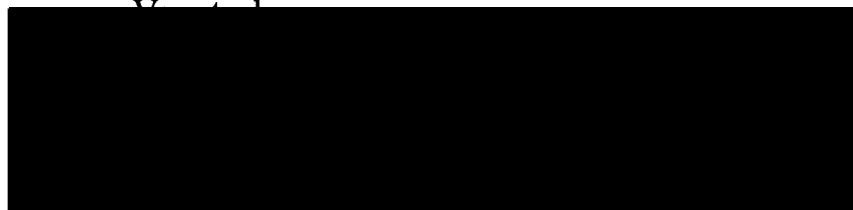


September 20, 2018

This valuation will form the basis of forecast projections prepared early next year that will permit us to certify to the PPA funded status for the 2019 plan year. Once the 2018 investment return, contributions, expenses and benefit payments can be reasonably estimated, we will prepare the necessary projections.

The information contained in this report and the contribution levels we have determined are based on census data received from the Western Pennsylvania Teamsters and Employers Pension Fund office, audited financial information provided by Grossman, Yanak & Ford, LLP, and plan provisions in effect for 2018 based on the Amended and Restated Plan Document effective January 1, 2014 and amended thereafter.

Very truly yours,

A large black rectangular redaction box covering the signature area.

BEYER-BARBER COMPANY

RWS/cp





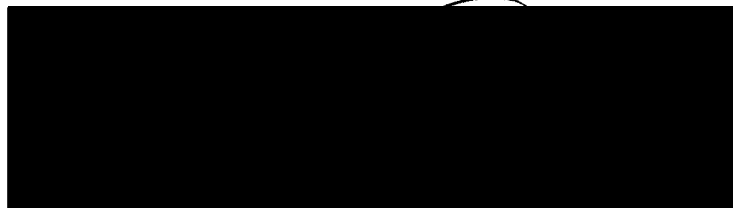
**WESTERN PENNSYLVANIA TEAMSTERS  
AND  
EMPLOYERS PENSION FUND**

**AS OF JANUARY 1, 2018**

**ACTUARY'S OPINION**

This report has been prepared in accordance with generally accepted actuarial principles and practices. The present values shown herein have been estimated on the basis of actuarial assumptions and methods which, in my actuarial opinion, are appropriate for the various purposes of this report and represent the best available estimate of anticipated experience under the plan.

References to the plan provisions, census data, plan assets and other matters are contained elsewhere in this report.



Randee W. Sekol, EA #17-03192, MAAA, MSPA, FCA  
CEO & Chief Actuary

**WESTERN PENNSYLVANIA TEAMSTERS AND  
EMPLOYERS PENSION FUND**

**HIGHLIGHTS OF THE  
JANUARY 1, 2018 VALUATION REPORT**

**A. INTRODUCTION**

Beyer-Barber Company was retained by the Board of Trustees of the Western Pennsylvania Teamsters and Employers Pension Fund to perform actuarial valuation and benefit consulting services to the Fund. The following are the highlights of the January 1, 2018 annual actuarial valuation report. Please refer to the appropriate sections of this report for valuation details.

**B. 2017 PLAN EXPERIENCE**

The Fund as a whole experienced an actuarial loss during the 2017 plan year of \$8,143,587. Actuarial gains or losses result from deviations between actual plan experience and actuarial assumptions. \$7,675,707 of the loss was due to the 6.3% investment return versus the 7.5% assumption. The remaining loss of \$467,880 is due to demographic changes representing approximately 0.02% of plan liabilities.

Contributions received by the Fund during the 2017 plan year totaled \$66,777,902. These contributions were made up of employer contributions of \$51,561,153 and employer withdrawal liability payments of \$15,216,749. The actual total 2018 employer contributions (excluding MPPAA withdrawal liability payments) fell short of our projection by \$743,521.

**C. 2018 VALUATION CHANGES**

Based on our 2017 certification that the Plan was in Critical Status the Trustees reviewed the Rehabilitation Plan and issued a 2017 Update continuing the objective of forestalling insolvency. No substantive changes were made in the 2017 Rehabilitation Update.

We have reviewed the actuarial assumptions and actuarial experience along with our projections of anticipated experience and have made the following changes in actuarial assumptions:



### **HIGHLIGHTS (cont'd)**

- **Healthy Life Mortality** – From the RP-2014 Mortality Table with Blue Collar Adjustment projected generationally using Scale MP-2017 to the RP-2014 Mortality Table with Blue Collar Adjustment adjusted backward to 2006, then projected forward from 2006 with Fully Generational Mortality Table Improvement Scale MP-2017.
- **Disabled Life Mortality** – From the RP-2014 Disability Mortality Table projected generationally using Scale MP-2017 to the RP-2014 Disability Mortality Table adjusted backward to 2006, then projected forward from 2006 with Fully Generational Mortality Table Improvement Scale MP-2017.
- **Termination** – From Scale T-7 with rates adjusted to age 35 for all United Parcel Service participants to Scale T-4 unadjusted.
- **Form of Annuity Selection** – From assuming that all lives will select a Straight Life Annuity to assuming 15% select a Ten Year Certain and Life Annuity, 30% a Straight Life Annuity, 27% a Joint and 100% Survivor Annuity, 12% a Joint and 75% Survivor Annuity and 16% a Joint and 50% Survivor Annuity.

### **D. 2018 VALUATION HIGHLIGHTS**

- PPA Funded Percentage decreased from 38.5% to 36.7% primarily due to changed assumptions and asset losses
- Plan will continue to fail to meet Minimum Funding Standards in 2018

The following is a summary of the principal results of the January 1, 2018 Valuation compared with the results of the January 1, 2017 Valuation. The development of these items for the January 1, 2018 valuation is shown in the appropriate sections of the report.

**D. EXECUTIVE SUMMARY, (cont'd)**

	<b><u>VALUATION DATE</u></b>	
	<b><u>Jan. 1, 2017</u></b>	<b><u>Jan. 1, 2018</u></b>
<b><u>SECTION I - PLAN YEAR IN REVIEW</u></b>		
<b>1. Employer Contributions</b>	\$61,489,534	\$66,777,902
<b>2. Credit Balance with Extension</b>	(\$92,603,814)	(\$178,421,273)
<b>3. Credit Balance without Extension</b>	(\$346,635,314)	(\$451,016,667)
<b>4. PPA Funded Percentage</b>	38.5%	36.7%
<b>5. Market Value of Assets</b>	\$624,594,715	\$656,176,247
<b>6. Actuarial Value of Assets</b>	\$675,317,877	\$645,042,815
<b><u>SECTION II - VALUATION RESULTS</u></b>		
<b>1. Total Present Value of Benefits</b>		
A. Present Value of Accrued Benefits	\$1,751,999,115	\$1,759,939,890
B. Present Value of Future Benefits	<u>92,834,767</u>	<u>89,082,430</u>
C. Total Present Value of Benefits	\$1,844,833,882	\$1,849,022,320
<b>2. Unfunded Accrued Liability</b>		
A. Actuarial Accrued Liability	\$1,751,999,115	\$1,759,939,890
B. Valuation Assets	<u>675,317,877</u>	<u>645,042,815</u>
C. Unfunded Accrued Liability	\$1,076,681,238	\$1,114,897,075
<b>3. Normal Cost</b>	\$12,330,533	\$12,470,904
<b>4. Contribution Levels</b>		
A. Minimum Before Credit Balance	\$147,736,883	\$149,368,915
B. Minimum After Credit Balance	\$247,285,982	\$341,171,783
C. Maximum Deductible	\$3,285,966,919	\$3,586,674,769
D. Expected Contributions	\$61,800,000	\$63,184,288
E. Expected Funding Level	<<Insufficient>>	<<Insufficient>>



## **D. EXECUTIVE SUMMARY, (cont'd)**

	<b><u>VALUATION DATE</u></b>	
	<b><u>Jan. 1, 2017</u></b>	<b><u>Jan. 1, 2018</u></b>
<b><u>SECTION III - ACTUARIAL DISCLOSURE</u></b>		
<b>Accumulated Benefits for Audit Purposes</b>		
1. P.V. of All Accumulated Benefits	\$1,751,999,115	\$1,759,939,890
2. M.V of Assets	<u>624,594,715</u>	<u>656,176,247</u>
3. Unfunded Accumulated Benefits	\$1,127,404,400	\$1,103,763,643
4. P.V. of Accumulated Vested Benefits	\$1,741,391,890	\$1,723,277,820
5. M.V of Assets	<u>624,594,715</u>	<u>656,176,247</u>
6. Unfunded Accumuated Vested Benefits	\$1,116,797,175	\$1,067,101,573

## **SECTION IV - PARTICIPANT DATA**

<b>1. Active Participants</b>		
A. Active Vested	3,810	3,501
B. Active Non-Vested	<u>379</u>	<u>389</u>
C. Total Active	4,189	3,890
<b>2. Inactive Participants</b>		
A. Retired Participants	9,183	9,108
B. Beneficiaries	3,230	3,224
C. Terminated Vested Participants	<u>5,987</u>	<u>6,015</u>
D. Total Inactive Participants	18,400	18,347
<b>3. Total Participants</b>	22,589	22,237

## **SECTION V - GAO RATIOS**

1. Assets to Vested Benefits (Rehab Basis)	0.36	0.38
2. Assets to Benefit Payout	4.99	4.66
3. Income to Expenses	0.76	1.23
4. Actives to Other Participants	0.23	0.21

-d-



## **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b><u>SECTION I - 2017 PLAN YEAR IN REVIEW</u></b>	1
Exhibit 1 - 2017 Plan Year Contributions	4
Exhibit 2 - Statement of Funding Standards	5
Exhibit 3 - Minimum vs. Actual Contributions	6
Exhibit 4 – Determination of Actuarial Value of Assets	7
Exhibit 5 - Calculation of Actuarial Rates of Return	8
Exhibit 6 – Actuarial vs. Market Value of Assets	9
<b><u>SECTION II - JANUARY 1, 2018 VALUATION RESULTS</u></b>	10
Exhibit 7 –Future Funding Requirements	13
Exhibit 8 - Determination of Unfunded Accrued Liability	14
Exhibit 9 - Accrued Liability vs. Plan Assets	15
Exhibit 10 - Amortization Bases for Minimum Funding	16
Exhibit 11 - Amortization Bases for PPA Status Testing	17
Exhibit 12 - Schedule of Amortization Bases for Tax Deductibility	18
Exhibit 13 - Determination of Full Funding Limit	19
Exhibit 14 - Minimum and Maximum Contribution Levels	20
<b><u>SECTION III - ACTUARIAL DISCLOSURE INFORMATION</u></b>	21
Exhibit 15 - Present Value of Accumulated Plan Benefits	23
Exhibit 16 - Analysis of Accumulated Benefit Values	24
Exhibit 17 - Statement of Changes in Accumulated Benefits	25
<b><u>SECTION IV - PARTICIPANT DATA</u></b>	26
Exhibit 18 - Analysis of Other than Top-Level Actives	28
Exhibit 19 - Analysis of Top-Level Actives Other than UPS	29
Exhibit 20 - Analysis of UPS Actives Only	30
Exhibit 21 - Analysis of All Top-Level Actives	31
Exhibit 22 - Analysis of All Actives	32
Exhibit 23 - Analysis of Active Participant Data by Participant Group	33
Exhibit 24 - Analysis of Participants Currently Receiving Benefits	34
Exhibit 25 - Analysis of Inactive Participants Not Yet Receiving Benefits	35
Exhibit 26 - Active vs. Inactive Participants	36



## **TABLE OF CONTENTS (cont'd)**

	<b><u>PAGE</u></b>
<b><u>SECTION V - COMPARISON AND ANALYSIS OF GAO RATIOS</u></b>	37
Exhibit 27 - Assets to Vested Benefits Ratio	39
Exhibit 28 - Assets to Benefit Payout Ratio	40
Exhibit 29 - Income to Expenses Ratio	41
Exhibit 30 - Active to Other Participants Ratio	42
<b><u>SECTION VI - ACTUARIAL VALUATION METHODS</u></b>	43
Exhibit 31 – Actuarial Valuation Methods	45
<b><u>SECTION VII - ACTUARIAL VALUATION ASSUMPTIONS</u></b>	46
Exhibit 32 - Actuarial Valuation Assumptions	48
<b><u>SECTION VIII - SALIENT FEATURES</u></b>	51

**SECTION I**  
**2017 PLAN YEAR IN REVIEW**





## **SECTION I - 2017 PLAN YEAR IN REVIEW**

This Section of the report provides information on how the Fund has fared during the 2017 plan year since the preparation of the January 1, 2017 actuarial valuation report.

**EXHIBIT 1 - 2017 PLAN YEAR CONTRIBUTIONS** - details the contributions that were made during plan year 2017 by source. Of the \$66,777,902 in total 2017 contributions, \$51,561,153 are accounted for by employer contributions and \$15,216,749 were withdrawal liability payments actually paid during the plan year.

**EXHIBIT 2 - STATEMENT OF FUNDING STANDARD ACCOUNT** - reflects the development of the Minimum Funding Standard Account Credit Balance for the plan year ending December 31, 2017. Total employer contributions of \$66,777,902 were insufficient to maintain the Credit Balance which grew from (\$92,603,814) to a (\$178,421,273) deficiency.

**EXHIBIT 3 - MINIMUM VS. ACTUAL CONTRIBUTIONS** - the bar chart illustrates a comparison of actual contributions versus minimum contribution requirements before consideration of the Funding Standard Account Credit Balance for each of the last ten (10) plan years. Actual contributions exceeded the Minimum Contribution amount between 2008 and 2010 due to the benefit changes made under the Funding Improvement Plan along with the extended amortization bases. The sharp increase in the Minimum Contribution level beginning in 2011 is due to the expiration of a “credit” amortization base that was created when the funding method was changed in 2003 and combined with other “credit” bases.

**EXHIBIT 4 - DETERMINATION OF THE ACTUARIAL VALUE OF ASSETS** - shows the development of the Actuarial Value of Assets based on a 5-year deferred recognition of asset gains and losses. This method was first adopted in the January 1, 2003 Valuation as a means of smoothing out substantial investment losses and preserving the Funding Standard Account Credit Balance as long as possible. For this January 1, 2018 valuation, the Actuarial Value of Assets used for funding is 98.30% of the actual Market Value.



## **SECTION I (Cont'd)**

**Exhibit 4 – DETERMINATION OF THE ACTUARIAL VALUE OF ASSETS, continued** – It is important to note that the market value of assets used for pension funding is not the same as the market value reported in the Audit. The Fund's CPA is required to include the value of withdrawal liability payments that withdrawn employers will pay in future years. ERISA does not permit a Plan to include future withdrawal liability payments as current contributions, therefore we cannot include them in the value of assets used for funding purposes.

**EXHIBIT 5 - CALCULATION OF ACTUARIAL RATES OF RETURN** - provides a comparison of estimated actuarial rates of return on the market and actuarial value of plan assets. These returns are determined assuming that all transactions occur mid-year. As a result, the return on market value will be close, but will not match the time-weighted returns calculated by the investment analyst. It is important to note that while the Fund earned a 17.3% return on the market value of assets, it experienced a 6.3% return on the actuarial value of assets. This is due to the deferral of 2014, 2015 and 2016 investment losses.

**EXHIBIT 6 – ACTUARIAL VS. MARKET VALUE OF ASSETS** – This is a graphic representation of how the Actuarial Value of Assets (in blue) attempts to smooth out the fluctuations in the Market Value of Assets (in red). When actual investment returns are lower than the assumed interest rate, the method reflects an Actuarial Value of Assets that is above the Market Value of Assets and vice versa.



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**2017 PLAN YEAR CONTRIBUTIONS**

1. Employer Contributions	\$51,561,153	
2. MPPAA Withdrawal Liability Payments	<u>15,216,749</u>	
3. Total Employer Contributions Received		<b>\$66,777,902</b>
4. Employee Contributions		<u>0</u>
5. Total Contributions		<b>\$66,777,902</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

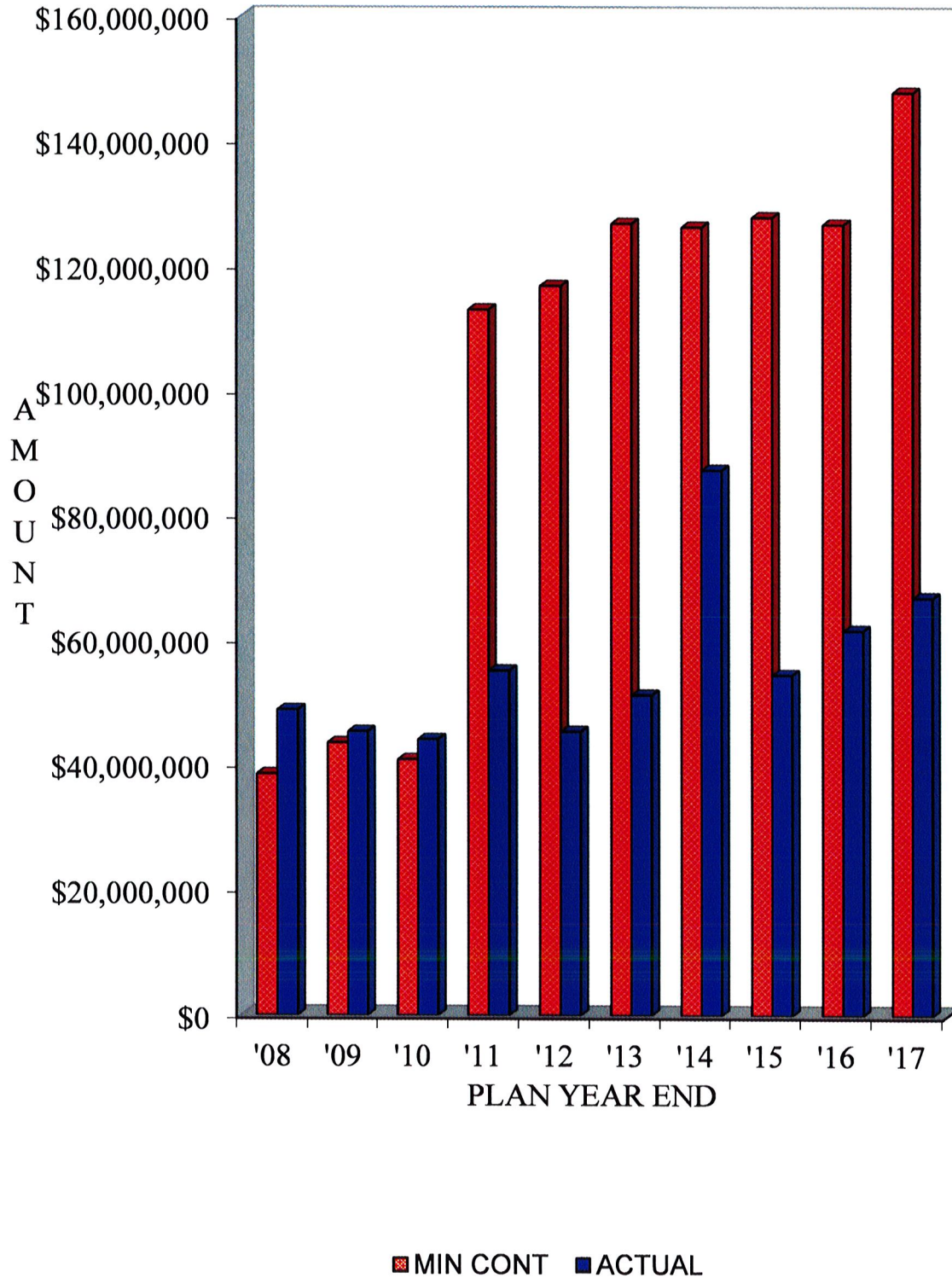
**STATEMENT OF FUNDING STANDARD ACCOUNT**  
**FOR THE PLAN YEAR ENDING 12/31/2017**

	<b>Without Amort. <u>Extension</u></b>	<b>With Amort. <u>Extension</u></b>
<b>CHARGES:</b>		
1. Prior Year Funding Deficiency	\$346,635,314	\$92,603,814
2. Employer Normal Cost	12,330,533	12,330,533
3. Amortization Charges	148,551,312	149,005,701
4. Interest	<u>38,063,787</u>	<u>19,045,504</u>
5. Total Charges	\$545,580,946	\$272,985,552
<b>CREDITS:</b>		
6. Prior Year Credit Balance	\$0	\$0
7. Employer Contributions	66,777,902	66,777,902
8. Amortization Credits	23,906,575	23,906,575
9. Interest *	3,879,802	3,879,802
10. Full Funding Credit	<u>0</u>	<u>0</u>
11. Total Credits	\$94,564,279	\$94,564,279
<b>CREDIT BALANCE:</b>		
12. Credit Balance	( <b>\$451,016,667</b> )	( <b>\$178,421,273</b> )

\* Contributions are received continually throughout the plan year.  
For Funding Standard Account purposes, we have assumed  
that contributions are received on average on August 1st.



# **WESTERN PA. TEAMSTERS EMPLOYERS** **MINIMUM VS ACTUAL CONTRIBUTIONS**



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**DETERMINATION OF ACTUARIAL VALUE OF ASSETS**

	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
1. Market Value on 1/1	\$751,648,440	\$752,232,517	\$738,997,035	\$656,304,285	\$624,594,715
2. Non-Invest. Income	51,539,158	89,105,968	55,070,582	61,542,476	66,804,858
3. Benefits & Expenses	(129,617,389)	(130,991,718)	(132,766,306)	(134,696,073)	(137,405,529)
4. Actual Return	<u>78,662,308</u>	<u>28,650,268</u>	<u>(4,997,026)</u>	<u>41,444,027</u>	<u>102,182,203</u>
5. Market Value 12/31	\$752,232,517	\$738,997,035	\$656,304,285	\$624,594,715	\$656,176,247
6. Assumed Int. Rate	8.00%	8.00%	8.00%	8.00%	7.50%
7. Expected Return	\$57,008,746	\$58,503,171	\$56,011,934	\$49,578,199	\$44,197,078
8. Gain (Loss)	21,653,562	(29,852,903)	(61,008,960)	(8,134,172)	57,985,125
9. Deferral Percentage	0%	20%	40%	60%	80%
10. Def. Gain/(Loss)	\$0	(\$5,970,581)	(\$24,403,584)	(\$4,880,503)	\$46,388,100
11. Total Gain/(Loss) Deferred on 12/31					\$11,133,432
12. Preliminary Actuarial Value of Assets on 12/31					\$645,042,815
13. 80% of Market Value of Assets					\$524,940,998
14. 120% of Market Value of Assets					\$787,411,496
15. Actuarial Value on 12/31 (#12 but not less than #13 nor greater than #14)					<b>\$645,042,815</b>
(Actuarial Value as a percentage of Market Value)					98.30%



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

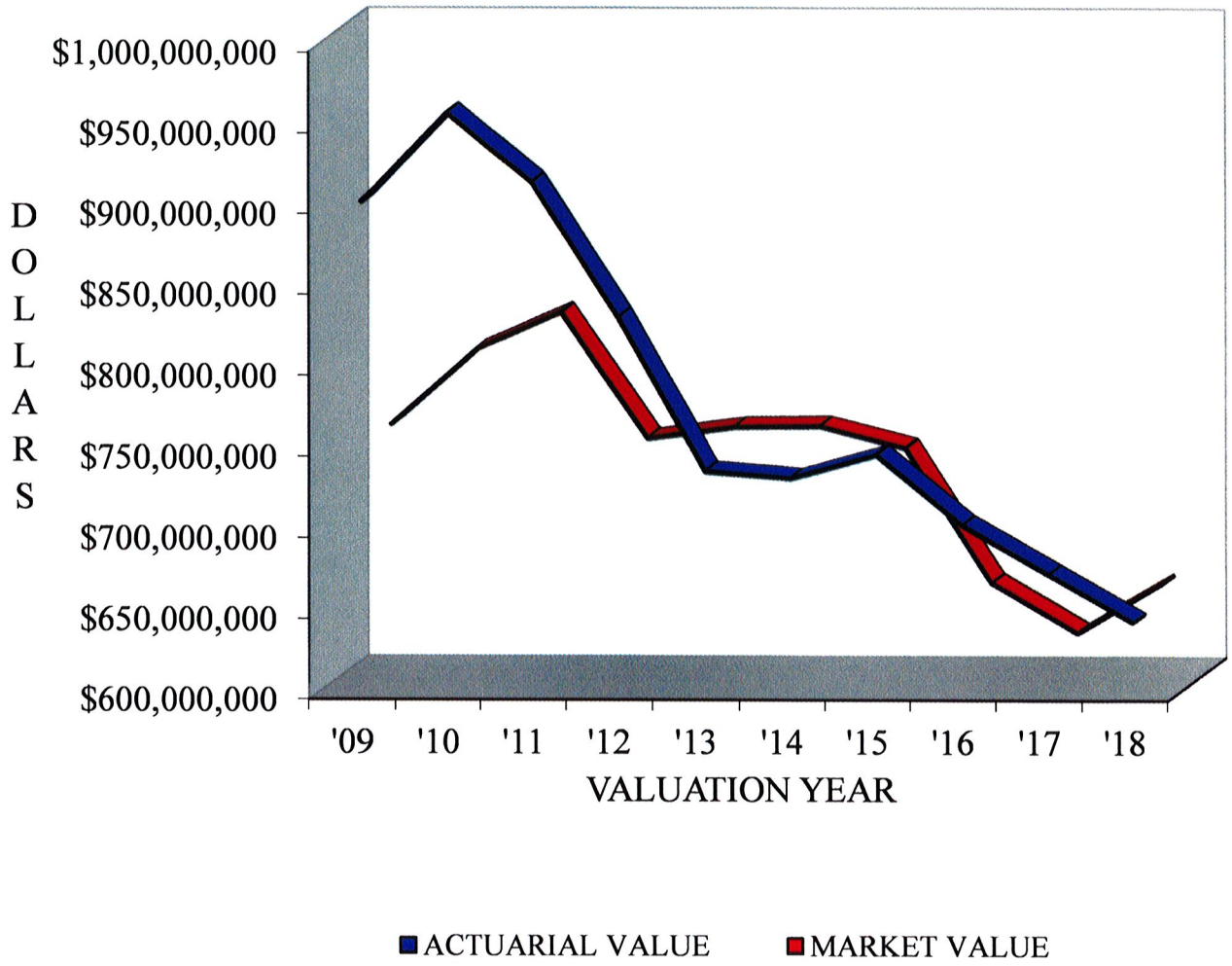
**CALCULATION OF ACTUARIAL RATES OF  
RETURN ON PLAN ASSETS**

	<b><u>Plan Year Ending 12/31/2017</u></b>	
	<b><u>Market Value</u></b>	<b><u>Actuarial Value</u></b>
1. Beginning Assets	\$624,594,715	\$675,317,877
2. Non-Investment Increment:		
A. Contribution Received	\$66,777,902	\$66,777,902
B. Benefits Paid	(134,093,979)	(134,093,979)
C. Non-Investment Expenses	(3,311,550)	(3,311,550)
D. Other Income	<u>26,956</u>	<u>26,956</u>
E. Net Increment	(\$70,600,671)	(\$70,600,671)
3. Investment Increment:		
A. Investment Income	\$4,588,670	\$4,588,670
B. Realized & Unrealized Gains (Losses)	102,624,321	40,767,727
C. Investment Expenses	<u>(5,030,788)</u>	<u>(5,030,788)</u>
D. Net Increment	\$102,182,203	\$40,325,609
4. Ending Assets	\$656,176,247	\$645,042,815
5. Average Asset Value	\$589,294,379	\$640,017,541
6. Actuarial Rate of Return	<b>17.3%</b>	<b>6.3%</b>

NOTE: This approximation is intended to indicate whether investment return has been a source of actuarial gain or loss, and is not intended to be taken as an evaluation of investment managers' performance.



**WESTERN PA. TEAMSTERS EMPLOYERS**  
**ACTUARIAL VS. MARKET VALUE OF ASSETS**





**SECTION II**

**JANUARY 1, 2018**

**VALUATION RESULTS**



## **SECTION II - JANUARY 1, 2018 VALUATION RESULTS**

This Section of the report reflects the application of actuarial assumptions and methods to the plan assets, plan participants and plan provisions, with the purpose of developing actuarial liabilities and funding levels.

**EXHIBIT 7 –FUTURE FUNDING REQUIREMENTS** - this Exhibit reflects the present day value of all benefits previously earned plus all benefits expected to be earned in the future contrasted with the current plan assets in order to show the present day value of contributions needed to be made in future years.

**EXHIBIT 8 - DETERMINATION OF UNFUNDED ACCRUED LIABILITY** - this Exhibit determines the 2018 Expected Unfunded Accrued Liability based on the 2017 valuation and contribution information and compares it to the 2018 Actual Unfunded Accrued Liability in order to determine whether the Fund has experienced an actuarial gain or loss during the 2017 plan year. The actuarial loss of \$8,143,587 was the result of investment and demographic losses.

**EXHIBIT 9 - ACCRUED LIABILITY VS. PLAN ASSETS** - this graphic illustrates how successful the funding objectives are being met. One goal of a funding method is to slowly reduce the Unfunded Accrued Liability. The closer the plan assets to the Accrued Liability, the less Unfunded Accrued Liability is left to fund. Note that the proximity of the two lines is in direct relationship to the level of each year's investment gains (closer together) or losses (farther apart) and to the impact of benefit improvements or changes in actuarial assumptions. The lines have widened since plan year 2008 indicating an increasing Unfunded Accrued Liability.

**EXHIBIT 10 - AMORTIZATION BASES FOR MINIMUM FUNDING WITH EXTENSION** - displays the maintenance of amortization bases for determination of Minimum Contribution Requirements of ERISA as used and certified to on the Schedule B attachment to Form 5500. Amortization "charge" bases through 2009 have been extended for a period of five years as provided for by PPA.

**EXHIBIT 11 - AMORTIZATION BASES FOR PPA STATUS TESTING** - displays the maintenance of amortization bases for determination of the Fund's PPA Status. This is a separate tracking of the Fund's amortization bases without the permitted PPA extensions since the extended bases cannot be taken into account in Critical Status testing.



## **SECTION II (cont'd)**

**EXHIBIT 12 - SCHEDULE OF AMORTIZATION BASES FOR TAX DEDUCTIBILITY** - displays the maintenance of amortization bases used in the determination of the Maximum Tax Deductible Level of contributions in accordance with Internal Revenue Code. Note that we have combined all bases into one amount. This combination has no impact on the Maximum Tax Deductible Contribution since that level is determined by the higher amount of the Unfunded Current Liability of the Plan.

**EXHIBIT 13 - DETERMINATION OF FULL FUNDING LIMITATION** - reflects the determination of an upper limit on the otherwise determined Maximum Tax Deductible Contribution Level. This limitation was originally intended to prevent employers from making tax deductible contributions to a plan that was otherwise determined to be ahead of a normal funding schedule. Due to the recent funding problems of defined benefit plans nationwide, congress has changed the rules to increase the limits encouraging plan sponsors to make higher deductible contributions. For the 2018 plan year, the Full Funding Limits have no practical impact on the otherwise determined Maximum Tax Deductible Level of contributions based on the value of Unfunded Current Liability.

**EXHIBIT 14 - MINIMUM AND MAXIMUM CONTRIBUTION LEVELS** - this exhibit summarizes the Minimum Required Contribution and Maximum Tax Deductible Contribution Levels for plan year 2018. The Expected 2018 Contribution Level of \$63,184,288 (including withdrawal liability payments) is not sufficient to keep the Funding Standard Account Deficiency from increasing. In addition, the expected contributions are not sufficient to amortize the Unfunded Accrued Liability. As a result, by the end of 2018 the Plan is expected to have a higher Funding Deficiency and Unfunded Accrued Liability.

This result has previously been anticipated in prior forecast valuations. The Trustees have adopted an objective of forestalling insolvency in the design of the Rehabilitation Plan.



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**FUTURE FUNDING REQUIREMENTS**

**LIABILITIES**

1. Present Value of Benefits Earned in Past	\$1,759,939,890
2. Present Value of Benefits to be Earned in Future	<u>89,082,430</u>
3. Total Plan Liabilities Past and Future	<b>\$1,849,022,320</b>
4. Market Value of Assets	<u>\$656,176,247</u>
5. Present Value of Required Future Contributions	<b>\$1,192,846,073</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**DETERMINATION OF UNFUNDED ACCRUED  
LIABILITY AND ACTUARIAL GAIN (LOSS)**

1. Determination of Expected  
Unfunded Accrued Liability

A. Prior Year Unfunded	\$1,076,681,238	
B. Prior Year Normal Cost	12,330,533	
C. Prior Year Contribution	66,777,902	
D. Full Funding Credit	0	
E. Interest	79,589,074	
F. Changes During Year	<u>4,930,545</u>	
G. Total Expected Unfunded [A+B-C+E+F]		<b>\$1,106,753,488</b>

2. Determination of Actual  
Accrued Liability

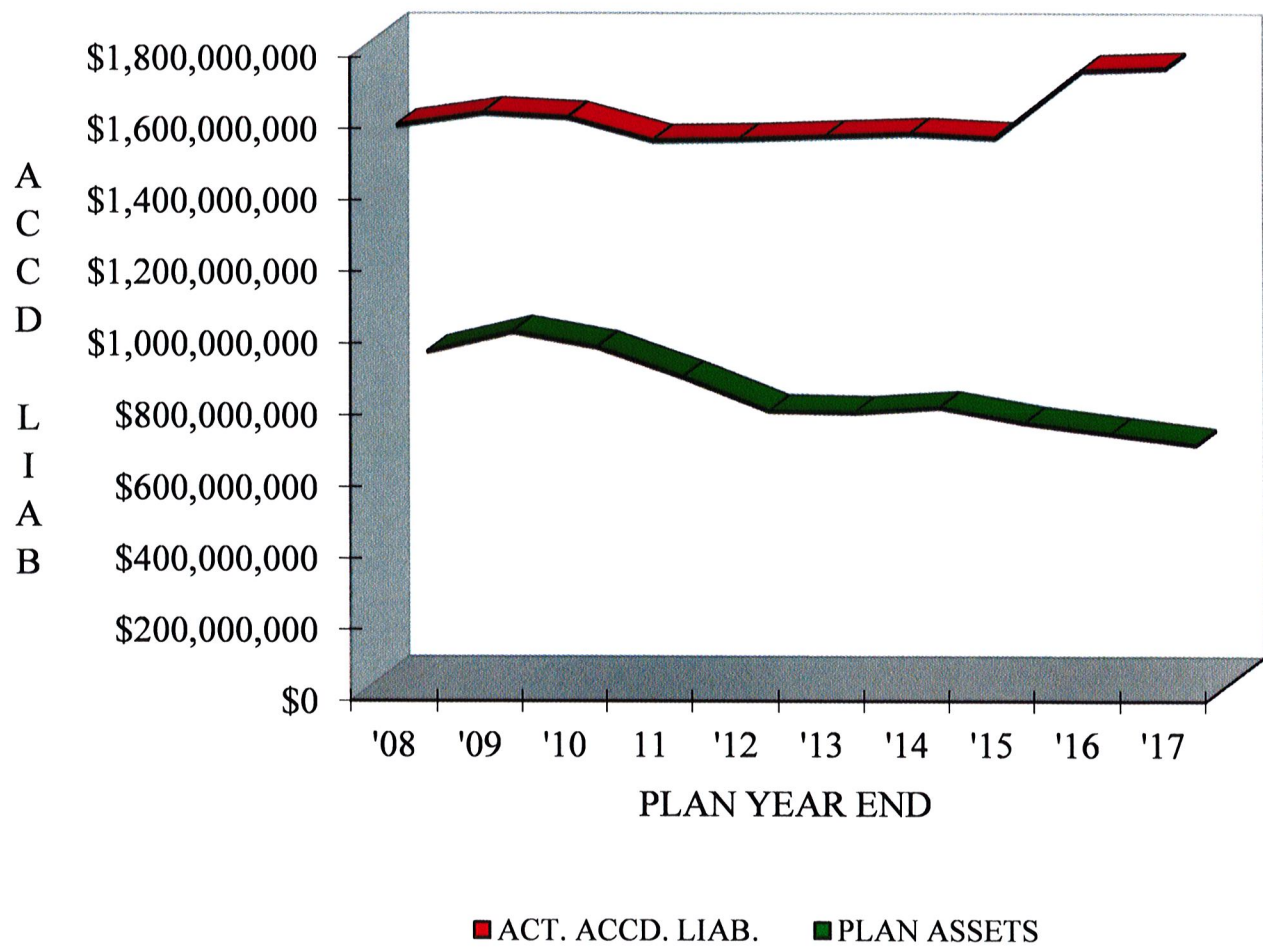
A. Retired Participants	\$1,228,635,715	
B. Terminated Vested Participants	255,376,820	
C. Active Participants	<u>275,927,355</u>	
D. Total Actual Accrued Liability [A+B+C]		<b>\$1,759,939,890</b>

3. Actuarial Value of Assets **\$645,042,815**

4. Unfunded Accrued Liability **\$1,114,897,075**

5. Actuarial Loss [4 - 1G] **\$8,143,587**

**WESTERN PA. TEAMSTERS EMPLOYERS**  
**ACCRUED LIABILITY VS. PLAN ASSETS**



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND  
AMORTIZATION BASES FOR MINIMUM FUNDING WITH EXTENSION**

<u>Date</u> <u>Estab.</u>	<u>Source</u>	<u>Original</u> <u>Amount</u>	<u>Unamort.</u> <u>1/1/2018</u>	<u>Amort.</u> <u>Period</u>	<u>Amort.</u> <u>Amount</u>
<b><u>Charges:</u></b>					
12/31/1979	Original	\$207,928,310	\$60,004,573	6	\$11,891,784
1/1/1984	Amendment	4,098,079	216,988	1	216,988
1/1/1992	Meth/Assumpt	96,194,227	45,740,702	9	6,670,363
1/1/1993	Amendment	5,804,117	3,010,775	10	408,026
1/1/1994	Amendment	8,809,480	4,928,186	11	626,670
1/1/1995	Amendment	11,086,858	6,625,804	12	796,809
1/1/1996	Amend/Assumpt	58,559,082	37,093,652	13	4,246,419
1/1/1997	Amend/Assumpt	90,780,476	60,546,516	14	6,634,624
1/1/1998	Amend/Assumpt	78,380,547	54,731,563	15	5,767,802
1/1/1999	Amend/Assumpt	59,773,999	43,487,091	16	4,425,212
1/1/2000	Act Loss	4,865,509	698,780	2	362,019
1/1/2000	Amendment	20,429,813	15,420,497	17	1,520,533
1/1/2001	Act Loss	97,342,956	21,264,110	3	7,606,372
1/1/2001	Amendment	18,592,572	14,506,431	18	1,390,309
1/1/2002	Act Loss	107,501,295	31,455,117	4	8,736,257
1/1/2003	Assumption	2,798,637	2,311,526	20	210,923
1/1/2003	Act Loss	122,833,705	44,827,856	5	10,306,851
1/1/2004	Act Loss	19,316,977	8,398,145	6	1,664,355
1/1/2005	Act Loss	47,949,837	24,050,593	7	4,223,962
1/1/2006	Act Loss	24,103,881	13,622,721	8	2,163,504
1/1/2007	Assumption	44,189,999	39,758,256	24	3,367,435
1/1/2009	Act Loss	229,485,111	161,147,557	11	20,491,594
1/1/2011	Act Loss	50,345,983	40,465,937	13	4,632,473
1/1/2012	Act Loss	83,499,746	60,831,450	9	8,871,045
1/1/2013	Act Loss	77,511,634	60,659,340	10	8,220,663
1/1/2015	Act Loss	9,989,611	8,780,991	12	1,055,988
1/1/2016	Act Loss/Assumpt.	9,991,578	9,211,729	13	1,054,543
1/1/2017	Act Loss/Assumpt.	203,468,125	195,677,891	14	21,442,178
1/1/2018	Act Loss/Assumpt.	5,133,357	<u>13,074,132</u>	<u>15</u>	<u>1,377,797</u>
	<b>TOTAL CHARGES:</b>		<b>\$1,082,548,909</b>		<b>\$150,383,499</b>
<b><u>CREDIT BASES:</u></b>					
1/1/2007	Act Gain	\$2,712,813	\$1,047,571	4	\$290,949
1/1/2008	Assumption	6,565,705	3,056,553	5	702,765
1/1/2008	Act Gain	32,104,098	14,945,500	5	3,436,279
1/1/2010	Act Gain	46,056,033	27,960,996	7	4,910,739
1/1/2011	Amendment	43,924,829	29,436,033	8	4,674,908
1/1/2012	Assumption	78,151,567	56,935,180	9	8,302,853
1/1/2014	Act Gain	10,761,990	8,960,952	11	1,139,479
1/1/2015	Assumption	4,243,766	<u>3,730,322</u>	12	<u>448,603</u>
	<b>TOTAL CREDITS:</b>		<b>\$146,073,107</b>		<b>\$23,906,575</b>
<b><u>NET CHARGES:</u></b>			<b>\$936,475,802</b>		<b>\$126,476,924</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND  
AMORTIZATION BASES FOR PPA STATUS TESTING WITH NO EXTENSION**

<u>Date</u>	<u>Source</u>	<u>Original</u>	<u>Unamort.</u>	<u>Amort.</u>	<u>Amort.</u>
<u>Estab.</u>		<u>Amount</u>	<u>1/1/2018</u>	<u>Period</u>	<u>Amount</u>
<b><u>Charges:</u></b>					
12/31/1979	Original	\$207,928,310	\$14,897,009	1	\$14,897,009
1/1/1992	Meth/Assumpt	96,194,227	28,242,803	4	7,844,078
1/1/1993	Amendment	5,804,117	2,054,370	5	472,342
1/1/1994	Amendment	8,809,480	3,610,465	6	715,527
1/1/1995	Amendment	11,086,858	5,117,627	7	898,800
1/1/1996	Amend/Assumpt	58,559,082	29,837,184	8	4,738,617
1/1/1997	Amend/Assumpt	90,780,476	50,284,015	9	7,332,914
1/1/1998	Amend/Assumpt	78,380,547	46,637,303	10	6,320,371
1/1/1999	Amend/Assumpt	59,773,999	37,841,502	11	4,811,942
1/1/2000	Amendment	20,429,813	13,653,800	12	1,641,985
1/1/2001	Amendment	18,592,572	13,032,893	13	1,491,984
1/1/2003	Assumption	2,798,637	2,124,743	15	223,913
1/1/2004	Act Loss	19,316,977	2,084,959	1	2,084,959
1/1/2005	Act Loss	47,949,837	9,968,056	2	5,164,174
1/1/2006	Act Loss	24,103,881	7,241,869	3	2,590,485
1/1/2007	Assumption	44,189,999	37,649,071	19	3,516,630
1/1/2009	Act Loss	229,485,111	123,701,173	6	24,515,259
1/1/2011	Act Loss	50,345,983	33,739,143	8	5,358,310
1/1/2012	Act Loss	83,499,746	60,831,447	9	8,871,045
1/1/2013	Act Loss	77,511,634	60,659,338	10	8,220,662
1/1/2015	Act Loss	9,989,611	8,780,991	12	1,055,988
1/1/2016	Act Loss/Assumpt.	9,991,578	9,211,729	13	1,054,543
1/1/2017	Act Loss/Assumpt.	203,468,125	195,677,893	14	21,442,178
1/1/2018	Act Loss/Assumpt.	5,133,357	<u>13,074,132</u>	15	<u>1,377,797</u>
	<b>TOTAL CHARGES:</b>		<b>\$809,953,515</b>		<b>\$136,641,510</b>
<b><u>CREDIT BASES:</u></b>					
1/1/2007	Act Gain	\$2,712,813	\$1,047,571	4	\$290,949
1/1/2008	Assumption	6,565,705	3,056,553	5	702,765
1/1/2008	Act Gain	32,104,098	14,945,500	5	3,436,279
1/1/2010	Act Gain	46,056,033	27,960,996	7	4,910,739
1/1/2011	Amendment	43,924,829	29,436,033	8	4,674,908
1/1/2012	Assumption	78,151,567	56,935,180	9	8,302,853
1/1/2014	Act Gain	10,761,990	8,960,952	11	1,139,479
1/1/2015	Assumption	4,243,766	<u>3,730,322</u>	12	<u>448,603</u>
	<b>TOTAL CREDITS:</b>		<b>\$146,073,107</b>		<b>\$23,906,575</b>
<b><u>NET CHARGES:</u></b>			<b>\$663,880,408</b>		<b>\$112,734,936</b>





**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND  
SCHEDULE OF AMORTIZATION BASES FOR TAX DEDUCTIBILITY**

<u>Date Estab.</u>	<u>Source</u>	<u>Original Amt.</u>	<u>Unamortized</u>	<u>Limit Adj.</u>
<b><u>Charges:</u></b>				
1/1/2018	Combined	\$1,114,897,075	\$1,114,897,075	<u>\$151,092,851</u>
	<b><u>Sub-Total</u></b>		<b>\$1,114,897,075</b>	<b>\$151,092,851</b>
 <b><u>Credits:</u></b>				
None				
<b><u>Net Charges:</u></b>			<b>\$1,114,897,075</b>	<b>\$151,092,851</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**DETERMINATION OF FULL FUNDING LIMITATION  
FOR PLAN YEAR 2018**

**Actuarial Values**

1. Accrued Liability	\$1,759,939,890
2. Normal Cost	12,470,904
3. RPA '94 Current Liability	2,984,907,354
4. RPA '94 Expected Increase	21,394,955
5. Expected RPA '94 Benefit Payments	141,058,907
6. Market Value of Assets	656,176,247
7. Actuarial Value of Assets	645,042,815
8. Funding Standard Account Credit Balance	(\$178,421,273)

**Accrued Liability Full Funding Limitation**

1. Minimum Funding Limitation	\$1,211,920,577
2. Maximum Funding Limitation	1,211,920,577

**Minimum Contribution Full Funding Limitation**

\$2,110,302,337

**RPA '94 Full Funding Limitation**

\$3,586,674,769

**Maximum Contribution Full Funding Limitation**

\$3,586,674,769



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**MINIMUM AND MAXIMUM CONTRIBUTION LEVELS  
FOR PLAN YEAR 2018**

**Minimum Required Contribution Level**

1. Normal Cost	\$12,470,904	
2. Net Amortization Charges	126,476,924	
3. Interest	<u>10,421,087</u>	
4. Preliminary Minimum Before FFL Credit	<b>\$149,368,915</b>	
5. Full Funding Limitation Credit	<u>0</u>	
6. Minimum Before Credit Balance		<b>\$149,368,915</b>
7. Credit Balance	(\$178,421,273)	
8. Interest	<u>(13,381,594)</u>	
9. Minimum Required After Credit Balance [6 - 7 - 8]		<b>\$341,171,783</b>

**Maximum Tax Deductible Level**

1. Normal Cost	\$12,470,904	
2. Net Amortization Charges	151,092,851	
3. Interest	<u>12,267,282</u>	
4. Total [1+2+3]		<b>\$175,831,037</b>
5. Maximum Full Funding Limitation		<b>\$3,586,674,769</b>
6. Maximum Tax Deductible Level		<b>\$3,586,674,769</b>

**Expected Contributions** **\$63,184,288**

**Expected Contribution Level is sufficient  
to Satisfy Normal Cost, Plan Expenses and  
Amortize the Unfunded Liability over:**

**<<Insufficient>>**



**SECTION III**

**ACTUARIAL DISCLOSURE**  
**INFORMATION**



### **SECTION III - ACTUARIAL DISCLOSURE INFORMATION**

This Section provides certain plan actuarial information that is required to be disclosed in the plan's financial audited statement of assets.

#### **EXHIBIT 13 - PRESENT VALUE OF ACCUMULATED PLAN BENEFITS –**

This exhibit reflects the disclosures of the accumulated value of plan benefits on a vested and non-vested basis that are required to be disclosed in the financial audit of the plan

#### **EXHIBIT 14 - ANALYSIS OF ACCUMULATED BENEFIT VALUES -**

provides a pie chart which shows the relative portions of plan accumulated benefits for accounting purposes by category of participant. Note that the largest portion of accumulated benefits is attributed to retired participants in pay status at 69.8%. Adding their percentage to that of the terminated vested participants shows that 84.3% of all accumulated benefits are attributed to inactive plan participants.

#### **EXHIBIT 15 - STATEMENT OF CHANGES IN ACCUMULATED**

**BENEFITS** - this schedule is also an accounting disclosure required to be reflected in the financial audit of the plan. It is intended to provide a reconciliation of the value of accumulated plan benefits from beginning to end of plan year.



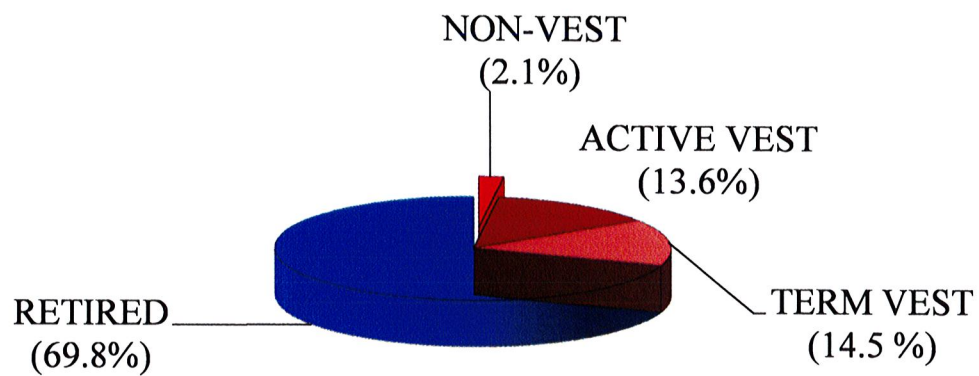
**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**PRESENT VALUE OF ACCUMULATED PLAN BENEFITS**  
**FOR THE PLAN YEAR ENDED 12/31/2017**

	<b><u>Ongoing FAS 35 Liability</u></b>	
	<b><u>Total</u></b>	<b><u>Vested</u></b>
1. Retired Participants	\$1,228,635,715	\$1,228,635,715
2. Terminated Vested Participants	255,376,820	255,376,820
3. Active Participants	<u>275,927,355</u>	<u>239,265,285</u>
4. Total	\$1,759,939,890	\$1,723,277,820
5. Assets at Market Value	<u>\$656,176,247</u>	<u>\$656,176,247</u>
6. Excess Value of Benefits	<b>\$1,103,763,643</b>	<b>\$1,067,101,573</b>



**WESTERN PA. TEAMSTERS EMPLOYERS**  
**ANALYSIS OF ACCUMULATED BENEFIT VALUES**



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**STATEMENT OF CHANGES IN ACCUMULATED BENEFITS**  
**FOR THE PLAN YEAR ENDED 12/31/2017**

1. Actuarial Present Value of Accumulated Plan Benefits at Beginning of Plan Year		\$1,751,999,115
2. Increase (Decrease) During the Plan Year Attributable to:		
A. Plan Amendment and Changes in Actuarial Assumptions	\$4,930,545	
B. Benefits Accumulated	5,704,275	
C. Increase for Interest Due to the Decrease in the Discount Period	131,399,934	
D. Benefits paid	<u>(134,093,979)</u>	
E. Net Changes [A+B+C-D]		\$7,940,775
3. Actuarial Present Value of Accumulated Plan Benefits at End of Plan Year		\$1,759,939,890





**SECTION IV**  
**PARTICIPANT DATA**



## **SECTION IV - PARTICIPANT DATA**

Section IV provides summaries of the plan's participant data which was used for the determination of projected benefit liabilities.

**EXHIBIT 18 - ANALYSIS OF OTHER THAN TOP-LEVEL ACTIVES**

**EXHIBIT 19 - ANALYSIS OF TOP-LEVEL ACTIVES OTHER THAN UPS**

**EXHIBIT 20 - ANALYSIS OF UPS ACTIVES ONLY**

**EXHIBIT 21 - ANALYSIS OF ALL TOP-LEVEL ACTIVES**

**EXHIBIT 22 - ANALYSIS OF ALL ACTIVES** - these exhibits reflect statistics of the various segments of the active participant population in an age and service distribution format. Top-level participants work for employers who have contributed at historic National Master Freight Agreement or United Parcel Service rates.

**EXHIBIT 23 - ANALYSIS OF ACTIVE PARTICIPANT DATA BY GROUP** - displays demographic statistics broken down by “Other Top-Level”, UPS, and all “Other” participant groups.

**EXHIBIT 24 - ANALYSIS OF PARTICIPANTS CURRENTLY RECEIVING BENEFITS** - displays the retiree count, average annual benefit and average age, by banded age categories. The Average Age of retirees has remained consistent at age 73 while the Average Annual Pension has increased by 1.6%. The Average Age of Beneficiaries has also remained relatively level from the 2017 to the 2018 plan year at age 76 while the average annual benefit has increased by 6.8%.

**EXHIBIT 25 - ANALYSIS OF INACTIVE PARTICIPANTS NOT YET RECEIVING BENEFITS** - this display shows a similar breakdown of information for both Terminated Vested Participants, as well as Beneficiaries entitled to future deferred benefits.

**EXHIBIT 26 - ACTIVE VS. INACTIVE PARTICIPANTS** - provides a graphic comparison of the relationship between the number of active versus inactive participants for each of the last 10 plan years.



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF OTHER THAN TOP-LEVEL ACTIVES \***

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	2	0	0	0	0	0	2
20 to 24	43	13	0	0	0	0	56
25 to 29	48	75	1	0	0	0	124
30 to 34	60	83	36	0	0	0	179
35 to 39	43	90	61	2	0	0	196
40 to 44	39	67	85	18	1	0	210
45 to 49	19	54	115	38	37	6	269
50 to 54	27	77	125	43	50	27	349
55 to 59	22	68	131	71	63	88	443
60 to 64	9	53	90	37	54	124	367
65 & Over	<u>2</u>	<u>12</u>	<u>21</u>	<u>7</u>	<u>9</u>	<u>27</u>	<u>78</u>
<b>Total</b>	<b>314</b>	<b>592</b>	<b>665</b>	<b>216</b>	<b>214</b>	<b>272</b>	<b>2,273</b>
<i>17' Results</i>	300	676	777	233	247	319	2,552
<i>16' Results</i>	405	982	1,042	346	275	371	3,536
<i>15' Results</i>	441	1,063	1,016	392	266	358	3,624
<i>14' Results</i>	453	1,099	1,046	415	268	343	3,702

*\* Participants with weekly contribution levels below \$166/week.*



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF TOP-LEVEL ACTIVES OTHER THAN UPS \***

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	0	0	0	0	0	0	0
20 to 24	4	5	0	0	0	0	9
25 to 29	12	6	0	0	0	0	18
30 to 34	3	19	1	0	0	0	23
35 to 39	5	15	6	0	0	0	26
40 to 44	10	17	12	0	0	0	39
45 to 49	11	20	22	6	1	0	60
50 to 54	7	24	31	24	24	4	114
55 to 59	3	18	31	31	17	13	113
60 to 64	2	11	26	14	11	25	89
65 & Over	<u>1</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>9</u>
<b>Total</b>	<b>58</b>	<b>137</b>	<b>132</b>	<b>76</b>	<b>53</b>	<b>44</b>	<b>500</b>
<i>17' Results</i>	<i>70</i>	<i>116</i>	<i>149</i>	<i>84</i>	<i>52</i>	<i>49</i>	<i>520</i>
<i>16' Results</i>	<i>98</i>	<i>109</i>	<i>181</i>	<i>113</i>	<i>57</i>	<i>53</i>	<i>611</i>
<i>15' Results</i>	<i>86</i>	<i>119</i>	<i>196</i>	<i>109</i>	<i>65</i>	<i>42</i>	<i>617</i>
<i>14' Results</i>	<i>63</i>	<i>102</i>	<i>220</i>	<i>109</i>	<i>65</i>	<i>39</i>	<i>598</i>

*\* Non-UPS participants with weekly contribution levels at or above \$166/week except YRC is included.*



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF UPS ACTIVES ONLY**

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	0	0	1	0	0	0	1
20 to 24	0	2	1	0	0	0	3
25 to 29	5	14	4	0	0	0	23
30 to 34	1	13	63	0	0	0	77
35 to 39	4	16	127	7	0	0	154
40 to 44	4	12	86	60	10	1	173
45 to 49	0	7	108	62	51	5	233
50 to 54	2	9	84	71	58	22	246
55 to 59	1	2	39	50	27	31	150
60 to 64	0	1	6	9	9	24	49
65 & Over	<u>0</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>3</u>	<u>8</u>
<b>Total</b>	<b>17</b>	<b>78</b>	<b>520</b>	<b>261</b>	<b>155</b>	<b>86</b>	<b>1,117</b>
<i>17' Results</i>	<i>9</i>	<i>72</i>	<i>546</i>	<i>254</i>	<i>156</i>	<i>80</i>	<i>1,117</i>
<i>16' Results</i>	<i>18</i>	<i>56</i>	<i>597</i>	<i>222</i>	<i>182</i>	<i>60</i>	<i>1,114</i>
<i>15' Results</i>	<i>13</i>	<i>72</i>	<i>605</i>	<i>213</i>	<i>162</i>	<i>49</i>	<i>1,069</i>
<i>14' Results</i>	<i>4</i>	<i>58</i>	<i>636</i>	<i>186</i>	<i>132</i>	<i>53</i>	<i>1,082</i>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF ALL TOP-LEVEL ACTIVES \***

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	0	0	1	0	0	0	1
20 to 24	4	7	1	0	0	0	12
25 to 29	17	20	4	0	0	0	41
30 to 34	4	32	64	0	0	0	100
35 to 39	9	31	133	7	0	0	180
40 to 44	14	29	98	60	10	1	212
45 to 49	11	27	130	68	52	5	293
50 to 54	9	33	115	95	82	26	360
55 to 59	4	20	70	81	44	44	263
60 to 64	2	12	32	23	20	49	138
65 & Over	<u>1</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>0</u>	<u>5</u>	<u>17</u>
<b>Total</b>	<b>75</b>	<b>215</b>	<b>652</b>	<b>337</b>	<b>208</b>	<b>130</b>	<b>1,617</b>
<i>17' Results</i>	<i>79</i>	<i>188</i>	<i>695</i>	<i>338</i>	<i>208</i>	<i>129</i>	<i>1,637</i>
<i>16' Results</i>	<i>116</i>	<i>165</i>	<i>778</i>	<i>335</i>	<i>239</i>	<i>113</i>	<i>1,746</i>
<i>15' Results</i>	<i>99</i>	<i>191</i>	<i>801</i>	<i>322</i>	<i>227</i>	<i>91</i>	<i>1,731</i>
<i>14' Results</i>	<i>67</i>	<i>160</i>	<i>856</i>	<i>295</i>	<i>197</i>	<i>92</i>	<i>1,667</i>

*\* All participants with weekly contribution levels at or above \$166/week except YRC is included.*



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF ALL ACTIVES**

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	2	0	1	0	0	0	3
20 to 24	47	20	1	0	0	0	68
25 to 29	65	95	5	0	0	0	165
30 to 34	64	115	100	0	0	0	279
35 to 39	52	121	194	9	0	0	376
40 to 44	53	96	183	78	11	1	422
45 to 49	30	81	245	106	89	11	562
50 to 54	36	110	240	138	132	53	709
55 to 59	26	88	201	152	107	132	706
60 to 64	11	65	122	60	74	173	505
65 & Over	<u>3</u>	<u>16</u>	<u>25</u>	<u>10</u>	<u>9</u>	<u>32</u>	<u>95</u>
<b>Total</b>	<b>389</b>	<b>807</b>	<b>1,317</b>	<b>553</b>	<b>422</b>	<b>402</b>	<b>3,890</b>
<i>17' Results</i>	379	864	1,472	571	455	448	4,189
<i>16' Results</i>	521	1,147	1,820	681	514	484	5,167
<i>15' Results</i>	540	1,254	1,817	714	493	449	5,267
<i>14' Results</i>	520	1,259	1,902	710	465	435	5,291



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF ACTIVE PARTICIPANT DATA  
BY GROUP AS OF JANUARY 1, 2018**

	<b>Top-Level <u>Other than UPS</u></b>	<b><u>UPS</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Number of Actives</b>	500	1,117	2,273	3,890
<b>Avg. Age</b>	50.7	46.5	48.6	48.3
<b>Avg. Vesting Service</b>	14.8	19.2	14.8	16.1
<b>Avg. Benefit Service</b>	13.6	13.3	13.7	13.6
<b>Avg. Accrued Benefit</b>	\$19,492	\$25,141	\$6,741	\$13,663
<b>Avg. Contribution</b>	\$14,032	\$27,602	\$6,325	\$13,425





**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF PARTICIPANTS CURRENTLY  
RECEIVING BENEFITS**

**Pensioners Currently Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b>Average <u>Annual Pension</u></b>	<b>Average <u>Age</u></b>
54 & Under	59	\$905,975	\$15,355.52	51.98
55-59	341	7,147,797	20,961.28	57.50
60-64	1,253	21,298,771	16,998.22	62.28
65-69	1,791	24,476,226	13,666.23	67.09
70-74	1,753	22,979,095	13,108.44	71.92
75-79	1,621	18,981,856	11,709.97	76.90
80 & Over	<u>2,290</u>	<u>18,988,402</u>	<u>8,291.88</u>	<u>85.22</u>
<b>Total or Average</b>	<b>9,108</b>	<b>\$114,778,122</b>	<b>\$12,601.90</b>	<b>73.21</b>
<i>2017 Results</i>	<i>9,183</i>	<i>\$113,850,167</i>	<i>\$12,397.93</i>	<i>73.17</i>

**Beneficiaries Currently Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b>Average <u>Annual Pension</u></b>	<b>Average <u>Age</u></b>
54 & Under	102	\$916,092	\$8,981.29	44.13
55-59	101	997,570	9,876.94	57.44
60-64	204	1,817,136	8,907.53	62.29
65-69	310	2,423,014	7,816.17	67.21
70-74	447	3,329,400	7,448.32	72.13
75-79	632	4,032,879	6,381.14	76.94
80 & Over	<u>1,428</u>	<u>5,427,245</u>	<u>3,800.59</u>	<u>86.58</u>
<b>Total or Average</b>	<b>3,224</b>	<b>\$18,943,336</b>	<b>\$5,875.72</b>	<b>77.03</b>
<i>2017 Results</i>	<i>3,230</i>	<i>\$17,762,113</i>	<i>\$5,499.11</i>	<i>76.91</i>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF INACTIVE PARTICIPANTS  
NOT YET RECEIVING BENEFITS**

**Terminated Vested Participants Not Yet Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b><u>Average Annual Pension</u></b>	<b><u>Average Age</u></b>
34 & Under	309	\$440,670	\$1,426.12	31.11
35-39	418	1,287,190	3,079.40	37.20
40-44	597	2,629,047	4,403.76	42.07
45-49	894	5,478,522	6,128.10	47.17
50-54	1,135	9,186,354	8,093.70	52.09
55-59	1,313	10,404,001	7,923.84	57.06
60-64	800	5,130,556	6,413.20	61.54
65 & Over	<u>463</u>	<u>2,146,252</u>	<u>4,635.53</u>	<u>75.11</u>
<b>Total or Average</b>	<b>5,929</b>	<b>\$36,702,593</b>	<b>\$6,190.35</b>	<b>52.37</b>
<i>2017 Results</i>	<i>5,918</i>	<i>\$36,790,662</i>	<i>\$6,216.74</i>	<i>52.17</i>

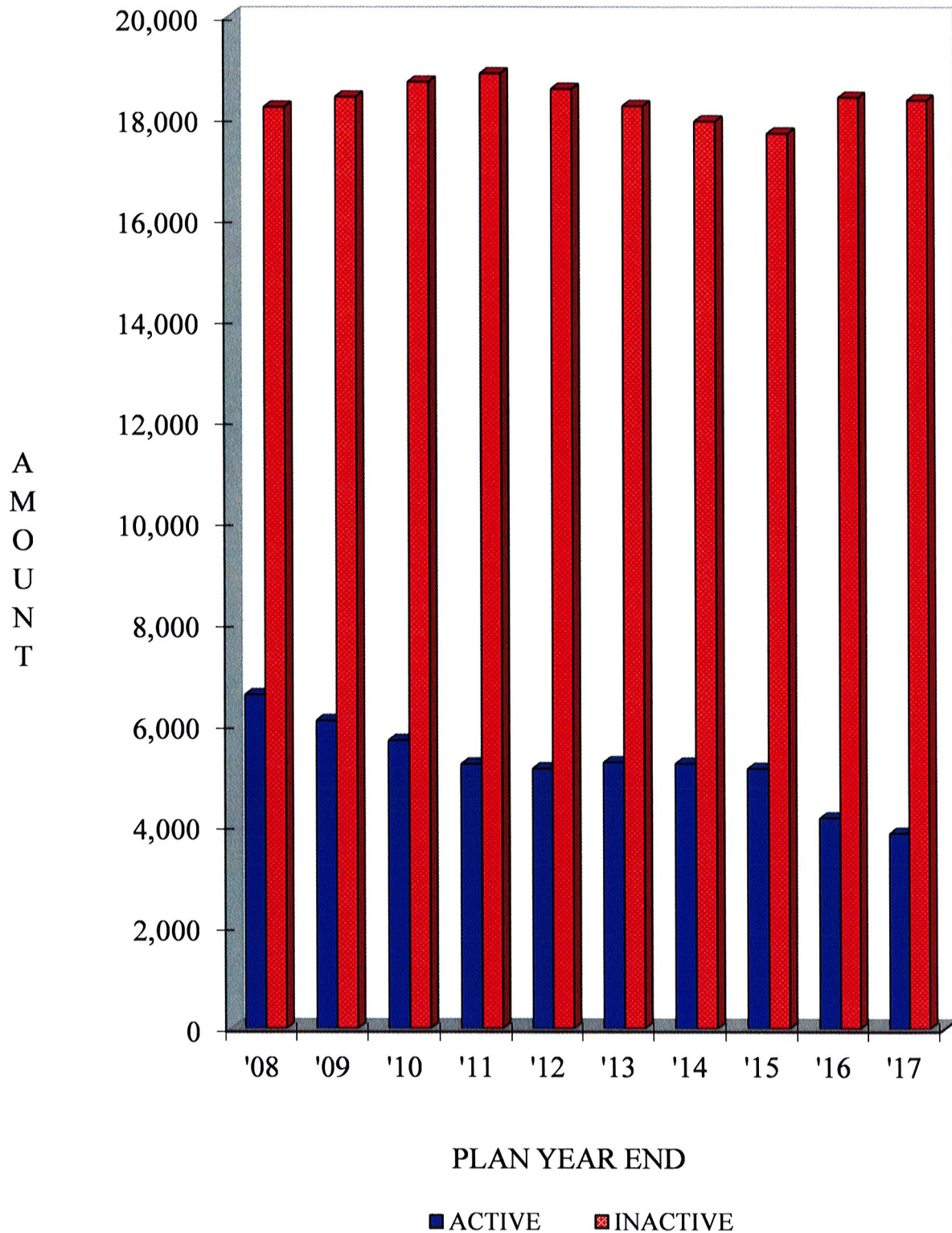
**Beneficiaries Not Yet Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b><u>Average Annual Pension</u></b>	<b><u>Average Age</u></b>
34 & Under	4	\$17,075	\$4,268.85	27.75
35-39	5	24,500	4,899.91	36.80
40-44	5	18,960	3,792.05	40.60
45-49	14	97,727	6,980.49	46.21
50-54	18	155,065	8,614.74	51.00
55-59	24	138,521	5,771.73	56.67
60 & Over	<u>16</u>	<u>84,944</u>	<u>5,309.02</u>	<u>65.31</u>
<b>Total or Average</b>	<b>86</b>	<b>\$536,793</b>	<b>\$6,241.78</b>	<b>51.95</b>
<i>2017 Results</i>	<i>69</i>	<i>\$419,026</i>	<i>\$6,072.84</i>	<i>51.64</i>



# WESTERN PA. TEAMSTERS EMPLOYERS

## ACTIVE VS INACTIVE PARTICIPANTS



**SECTION V**

**COMPARISON AND ANALYSIS  
OF GAO RATIOS**



## **SECTION V - COMPARISON AND ANALYSIS OF GAO RATIOS**

The following four ratios were selected by the US General Accounting Office as a means to measure the financial health of Multiemployer Pension Plans. The GAO states that although..."no one measure for a single year necessarily provides a complete and satisfactory assessment of the overall financial condition of a plan, (GAO) actuaries believe that this set of four ratios over several years indicates the relative financial strength of the plans...Trends over time are as important for most of the ratios as the values themselves. Favorable trends show that a plan is improving its financial condition...A plan with low values of two or more ratios may be experiencing financial distress."

**EXHIBIT 27 - ASSETS TO VESTED BENEFITS RATIO** - Measures a Plan's funding status. A ratio of less than .50 is an indication of poor or modest funding:

<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>	<u>12/17</u>
0.48	0.49	0.51	0.48	0.48	0.48	0.47	0.42	0.36	0.38

**EXHIBIT 28 - ASSETS TO BENEFIT PAYOUT RATIO** - Measures a Plan's ability to continue benefit payments should adverse contingencies arise. A ratio of less than 6.0 indicates poor resilience and the potential of plan termination:

<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>	<u>12/17</u>
10.41	6.57	6.69	6.66	5.95	5.93	5.87	5.69	4.99	4.66

**EXHIBIT 29 - INCOME TO EXPENSES RATIO** - Measures a Plan's cash flow and asset growth. Income includes contributions plus net investment increment, while expenses include benefit payments and non-investment expenses. A ratio of less than 1.75 indicates an insufficient net income margin:

<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>	<u>12/17</u>
-2.40	1.39	1.19	0.39	1.05	1.00	0.90	0.38	0.76	1.23

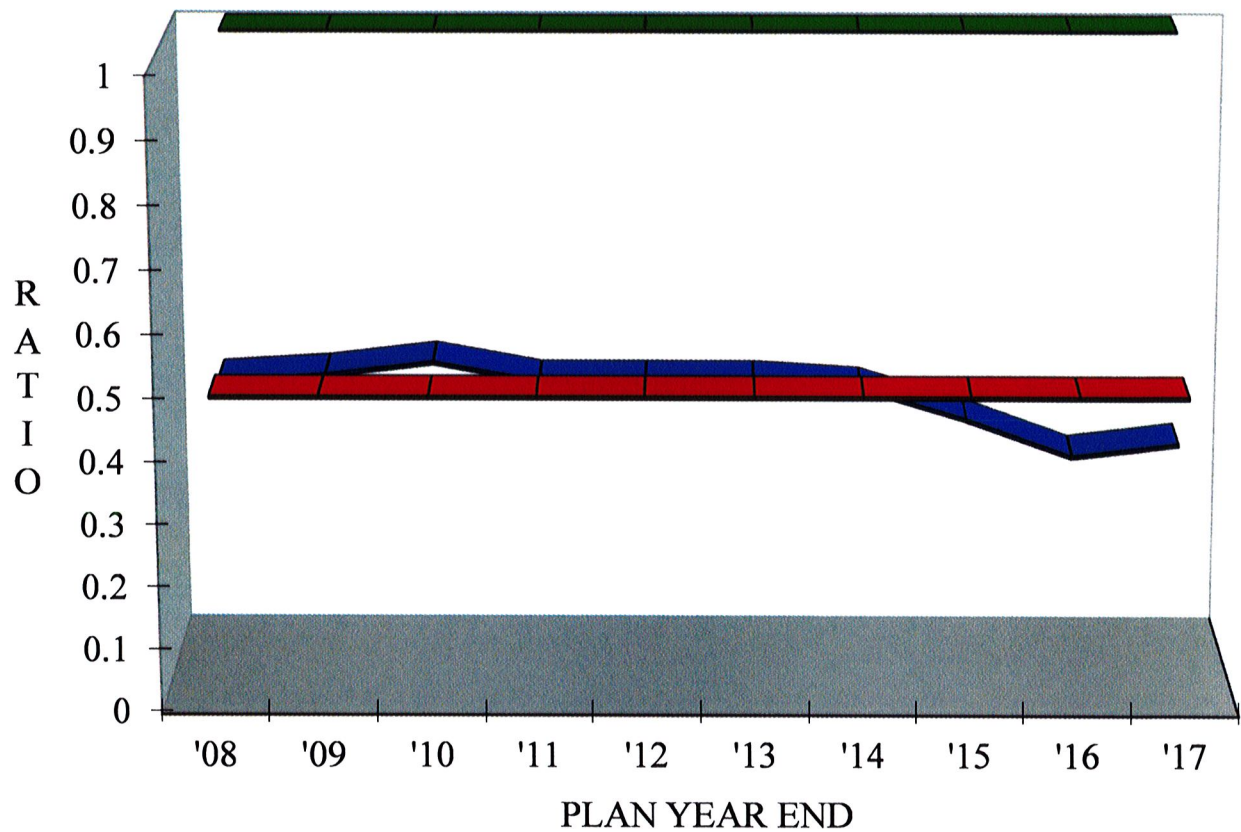
**EXHIBIT 30 - ACTIVES TO OTHER PARTICIPANTS RATIO** - Measures a Plan's population mix. A ratio of less than 2.0 indicates a probable future necessity of burdensome contribution rates for active participants:

<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>	<u>12/17</u>
0.36	0.33	0.31	0.28	0.28	0.29	0.29	0.29	0.23	0.21



# WESTERN PA. TEAMSTERS EMPLOYERS

## ASSETS TO VESTED BENEFITS RATIO

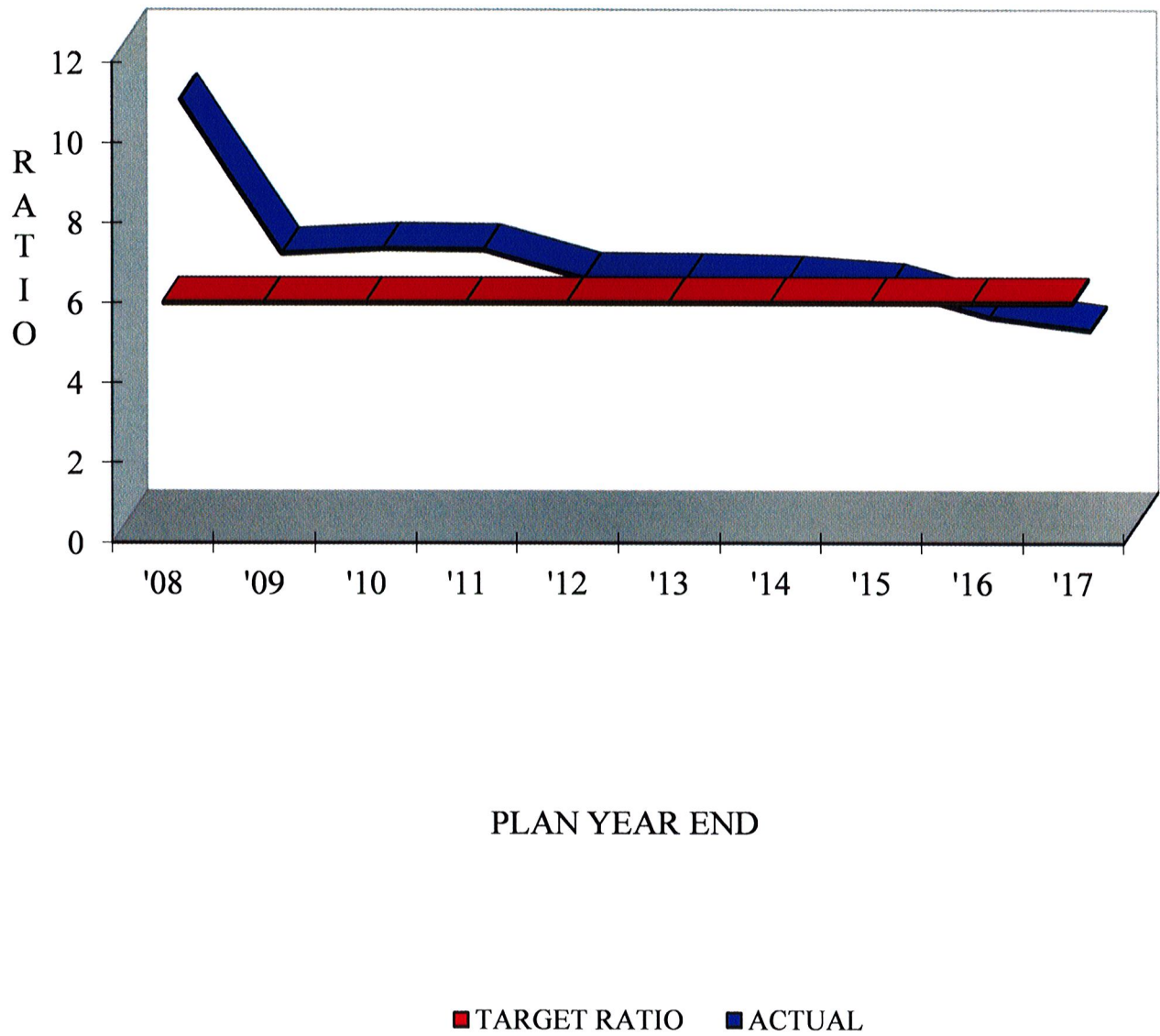


■ TARGET RATIO    ■ ACTUAL    ■ FUNDED



# WESTERN PA. TEAMSTERS EMPLOYERS

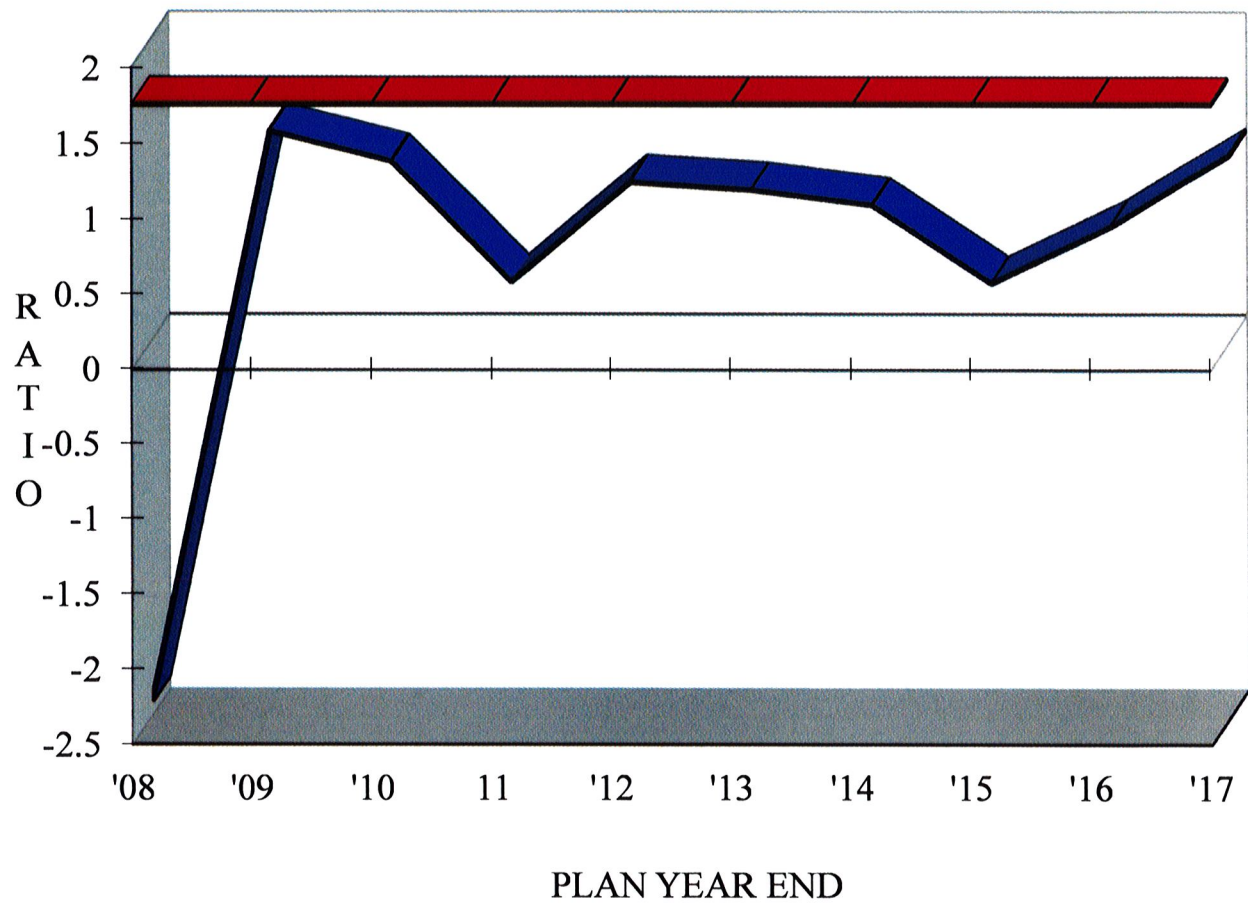
## ASSETS TO BENEFIT PAYOUT RATIO





# WESTERN PA. TEAMSTERS EMPLOYERS

## INCOME TO EXPENSES RATIO

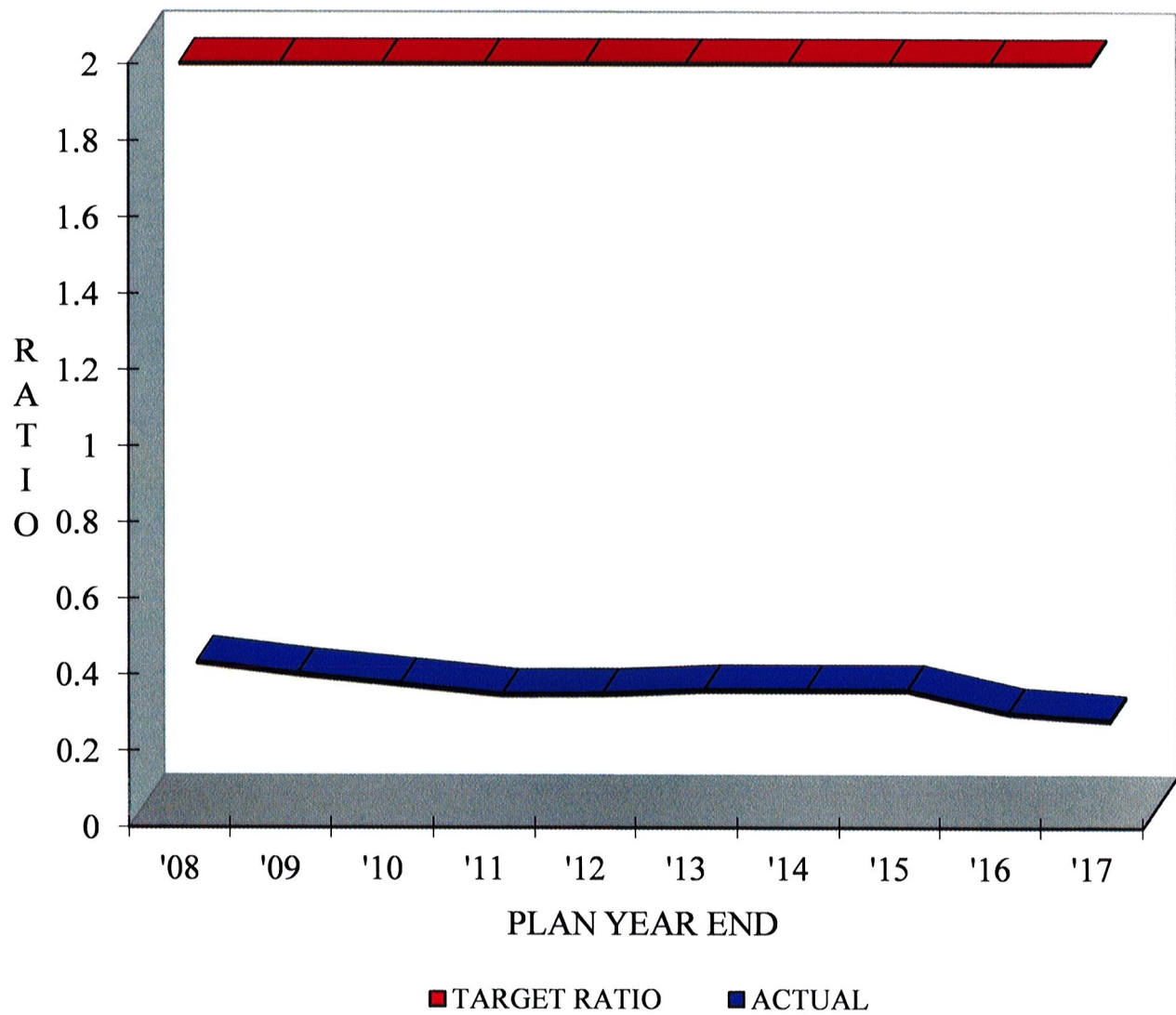


■ TARGET RATIO    ■ ACTUAL





# WESTERN PA. TEAMSTERS EMPLOYERS ACTIVE TO OTHER PARTICIPANTS RATIO



**SECTION VI**

**ACTUARIAL VALUATION METHODS**



## **SECTION VI - ACTUARIAL VALUATION METHODS**

In order to determine plan costs, an Actuarial Cost Method must be applied to actuarial plan liabilities in order to provide a logical and systematic pattern of funding.

**EXHIBIT 31 - ACTUARIAL VALUATION METHODS** - this exhibit describes the Unit Credit Cost Method which is the method used to determine plan costs and the Actuarial Asset Valuation Method, which provides the method of accounting for plan assets in the valuation of plan costs. There have been no changes in any actuarial methods since the last January 1, 2017 Valuation Report.



**ACTUARIAL VALUATION METHODS****I. ACTUARIAL COST METHOD**

The method used to determine the costs of this Plan is the Unit Credit Actuarial Cost Method. Under this method, the annual cost of the Plan consists of three parts: (1) Amortization of Actuarial Accrued Liability, (2) Normal Cost, and (3) Amortization of Actuarial Gains and Losses.

An individual's accrued benefit for valuation purposes on any date (i.e. a valuation date) related to a particular separation date is the accrued benefit described under the Plan, using the credited service as of the determination date, except that if the Plan's accrued benefit is a function of projectable items, the determination of the valuation accrued benefit shall be made using any such items as projected with the appropriate assumption(s) to that separation date; examples of projectable items are final average compensation and social security benefit.

The benefit deemed to accrue for an individual during a plan year is the excess of the accrued benefit for valuation purposes at the end of the year over the accrued benefit for valuation purposes at the beginning of the year, both accrued benefits calculated for a particular anticipated separation date, from the same projection of projectable items.

An individual's accrued liability is the present value of the accrued benefit for valuation purposes at the beginning of the plan year, and the normal cost is the present value of the benefit deemed to accrue in the plan year. If multi-decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates, and the probability of the individual separating on those dates.

**II. ASSET VALUATION METHOD**

Assets are valued using the 5-year smoothed market value under Approval 15 of Revenue Procedure 95-51, as modified by Revenue Procedure 98-10.



**SECTION VII**

**ACTUARIAL VALUATION**

**ASSUMPTIONS**



## **SECTION VII - ACTUARIAL VALUATION ASSUMPTIONS**

Actuarial Assumptions provide the actuary with the ability to project the pattern of future benefit payments that, when discounted to present day worth, provide the actuarial liabilities that can be used in conjunction with the Actuarial Valuation Methods to determine plan funding levels.

**EXHIBIT 32 - ACTUARIAL VALUATION ASSUMPTIONS** - details the actuarial assumptions in use for this plan in the January 1, 2018 actuarial valuation. Based on our annual review of the actuarial experience of the plan and our expectations, the following changes have been made:

- Healthy Life Mortality – From the RP-2014 Mortality Table with Blue Collar Adjustment projected generationally using Scale MP-2017 to the RP-2014 Mortality Table with Blue Collar Adjustment adjusted backward to 2006, then projected forward from 2006 with Fully Generational Mortality Table Improvement Scale MP-2017.
- Disabled Life Mortality – From the RP-2014 Disability Mortality Table projected generationally using Scale MP-2017 to the RP-2014 Disability Mortality Table adjusted backward to 2006, then projected forward from 2006 with Fully Generational Mortality Table Improvement Scale MP-2017.
- Termination – From Scale T-7 with rates adjusted to age 35 for all United Parcel Service participants to Scale T-4 unadjusted.
- Form of Annuity Selection – From assuming that all lives will select a Straight Life Annuity to assuming 15% select a Ten Year Certain and Life Annuity, 30% a Straight Life Annuity, 27% a Joint and 100% Survivor Annuity, 12% a Joint and 75% Survivor Annuity and 16% a Joint and 50% Survivor Annuity.



## ACTUARIAL VALUATION ASSUMPTIONS

### Mortality:

**Healthy Lives** - The RP-2014 Mortality Table with Blue Collar Adjustment adjusted backward to 2006, then projected forward from 2006 with Fully Generational Mortality Table Improvement Scale MP-2017.

**Disabled Lives** – The RP-2014 Disability Mortality Table adjusted backward to 2006, then projected forward from 2006 with Fully Generational Mortality Table Improvement Scale MP-2017.

**Terminated Vested** - Inactive vested participants past age 100 who have not started benefits are assumed to be deceased or incapable of applying for benefits.

**RPA Liability** - IRS 2018 Static Mortality Table.

### Interest:

**Funding** - A rate of 7.50% per annum net of investment fees.

**RPA Liability** – 2.98% per annum

**Disclosure Liability** - A rate of 7.50% per annum net of investment fees.

### Assumed Retirement Rates:

**Terminated Vested participants –**

<u>Age</u>	<u>Service Years</u>	
	<u>Under 25</u>	<u>25 &amp; Over</u>
50	0%	20%
51	0%	20%
52	0%	20%
53	0%	20%
54	0%	20%
55	10%	10%
56	10%	10%
57	10%	10%
58	10%	10%
59	10%	10%
60	40%	40%
61	20%	20%
62	20%	20%
63	20%	20%
64	20%	20%
65	20%	20%
66	20%	20%
67	30%	30%
68	30%	30%
69	30%	30%
70 & Over	100%	100%



## ACTUARIAL VALUATION ASSUMPTIONS (Cont'd)

### Assumed Retirement Rates, continued:

**Active participants** – Rates according to Tiers:

Tier 1 – Not historically at National Master Freight or UPS contribution rates.

Tier 2 – Historically at National Master Freight contribution rates.

Tier 3 - UPS participants.

Age	Tier 1			Tier 2			Tier 3		
				Service years					
	Under 25	25 to 29	30 & Over	Under 25	25 to 29	30 & Over	Under 25	25 to 29	30 & Over
52	0%	0%	0%	0%	5%	10%	0%	0%	0%
53	0%	2%	2%	0%	5%	10%	0%	0%	0%
54	0%	2%	2%	0%	6%	10%	0%	0%	0%
55	2%	2%	2%	2%	10%	15%	2%	5%	5%
56	3%	3%	3%	3%	10%	15%	3%	5%	5%
57	4%	4%	6%	4%	10%	15%	4%	5%	5%
58	5%	5%	6%	5%	10%	15%	5%	5%	5%
59	5%	5%	6%	5%	10%	15%	5%	15%	20%
60	6%	10%	10%	6%	10%	15%	6%	15%	20%
61	7%	10%	10%	7%	10%	15%	7%	10%	10%
62	20%	20%	25%	20%	25%	25%	20%	30%	40%
63	15%	15%	15%	15%	25%	50%	15%	30%	40%
64	10%	25%	35%	10%	25%	50%	10%	30%	40%
65	20%	40%	40%	20%	50%	50%	20%	50%	60%
66	30%	50%	50%	30%	50%	50%	30%	50%	60%
67	30%	50%	50%	30%	50%	50%	30%	50%	60%
68	40%	50%	50%	40%	50%	50%	40%	50%	60%
69	50%	50%	50%	50%	50%	50%	50%	50%	60%
70	100%	100%	100%	100%	100%	100%	100%	100%	100%

**TEFRA Deferred Survivors** – The participant's Normal Retirement Date.

### Form of Annuity Selection:

15% select a Ten Year Certain and Life Annuity,

30% select a Straight Life Annuity,

27% select a Joint and 100% Survivor Annuity,

12% select a Joint and 75% Survivor Annuity, and

16% a Joint and 50% Survivor Annuity.

**Expenses:** An estimate based on actual administrative expenses incurred in the prior plan year.





## **ACTUARIAL VALUATION ASSUMPTIONS (Cont'd)**

**Termination:** Probability of terminating service from all causes other than death and disability according to Scale T-4 from the Actuary's Pension Handbook for all United Parcel Service employees and Scale T-7 adjusted for ages up to 35 for all other actives.

**Rates of Disablement:** The 1985 Pensioners Disability Incidence Class 3 Table for males and females.

### **Census Data:**

Where unknown, participants are assumed to be male.

Where unknown, participants are assumed to be 31 years old on date of hire.

Males are assumed to be 3 years older than females.

80% of participants are assumed to be married.

Where missing, the benefit for terminated vested participants is assumed to be equal to the average of all other terminated vested participants.



**SECTION VIII**

**SALIENT FEATURES**

**OF**

**WESTERN PENNSYLVANIA TEAMSTERS**

**AND EMPLOYERS PENSION FUND**



**SALIENT FEATURES OF WESTERN  
PENNSYLVANIA TEAMSTERS AND  
EMPLOYERS PENSION FUND**

The Salient Features below reflect the provisions of the plan as it existed up through the adoption of the Funding Improvement Plan effective August 1, 2008 and the Rehabilitation Plan effective February 1, 2011 as subsequently updated. Please refer to those documents attached for a complete understanding of how the following plan provisions are affected.

**I. RETIREMENT DATES**

A. Normal Retirement Date – The later of age sixty (60) and the completion of three (3) Years of Participation.

B. Early Retirement Date – The earlier of attainment of 25 years of contributory service and age fifty-five (55) with fifteen (15) Years of Credited Service of which five (5) are Future Credited Service.

C. Disability Retirement Date - An eligible Participant shall receive a benefit as of the date of disability as determined by the Social Security Administration or by the Trustees following a twenty-seven (27) week period of continuous disability. Eligibility for this benefit is ten (10) Years of Credited Service of which at least five (5) years are Future Credited Service.

**II. RETIREMENT BENEFITS**

A. Normal Retirement Benefit – The accumulation of “Unit Multipliers” for years of Credited Service. For service prior to April 1, 1982, refer to the schedule of Unit Multipliers shown in Appendix A of the Plan document. The following reflects how unit multipliers changed for higher contribution rates.

1. For Participants retiring after April 1, 1982, under collective bargaining agreements requiring contributions of \$58.00 per week effective April 1, 1982, and \$62.00 per week effective April 1, 1983, an increased Unit Multiplier of \$35.00 will be granted for each year of credited service earned after April 1, 1982.



## **II. RETIREMENT BENEFITS (cont'd)**

2. For Participants retiring on or after January 1, 1987 under collective bargaining agreements requiring contributions of \$64.00 per week effective April 1, 1985, \$68.00 per week effective April 1, 1986, and \$72.00 per week effective April 1, 1987, a Unit Multiplier of \$50.00 was credited for the 3 month period January to March 1987 followed by a Unit Multiplier of \$60.00.

3. Effective June 1, 1990 for contribution rates \$72.00 per week and higher, the Unit Multiplier is increased \$1.50 for each \$1.00 increase in the weekly contribution rate on or after that date, except that an increase in the Unit Multiplier will not be granted for the \$2.00 increase in the contribution rate (dollars 85 and 86) in excess of \$84.00.

These increases will apply to the calculation of Normal Retirement, Early Retirement, 25-And-Out Retirement, 30-And-Out Retirement, and Vested Benefits, but will not apply to Disability Retirement Benefits.

4. Effective for the period July 1, 2006 through July 31, 2008, Unit Multipliers will be equal to 2% of the amount of employer contributions required to be made on the participant's behalf.

5. For periods beginning August 1, 2008 and later, please refer to the attached Funding Improvement and Rehabilitation Plans.

B. Early Retirement Benefit - The participant's accrued benefit determined as of the "Early Retirement Pension beginning date" reduced by one-half of one percent ( $1/2$  of 1%) for each month that the Early Retirement Date precedes age sixty (60).

C. Disability Retirement Benefit - The Disability Pension shall equal the accumulation of Disability Unit Multipliers determined in accordance with Appendix A of the Plan document for years of Credited Service determined as of the date of occurrence of total and permanent disability provided, however, that such Credited Service period shall include any Future Credited Service resulting from Employer Contributions required to be paid by an Employer for such Participant after the incurrence of total and permanent disability.

Upon reaching Normal Retirement Age, the Participant shall receive his appropriate Normal Retirement Benefit in lieu of any Disability Pension Benefits.



### **III. CREDITED SERVICE**

Credited Service shall mean the sum of Past Credited Service and Future Credited Service. Future Service is granted for contributory service after entry into the Pension Plan and shall mean the number of Years, Months, Weeks and Days of Service.

### **IV. ACCRUED BENEFIT**

As of any specified date, the Accrued Benefit shall mean the benefit earned by a Participant as of such date.

### **V. VESTED BENEFITS**

A Participant who is in active service and has contributions made on his or her behalf on or after January 1, 1999 and who is hired prior to February 1, 2011, will be 100% vested in his accrued benefit upon completing three (3) Years of Participation. Participants hired after February 1, 2011 will be 100% vested in their accrued benefit upon completing five (5) Years of Participation since the Participant's last Break-in-Service Date.

A "Year of Participation" is earned on a Participant's behalf for at least five (5) months, or twenty-two (22) weeks, or one thousand (1,000) hours, during a calendar year.

If contributions are required on an hourly or daily basis, a Year of Participation means a Plan Year in which a Participant has one thousand (1,000) Hours of Service or one hundred (100) Days of Service. Each full year of Credited Service credited to a Participant as of January 1, 1976, pursuant to Section III above, shall be deemed a Year of Participation.

### **VI. PRE-RETIREMENT DEATH BENEFIT**

A. The amount of the Pre-Retirement Qualified Survivor Benefit shall be the same as the amount of the survivor's benefit under the Qualified Joint and 100% Survivor Benefit assuming that the Participant had elected this benefit and retired on the day just before the day on which the Participant died. Such Qualified Survivor Benefit will be payable to the spouse as long as he or she lives.

## **VI. PRE-RETIREMENT DEATH BENEFIT (cont'd)**

B. The beneficiary or estate of a non-married Participant who is vested and dies prior to retirement on or after January 1, 1997, will be eligible for a Pre-retirement Survivor Benefit. The amount of the benefit will be the same as if the participant had retired on his Early Retirement Date, elected a Ten (10) Year Certain and Life Annuity and died.

C. The commencement of the benefit will be when the Participant would have attained his Early Retirement Date.

## **VII. RETIREMENT BENEFIT PAYMENTS**

A. Level Monthly Pension - Life only with equal monthly payments during Participant's lifetime.

B. Qualified Joint and 50% Survivor is the standard form of benefit for married Participants receiving Normal, Early or Disability Pensions.

C. Qualified Joint and 75% Survivor is a benefit for married Participants receiving Normal, Early or Disability Pensions.

D. Qualified Joint and 100% Survivor is a benefit for married Participants receiving Normal, Early or Disability Pensions. A Restoration Benefit is available to a retiree who had elected a Joint and Survivor Benefit on or after August 1, 1991, and whose Qualified Spouse predeceases the Participant. The Participant's monthly benefit amount shall be restored upon the date of the Qualified Spouse's death to the level pension benefit that the Participant would have received upon retirement without the election of the Qualified Joint and Survivor Benefit.

E. Ten Year Certain and Life Benefit is a level monthly pension paid for the lifetime of the retiree with the first one hundred twenty (120) monthly payments guaranteed.

## **VIII. SURVIVOR BENEFIT ACTUARIAL REDUCTION FACTORS**

Effective for Participants who retire on or after April 1, 1999, there will be no actuarial reduction for the Joint and 50% Survivor Benefit and the Ten Year Certain Benefit. The actuarial reduction, will be applicable for the Joint and 75% or 100% Survivor Benefits.

## **IX. BURIAL BENEFIT**

Effective October 1, 1998, the burial benefit for a retiree dying after that date, will be the greater of \$1,000 or one monthly benefit payment (at the Straight Life Annuity Benefit level), to be paid to the person responsible for the payment of the retiree's burial expenses.

## **X. SPECIAL BENEFIT**

Certain "Special Benefit" minimums have been adopted and are based on achieving certain contribution levels and years of contributory service. The following is a brief description. Please refer to the Plan document for more details.

- A. 25-And-Out Accrued Benefit.
- B. Special 25-And-Out Benefit – (\$1,500, \$2,000, or \$2,500)
- C. 30-And-Out Accrued Benefit.
- D. Special 30-And-Out Benefit (\$2,000, \$3,000, or \$3,500).

## **XI. VOLUNTARY EMPLOYEE CONTRIBUTIONS**

The Trustees adopted a voluntary employee contribution program which, under certain circumstances, allows a Participant to reach eligibility for the "Special Benefit" levels.



## **2008 FUNDING IMPROVEMENT PLAN**

**Adoption Date: May 21, 2008**

### **I. INTRODUCTION**

The Pension Protection Act of 2006 ("PPA") requires the Trustees of a multiemployer pension plan that has been certified by its actuary as being in Endangered Status to develop a Funding Improvement Plan. The purpose of the Funding Improvement Plan is to enable the plan to emerge from the Endangered Status by the end of the funding improvement period.

The Notice of Actuarial Certification, dated April 25, 2008, provided to all participants, contributing employers and union representatives, provided formal notification that the Western Pennsylvania Teamsters and Employers Pension Fund ("Pension Fund") is classified in the Endangered Status for the 2008 plan year. The Notice stated that the PPA obligates the Pension Fund Trustees to develop a Funding Improvement Plan which includes options providing contribution increases and/or reductions in future benefit accruals that can be reasonably forecasted to achieve the new funding benchmarks required by the PPA on or before the end of the funding improvement period in the 2020 plan year.

The implementation of this 2008 Funding Improvement Plan will coincide with amendments to the Pension Plan effective August 1, 2008, amending rules which generally lower future benefit accrual levels depending on the level of contribution increases negotiated ("Pension Changes"). The Pension Changes are designed in order that the Pension Fund can emerge from Endangered Status and avoid incurring an accumulated funding deficiency by the 2020 plan year.

Earlier this decade, the Pension Fund experienced three consecutive years in which investment earnings did not meet the 8% actuarial assumption. Even before enactment of the PPA, the Trustees took steps to improve the funding status of the Pension Fund. However, despite several recent years of better investment returns, and the implementation of a pre-PPA plan to limit the rate of future benefit accruals, the Pension Fund's 71.2% funding percentage for the 2008 plan year classified it in the Endangered Status according to the PPA standards.





## **2008 Funding Improvement Plan (cont'd)**

The Pension Fund's 2008 Funding Improvement Plan was developed after a comprehensive examination by the Trustees of various alternatives designed to increase the funded percentage and continue meeting the minimum funding standards of ERISA and the PPA.

### **II. SCHEDULES OF CONTRIBUTIONS AND BENEFITS**

The Trustees have agreed to amendments to the Pension Plan which protect accrued benefits earned prior to August 1, 2008, and which provide for necessary funding improvement measures through the adoption of changes to future employer contribution requirements and future benefit accrual terms. All Pension Changes implemented at this time apply solely to covered service and benefits earned on and after August 1, 2008. These amendments provide:

#### **1. Protection Of Benefits Earned Prior To August 1, 2008.**

- 1.1.** The 2008 Funding Improvement Plan makes no changes to any benefits earned under the terms of the Pension Plan prior to August 1, 2008. The Unit Multipliers, monthly benefit options at retirement, and all other formulas used in computing monthly benefit amounts for service earned prior to August 1, 2008 are not affected by the Pension Changes provided by the 2008 Funding Improvement Plan.
- 1.2.** Benefits being paid to participants who retired prior to August 1, 2008 are not affected by the Pension Changes.

#### **2. Contribution Requirements.**

- 2.1.** Annual employer contribution percentage increases, on a compounded basis, determine the new Unit Multipliers applicable to service earned on and after August 1, 2008.
- 2.2.** Employer contribution increases of at least six (6%) percent, compounded annually, are required for the highest Unit Multiplier available for service on and after August 1, 2008.



### **2008 Funding Improvement Plan (cont'd)**

- 2.3. The schedules of contribution increases needed to determine Unit Multipliers for service earned on and after August 1, 2008 measure the required increase by comparing the highest weekly contribution rate existing at the end of the 2007 calendar year to the highest weekly contribution rate achieved by the end of the 2008 calendar year.
- 2.4. For years after 2008, the employer contribution increase needed to determine the Unit Multiplier is calculated by comparing the highest weekly contribution rate immediately before the anniversary date of the Collective Bargaining Agreement to the weekly contribution rate on that anniversary date.

### **3. Changes In Unit Multiplier Based Future Benefit Accruals.**

- 3.1. Unit Multipliers applicable to service earned on and after August 1, 2008 will be determined on the basis of employer contribution increases occurring during the 2008 calendar year, and thereafter on the anniversary date of the Collective Bargaining Agreement. Unit Multipliers will range from one (1%) percent to four-tenths of one (0.40%) percent, as determined under the following schedules of contribution increases and benefits:

	<b>Default Sched.</b>						<b>Top Sched.</b>
Contribution Increase of:	0%	1%	2%	3%	4%	5%	6%
Unit Multiplier	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%

- 3.2. The above schedules of contribution increases and benefits will be applicable for the period beginning August 1, 2008 until the expiration of a Collective Bargaining Agreement or Participation Agreement.



### **2008 Funding Improvement Plan (cont'd)**

- 3.3 The PPA requires annual updates to the above schedules of contribution increases and benefits if the funded status of the Pension Fund changes.
- 3.4. In the event the bargaining parties have agreed to pension contribution terms by renewing an expired collective bargaining agreement between January 1, 2008 and July 31, 2008 in reliance on an under-standing that the negotiated increase would be sufficient for the 1.00% Unit Multiplier, the Pension Fund shall apply the 1.00% Unit Multiplier for the period on and prior to January 1, 2010.
- 3.5. Pursuant to a request from a Bargaining Party for confirmation as to whether a current or proposed schedule of contribution increases qualifies for the 1.00% Unit Multiplier, the Pension Fund shall apply the 1.0% Unit Multiplier in any instance in which the Pension Fund Actuary certifies that the specific contribution increase schedule under consideration produces an equivalent or better funding improvement solution than the annual contribution increase standard stated herein in this Paragraph 3.

#### **4. Other Changes In Future Benefits.**

- 4.1. All benefits earned following August 1, 2008, including any portion of the Special 25-And-Out or 30-And-Out Benefits, are subject to less favorable Joint and Survivor and Ten Year Certain reduction factors. However, benefits earned prior to August 1, 2008 will be calculated under reduction factors (if any) in effect prior to August 1, 2008.
- 4.2. Normal Retirement Age will be increased from age 60 to age 62 for benefits earned after August 1, 2008 and such benefits are subject to less favorable early retirement reduction factors from age 62.



### **2008 Funding Improvement Plan (cont'd)**

- 4.3. All participants continue to be eligible for the 25-And-Out Benefit (Accrued Benefit) and the 30-And-Out Benefit (Accrued Benefit) for service earned prior to August 1, 2008. Benefits for service on and after August 1, 2008 will be determined under the new Unit Multipliers and new early retirement reduction factors.
- 4.4. The pro-rata portion of one or more of the Special 25-And-Out Benefits (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out Benefits (\$2,000, \$3,000 or \$3,500) will continue for any participant whose Collective Bargaining Agreement meets eligibility for the applicable Special Benefit by the end of the 2008 plan year. At retirement, a participant will be required to satisfy the years-of-service, age and the "no voluntary withdrawal" conditions of each applicable Special Benefit. The pro-rata portion of each applicable Special Benefit will be the fraction consisting of the contributory service earned prior to August 1, 2008 divided by the contributory service earned at retirement. Benefits for service on and after August 1, 2008 will be determined under the new Unit Multipliers and reduction factors.
- 4.5. Notwithstanding the above, the Special 25-And-Out Benefits (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out Benefits (\$2,000, \$3,000 or \$3,500), will continue for any participant whose employer contributes at or above the \$225 weekly level by the end the 2008 calendar year, without regard to the pro-rata provision set forth in Section 4.4. However, the new Joint and Survivor, Ten Year Certain and the early retirement reduction factors for retirement before age 62 will be applied for the portion of each applicable Special Benefit relating to service earned after August 1, 2008.

### **III. ANNUAL UPDATES**

The PPA requires that the Pension Fund annually update the Funding Improvement Plan and the schedules of contribution rates and benefits. The PPA provides that the Funding Improvement Plan shall terminate in a year in which a pension plan is certified as being in Critical Status. Therefore, any plan year after 2008 may re-quire that different default and alternative schedules be selected in that plan year to avoid imposition of a surcharge if the Pension Fund is certified as being in Critical



### **2008 Funding Improvement Plan (cont'd)**

Status. No surcharge applies if the schedule of contributions and benefits in place satisfies the applicable PPA standards in effect at that time.

The Trustees have designed the 2008 Funding Improvement Plan under reasonable actuarial assumptions which forecast that the Pension Fund will meet the PPA contribution and benefit standards for a Critical Status Rehabilitation Plan, if required.

The Pension Fund's progress toward achieving the PPA standards will be annually certified and reported to the participants, the contributing employers and the participating unions.

#### **IV. MODIFICATIONS**

The Trustees of the Pension Fund reserve the right to make any modifications to this Funding Improvement Plan that may be required pursuant to the PPA.

**This 2008 Funding Improvement Plan, following approval by the Trustees of the Western Pennsylvania Teamsters and Employers Pension Fund on May 21, 2008, is hereby adopted as of that date, and as modified by the Trustees on May 27, 2008 and July 9, 2008, subject to the terms and conditions stated herein.**



## **2016 UPDATE TO THE 2010 REHABILITATION PLAN**

The following contains all provisions of the 2010 Rehabilitation Plan as updated through 2016. The objective of the Pension Fund's Rehabilitation Plan is to forestall insolvency.

The Rehabilitation Plan which is restated herein now contains three Schedules ("Preferred", "Default" and "Distressed"). Upon the stated expiration date of a collective bargaining agreement or participation agreement, the Rehabilitation Plan and the PPA require that Bargaining Parties must select, or have imposed, either the Preferred or Default Schedule. The Distress Employer Schedule may only be selected upon a finding by the Trustees, in their sole discretion, that the employer meets all qualifications for the Distress Employer Schedule.

In the event the Bargaining Parties cannot agree to selection of a Schedule within 180 days, the Default Schedule will be imposed by operation of law. Bargaining Parties who select a Rehabilitation Plan Schedule can rely on the contribution rates for the duration of their collective bargaining agreement, subject to a maximum term of five years.

### **A. Preferred Schedule**

The Preferred Schedule requires that the Bargaining Parties provide for contribution increases of at least six (6%) percent, compounded annually, in pending, renewed or amended collective bargaining agreements and participation agreements. If a six (6%) percent increase was not achieved by the last day of the 2011 Plan Year, the Bargaining Parties will be legally required to choose from higher contribution increase levels. The Unit Multiplier percentage used for benefit accruals for service earned on and after February 1, 2011 is equal to 0.5% of contributions. Adjustable Benefits are retained, reduced or eliminated to a lesser degree under the Preferred Schedule than under the Default Plan, as described below:

#### **A.1. Benefits Earned Prior to August 1, 2008**

- A.1.1.** There is no change to accrued benefits earned prior to August 1, 2008 and payable under the straight life option at Normal Retirement Age 60. A Participant can still retire at Early Retirement Age 55 with 15 years of Credited Service or at any age upon completion of 25 years of Future Credited Service. However, unless excepted as provided below, actuarial reductions will be applied for early retirement and for the selection of Joint & Survivor and Ten Year Certain options.



- A.1.2.** Participants who have attained eligibility for the 25-And-Out (Accrued), 30-And-Out (Accrued), Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits by February 1, 2011 can still retire at any time and can have the pre-August 1, 2008 benefit paid with no reduction for early retirement.
- A.1.3.** Participants who have not attained eligibility for the 25-And-Out (Accrued), 30-And-Out (Accrued), Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits by February 1, 2011, but later attain the necessary years of service, can still retire and can have the pre-August 1, 2008 benefit paid; however, an early retirement reduction applies if retirement is before age 55.
- A.1.4.** There is no change to the pre-August 1, 2008 portion of the standard early retirement benefit for Participants who are eligible by February 1, 2011, based on having attained Age 55 and 15 years of Credited Service.
- A.1.5.** Participants who have attained eligibility for the 25-And-Out (Accrued), Early or Normal retirement by February 1, 2011 can retire with no change in the actuarial reductions for Joint & Survivor or Ten Year Certain options with respect to benefits earned prior to August 1, 2008.

**A.2. Benefits Earned After August 1, 2008 but Prior to February 1, 2011** (*all benefits earned during this period are defined in the 2008 Funding Improvement Plan, have not been changed under this Rehabilitation Plan, and are summarized below*)

- A.2.1.** There is no additional change to benefits earned for service between August 1, 2008 and February 1, 2011 beyond that stated in the 2008 Funding Improvement Plan involving application of actuarial reductions for early retirement, Joint & Survivor and Ten Year Certain options.
- A.2.2.** There is no additional change to early retirement reductions (if any) for service earned between August 1, 2008 and February 1, 2011 beyond that stated in the 2008 Funding Improvement Plan involving application of early retirement reductions based on a Normal Retirement Age of 62. Vested Participants with pre-August 1, 2008 service continue to be eligible to retire at Age 60.



- A.2.3.** There is no additional change to the 25-And-Out (Accrued), 30-And-Out (Accrued), and subsequent portions of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits earned between August 1, 2008 and February 1, 2011 beyond that stated in the 2008 Funding Improvement Plan involving application of all reduction factors for early retirement, Joint & Survivor and Ten Year Certain options.
- A.2.4.** There is no additional change to the pro-rata treatment of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) Benefits or the Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits earned between August 1, 2008 and February 1, 2011 beyond that described in the 2008 Funding Improvement Plan involving application of reduction factors for early retirement, Joint & Survivor and Ten Year Certain options.
- A.2.5.** There is no additional change to the continuation of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits, as described in the 2008 Funding Improvement Plan for any participant whose employer contributed at or above the \$225 weekly level by the end of the 2008 Plan Year for benefits earned between August 1, 2008 and February 1, 2011 beyond that described in the 2008 Funding Improvement Plan involving application of reduction factors for early retirement, Joint & Survivor and Ten Year Certain options.

### **A.3. Benefits Earned After February 1, 2011**

- A.3.1.** For service earned on or after February 1, 2011, the Unit Multiplier percentage is 0.5% of contributions, including contribution increases required under the Preferred Schedule (i.e., future contribution increases are benefit bearing).
- A.3.2.** Early retirement, Joint & Survivor and Ten Year Certain reductions apply for all Accrued and Special benefits earned on or after February 1, 2011. Early retirement reductions are based on a Normal Retirement Age of 65. However, vested Participants who entered the Pension Fund prior to August 1, 2008 or February 1, 2011 remain eligible to retire at Age 60 or Age 62, respectively.





- A.3.3.** Participants who enter the Pension Fund after February 1, 2011 become 100% vested after having 5 Years of Participation. Participants who have Credited Service between January 1, 1999 and January 31, 2011 retain the right to be 100% vested after 3 Years of Participation.
- A.3.4.** For benefits earned on or after February 1, 2011, there is no change to the continuation of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or the Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits for any Participant whose employer contributed at or above the \$225 weekly level by the end of the 2008 Plan Year, subject to the reductions stated in A.3.2.

#### **A.4. BENEFITS EARNED DURING ANY PERIOD OF TIME**

- A.4.1.** There is no change in any earned benefit of Participants retiring prior to February 1, 2011.
- A.4.2.** The burial benefit is eliminated for Participants retiring after February 1, 2011.
- A.4.3.** Effective February 1, 2011, the disability benefit is eliminated except for disability retirees in pay status or Participants who have been found to have a disability onset date prior to February 1, 2011, as determined by Social Security Administration.
- A.4.4.** There is no change to the 10 Year Certain Pre-Retirement Survivor Benefit, subject to actuarial reduction for that portion earned after August 1, 2008.

#### **A.5. CONTRIBUTION REQUIREMENTS**

- A.5.1.** The Preferred Schedule of benefits only applies to collective bargaining agreements or participation agreements which have contribution increases of six (6%) percent, compounded annually, beginning no later than the last day of the 2011 Plan Year.



**A.5.2.** Annual contribution increases set forth in collective bargaining agreements and participation agreements in effect on the date of this notice are considered in determining whether the six (6%) percent increase in Item A.5.1 has been achieved.

**A.5.3.** After 2011, Bargaining Parties who have not provided annual six (6%) percent contribution increases beginning in 2011 can only choose the Preferred Schedule with contribution increases (subject to Annual Updates - See Section V) beginning in later years as set forth below:

<b>CBA Renew al in Plan Year</b>	<b>Minimum Required Annual Increases</b>
2012	8% for a minimum of 3 years followed by 6% increases
2013	10% for a minimum of 3 years followed by 6% increases
2014	12% for a minimum of 3 years followed by 6% increases
2015	14% for a minimum of 3 years followed by 6% increases

**B. Default Schedule**

The Bargaining Parties must provide for contribution increases of at least eight (8%) percent, compounded annually, in pending, renewed or amended collective bargaining agreements and participation agreements. If an eight (8%) percent increase was not achieved by the last day of the 2011 Plan Year, the Bargaining Parties will have higher contribution increase levels upon expiration of their agreement. The Default Schedule provides a frozen Unit Multiplier for future benefit accruals as expressly required under the PPA. The Default Schedule contains a significantly greater elimination or reduction in Adjustable Benefits than the Preferred Schedule, as set forth below.

If the Default Schedule is selected or imposed, the Pension Fund will not accept any subsequent collective bargaining agreements covering that bargaining unit which are compliant with the Preferred Schedule, except as determined by the Board of Trustees in their sole discretion.



## **B.1. Benefits**

- B.1.1.** The Unit Multiplier percentage for benefits earned after selection or imposition of a Default Schedule is frozen based on the January 31, 2011 contribution level, as set under the 2008 Funding Improvement Plan (ranging between 0.4% to 1.0% of contributions).
- B.1.2.** Contribution increases are non-benefit bearing. This means that the Unit Multiplier percentage will only apply to the contribution rate in effect immediately before the selection or imposition of a Default Schedule.
- B.1.3.** For service earned on or after February 1, 2011, the Normal Retirement Age is increased from Age 62 to Age 65. Participants who entered the Pension Fund prior to August 1, 2008 or February 1, 2011 remain eligible to retire at Age 60 or Age 62, respectively. Eligibility for Early Retirement (subject to reductions) is maintained for Participants upon attaining 25 Years of Future Credited Service at any age, or at Age 55 with 15 Years of Credited Service.
- B.1.4.** The Special 25-And-Out (\$1,500, \$2,000 or \$2,500) and Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits, as described in the 2008 Funding Improvement Plan for any Participant whose employer contributed at or above the \$225 weekly level by the end of the 2008 Plan Year will be frozen at the accrued level as of the date a Participant becomes subject to the Default Schedule. Such Participant will not be entitled to any additional accruals under those Special Benefit Levels. In addition, reduction factors for early retirement, Joint & Survivor and Ten Year Certain options will apply to all accrued and Special benefits earned including the portion of benefits earned prior to August 1, 2008.
- B.1.5.** There is no change in any earned benefit of Participants retiring prior to February 1, 2011.
- B.1.6.** The burial benefit is eliminated for Participants retiring after February 1, 2011.
- B.1.7.** Effective February 1, 2011, the disability benefit is eliminated except for disability retirees in pay status or participants who have been found to have a disability onset date prior to February 1, 2011, as determined by Social Security Administration.
- B.1.8.** The 10 Year Certain Pre-Retirement Survivor Benefit is eliminated.



## **B.2. Contributions**

- B.2.1.** The Default Schedule of benefits only applies to collective bargaining agreements and participation agreements which have contribution increases of eight (8%), compounded annually, beginning no later than the last day of the 2011 Plan Year.
- B.2.2.** Annual contribution increases set forth in collective bargaining agreements and participation agreements in effect on the date of this notice are considered in determining whether the eight (8%) percent increase in Item B.2.1 has been achieved.
- B.2.3.** After 2011, Bargaining Parties who have not provided annual eight (8%) percent contribution increases beginning in 2011 can only choose the Default Schedule with contribution increases (subject to Annual Updates - See Section V) beginning in later years as set forth below:

<b>CBA Renew al in Plan Year</b>	<b>Minimum Required Annual Increases</b>
2012	11% for a minimum of 3 years followed by 8% increases
2013	14% for a minimum of 3 years followed by 8% increases
2014	17% for a minimum of 3 years followed by 8% increases
2015	19% for a minimum of 3 years followed by 8% increases

## **C. Benefits Earned Prior to Selection or Imposition of the Preferred or Default Schedule**

- C.1.** Participants who are neither covered under a Preferred Schedule nor the Default Schedule earn a Unit Multiplier percentage accrual which is one-half the Unit Multiplier percentage applicable as of January 31, 2011. Participants retiring prior to their group's selection of a PPA Schedule, except for "Inactive Vested Participants" (as defined in this



Rehabilitation Plan Update), will lose those Adjustable Benefits as set forth in the Preferred Schedule.

#### **D. Distressed Schedule**

The Trustees in their sole discretion may accept a collective bargaining agreement with contribution rates not in compliance with either the Preferred or Default Schedules in circumstance where a large employer's financial condition has deteriorated, and its creditors compel it to reorganize its ownership interests and labor obligations as a condition of forbearing default. On a case by case basis, the Trustees will accept non-conforming contributions and grant corresponding reduced benefits. The specific qualifications for the Distressed Employer Schedule are:

##### **D.1. Qualifications for the Distressed Employer Schedule.**

D.1.1. The employer, its lenders and the union have agreed to a plan for restructuring of interests and obligations which includes reduced wages, forgiveness of debt, and modification of collective bargaining agreement pension contribution obligations provisions;

D.1.2. the employer is a large employer who has or will be contributing at least 1% of the total Pension Fund's contributions;

D.1.3. the employer submits to a review of its financial condition and operations by the Fund Office and outside experts and consultants, and agrees to reimburse the Fund for all fees and expenses incurred by the Fund in this review (including, but not limited to, reimbursement to the Fund for the time devoted by the Fund Office to any such review, with this reimbursement to be made at market rates for comparable services performed by the Fund Office);

D.1.4. the employer has previously incurred a temporary termination of its participation in the Fund due to an inability to remain current in its contribution obligations, and the employer was in temporary termination status immediately prior to its request for re-entry as a distressed employer; and,

D.1.5. on the basis of this financial and operational review, it appears that the employer is not able to contribute to the Fund at a higher rate than is indicated in the collective bargaining agreement proposed for acceptance under the Distressed Employer Schedule, and that acceptance of the proposed re-entry is



in the best interest of the Fund under all the circumstances and advances the goals of this Rehabilitation Plan.

## **D.2. Contribution and Withdrawal Liability Ramifications**

D.2.1 After acceptance of Distressed Employer Status, future collective bargaining agreements must provide contribution rate increases of 6.00% annually. Alternatively, subject to the approval of the Trustees, the required 6.00% increase in the annual contribution rate, or any portion thereof, may be satisfied through a reduction of the 0.5% accrual rate by the actuarial equivalent of the required 6% increase or any part thereof or by a reduction of the bearing portion of the contribution rate as determined by the Trustees.

D.2.2. In recognition of the reduced funding improvement resulting from a Distressed Employer's gap in contributions and the Fund's acceptance of reduced contributions under this schedule, adjustments to the Distressed Employer's potential withdrawal liability allocation will use contribution rates, including any increases, required by the employer's collective bargaining agreement immediately prior to becoming covered by Distressed Employer Schedule. The contribution base units shall be the greater of the actual contribution base units while participating in Distressed Employer Schedule or an average of the contribution base units during the three years immediately preceding, which will be imputed for each year of participation in said Schedule. With respect to any gap in contributions due to a temporary termination or cessation of contributions, the employer's contributions shall be imputed for any such gap period solely for the purpose of calculating withdrawal liability.

## **E. Inactive Vested Participants**

Inactive Vested Participants who never had covered service under the Rehabilitation Plan Preferred Schedule shall be covered under the terms of the Default Schedule. However, if prior to the commencement of benefits, an Inactive Vested Participant returns to covered service (except for service covered under a Default Schedule or a Distressed Employer Schedule) and earns one year (52 weeks) of Credit Service under this Fund (or a Fund having a reciprocal agreement with this Fund), Adjustable Benefits will be restored to the level provided under the Preferred Schedule. Once a Participant becomes covered under either the Preferred or Default Schedule, the Schedule applicable at the time



the Participant leaves active service shall govern the determination of that individual's benefits.

### **E.1. Continuation of Work on Non-Contributory Basis**

If a group decertifies, or as the result of labor negotiations terminates contributing employer status for continuing work for which contributions had previously been required, or the Trustees terminate a working group's participation, a Participant whose last covered service in the Pension Fund is with the employer whose contributing employer status is terminated shall have adjustable benefits determined as provided under the Default Schedule in effect at the time of the termination. The Trustees, in their sole discretion, may permit Participants who are under the Preferred Schedule to retire under the Preferred Schedule for a brief period of time after the termination of contributing employer status, without application of the Default Schedule's loss of adjustable benefits.

### **E.2. Termination of Work in Connection with Complete Shutdown**

The Rehabilitation Plan provides that benefits under the schedule applicable at the time the Participant leaves active service shall govern the determination of that individual's adjustable benefits. If, the Trustees, in their sole discretion determine that an employer has discontinued operations, and thus terminated its contributing employer status, Participants who have their employment terminated, retain or lose adjustable benefits as determined under the Schedule applicable to their group immediately prior to the discontinuance of operations.

### **E.3. Employer Reorganization and Successor Employer**

In determining whether a Participant has continued employment with an Employer whose contributing employer status has terminated, the Trustees may in their sole discretion determine that work for a reorganized employer, or an employer entity which is created as the result of transactions entailed in a reorganization, results in the loss of adjustable benefits as provided under the Default Schedule.

## **F. REHABILITATION PLAN SURCHARGES**

The PPA provides that contribution surcharges may be assessed after a plan provides notice to the employer that surcharges are applicable. If the Trustees determine that a collective bargaining agreement has not been extended or renewed in compliance with the 2008 Funding Improvement Plan or the



Rehabilitation Plan, the Trustees reserve the right to impose a PPA contribution surcharge of 5% during the initial critical status year (2010) and 10% thereafter.

#### **G. ANNUAL UPDATES**

The PPA requires that the Pension Fund annually update the Rehabilitation Plan Schedules to reflect the experience of the Pension Fund and progress in meeting the objectives to forestall insolvency and to later emerge from Critical Status.

Although an Annual Update may require a higher contribution schedule, Bargaining Parties who have relied upon, or who are deemed to be in compliance with, any PPA Schedule of Contributions may rely on those contribution requirements for the remaining term of their agreement. Notices of any changes to these Rehabilitation Plan Schedules will be provided advising Bargaining Parties that when a collective bargaining agreement or participation agreement expires, they will be required to select contributions and benefit structures from the updated Rehabilitation Plan Schedules.

#### **H. MODIFICATIONS**

The Trustees of the Pension Fund reserve the right to make any modification to this Rehabilitation Plan that may be required. The Trustees have the power, authority, and discretion to amend, construe and apply the provisions of the Rehabilitation Plan and Schedules.

**At their December 7, 2017 meeting, the Trustees reviewed the 2010 Rehabilitation Plan and discussed whether the goals and annual standards set forth in the Rehabilitation Plan are being met. After due consideration and discussion, the Trustees agreed that all reasonable measures to forestall insolvency had already been taken, and that no changes are required to the Rehabilitation Plan.**

THE BOARD OF TRUSTEES  
WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION  
FUND





**WESTERN PENNSYLVANIA TEAMSTERS  
AND  
EMPLOYERS PENSION FUND**

**ACTUARIAL VALUATION  
AS OF JANUARY 1, 2017**

**FOR THE PLAN YEAR ENDING  
DECEMBER 31, 2017**

**BEYER-BARBER COMPANY**  
Employee Benefit and Actuarial Consultants  
1136 Hamilton St., Suite 103  
Allentown, PA 18101

**Dated: November 8, 2017**



# BEYER-BARBER COMPANY

1136 HAMILTON STREET, SUITE 103  
ALLENTOWN, PENNSYLVANIA 18101

PHONE 610-435-9577  
FAX 610-435-2663  
www.beyerbarber.com

November 8, 2017

Board of Trustees  
Western Pennsylvania Teamsters  
and Employers Pension Fund  
900 Parish Street, Suite 101  
Pittsburgh PA 15220-3425

Re: January 1, 2017 Actuarial Valuation Report

Trustees:

In accordance with the Pension Protection Act of 2006 (PPA) we previously certified that the Plan is in Critical and Declining Status for the 2017 plan year. As a result, the Trustees must adopt an updated Rehabilitation Plan on or before December 31, 2017. That update will be based on forecast projections using this valuation, a determination as to whether the Rehabilitation Plan as it exists is making "scheduled progress" and whether the Trustees have taken all reasonable measures to forestall insolvency.

The following report summarizes the actuarial valuation results of the Western Pennsylvania Teamsters and Employers Pension Fund as of January 1, 2017. Expected employer contributions for 2017 of \$61,800,000 along with the existing Credit Balance will not be sufficient to satisfy Minimum Funding Standards for the 2017 plan year. This will result in a larger Funding Standard Account Deficiency on next year's 2017 Form 5500 filing.

It is important to understand that PPA permits Fund employers to avoid an excise tax equal to 100% of the amount of the funding deficiency, as long as the Trustees have taken all reasonable measures in developing and maintaining the Rehabilitation Plan with the objective of forestalling insolvency. In addition to the Funding Standard Account Deficiency, expected employer contributions are not sufficient to pay Normal Cost, plan expenses and amortize the plan's Unfunded Accrued Liability. As a result, the Unfunded Accrued Liability is expected to increase.



November 8, 2017

The valuation reflects adjustments to past years Actuarial Value of Assets, Unfunded Accrued Liability, Actuarial Gain and Loss Amortization Bases and the Funding Standard Account Credit Balance. The changes were necessary to correctly reflect portions of employer withdrawal liability payments that were previously considered "interest payments" instead of employer contributions.

This valuation will form the basis of forecast projections prepared early next year that will permit us to certify to the PPA funded status for the 2018 plan year. Once the 2017 investment return, contributions, expenses and benefit payments can be reasonably estimated, we will prepare the necessary projections.

The information contained in this report and the contribution levels we have determined are based on census data received from the Western Pennsylvania Teamsters and Employers Pension Fund office, audited financial information provided by Grossman, Yanak & Ford, LLP, and plan provisions in effect for 2017 based on the Amended and Restated Plan Document effective January 1, 2014 and amended thereafter.

Very truly yours,



BEYER-BARBER COMPANY

RWS/cp



**WESTERN PENNSYLVANIA TEAMSTERS  
AND  
EMPLOYERS PENSION FUND**

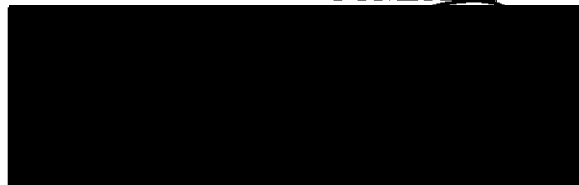
**AS OF JANUARY 1, 2017**

**ACTUARY'S OPINION**

This report has been prepared in accordance with generally accepted actuarial principles and practices. The present values shown herein have been estimated on the basis of actuarial assumptions and methods which, in my actuarial opinion, are appropriate for the various purposes of this report and represent the best available estimate of anticipated experience under the plan.

References to the plan provisions, census data, plan assets and other matters are contained elsewhere in this report.

**BEYER-BARBER COMPANY**



**Randee W. Sekol, EA #17-03192, MAAA, MSPA, FCA  
CEO & Chief Actuary**



# **WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND**

## **HIGHLIGHTS OF THE JANUARY 1, 2017 VALUATION REPORT**

### **A. INTRODUCTION**

Beyer-Barber Company was retained by the Board of Trustees of the Western Pennsylvania Teamsters and Employers Pension Fund to perform actuarial valuation and benefit consulting services to the Fund. The following are the highlights of the January 1, 2017 annual actuarial valuation report. Please refer to the appropriate sections of this report for valuation details.

### **B. 2016 PLAN EXPERIENCE**

The Fund as a whole experienced an actuarial loss during the 2016 plan year of \$23,785,935. Actuarial gains or losses result from deviations between actual plan experience and actuarial assumptions. \$12,917,004 of the loss was due to the 6.1% investment return versus the 8% assumption. The remaining loss of \$10,868,931 is due to demographic changes representing approximately 0.7% of plan liabilities.

Contributions received by the Fund during the 2016 plan year totaled \$61,489,534. These contributions were made up of employer contributions of \$54,526,110 and employer withdrawal liability payments of \$6,963,424. The actual total 2017 employer contributions (excluding MPPAA withdrawal liability payments) fell short of our projection by \$1,248,890.

### **C. 2017 VALUATION CHANGES**

Based on our 2016 certification that the Plan was in Critical Status the Trustees reviewed the Rehabilitation Plan and issued a 2016 Update continuing the objective of forestalling insolvency. No substantive changes were made in the 2016 Rehabilitation Update.

We have reviewed the actuarial assumptions and actuarial experience along with our projections of anticipated experience and have made the following changes in actuarial assumptions:



### **HIGHLIGHTS (cont'd)**

- Interest Rate – From 8% per annum net of investment fees to 7.5% per annum net of investment fees.
- Healthy Life Mortality – From the RP-2000 Mortality Table with Blue Collar Adjustment projected 7 years using Scale AA to the RP-2014 Mortality Table with Blue Collar Adjustment projected generationally using Scale MP-2017.
- Disabled Life Mortality – From the RP-2000 Disability Mortality Table projected 7 years using Scale AA to the RP-2014 Disability Mortality Table projected generationally using Scale MP-2017.
- Terminated Vested Life Mortality – We have changed the age at which we assume terminated vested participants to either be deceased or incapable of making application for benefits from age 70 to age 100.
- Termination – From Scale T-5 of the Actuary's Pension Handbook to Scale T-7 with rates adjusted to age 35.

### **D. 2017 VALUATION HIGHLIGHTS**

- PPA Funded Percentage decreased from 45.3% to 38.5% primarily due to changed assumptions
- Plan will continue to fail to meet Minimum Funding Standards in 2017
- Active population decreased 19% primarily as a result of the Giant Eagle withdrawal

The following is a summary of the principal results of the January 1, 2017 Valuation compared with the results of the January 1, 2016 Valuation. The development of these items for the January 1, 2017 valuation is shown in the appropriate sections of the report.



**D. EXECUTIVE SUMMARY, (cont'd)**

	<b><u>VALUATION DATE</u></b>	
	<b><u>Jan. 1, 2016</u></b>	<b><u>Jan. 1, 2017</u></b>
<b><u>SECTION I - PLAN YEAR IN REVIEW</u></b>		
1. Employer Contributions	\$54,973,414	\$61,489,534
2. Credit Balance with Extension	(\$27,328,846)	(\$92,603,814)
3. Credit Balance without Extension	(\$252,189,044)	(\$346,635,314)
4. PPA Funded Percentage	45.3%	38.5%
5. Market Value of Assets	\$656,304,285	\$624,594,715
6. Actuarial Value of Assets	\$707,698,725	\$675,317,877
<b><u>SECTION II - VALUATION RESULTS</u></b>		
1. Total Present Value of Benefits		
A. Present Value of Accrued Benefits	\$1,563,498,440	\$1,751,999,115
B. Present Value of Future Benefits	<u>73,881,419</u>	<u>92,834,767</u>
C. Total Present Value of Benefits	\$1,637,379,859	\$1,844,833,882
2. Unfunded Accrued Liability		
A. Actuarial Accrued Liability	\$1,563,498,440	\$1,751,999,115
B. Valuation Assets	<u>707,698,725</u>	<u>675,317,877</u>
C. Unfunded Accrued Liability	\$855,799,715	\$1,076,681,238
3. Normal Cost	\$11,563,524	\$12,330,533
4. Contribution Levels		
A. Minimum Before Credit Balance	\$126,627,845	\$147,736,883
B. Minimum After Credit Balance	\$156,142,998	\$247,285,982
C. Maximum Deductible	\$3,160,186,293	\$3,285,966,919
D. Expected Contributions	\$55,775,000	\$61,800,000
E. Expected Funding Level	<<Insufficient>>	<<Insufficient>>



## **D. EXECUTIVE SUMMARY, (cont'd)**

	<b><u>VALUATION DATE</u></b>	
	<b><u>Jan. 1, 2016</u></b>	<b><u>Jan. 1, 2017</u></b>
<b><u>SECTION III - ACTUARIAL DISCLOSURE</u></b>		
<b>Accumulated Benefits for Audit Purposes</b>		
1. P.V. of All Accumulated Benefits	\$1,563,498,440	\$1,751,999,115
2. M.V of Assets	<u>656,304,285</u>	<u>624,594,715</u>
3. Unfunded Accumulated Benefits	\$907,194,155	\$1,127,404,400
4. P.V. of Accumulated Vested Benefits	\$1,557,665,073	\$1,741,391,890
5. M.V of Assets	<u>656,304,285</u>	<u>624,594,715</u>
6. Unfunded Accumuated Vested Benefits	\$901,360,788	\$1,116,797,175

## **SECTION IV - PARTICIPANT DATA**

### **1. Active Participants**

A. Active Vested	4,646	3,810
B. Active Non-Vested	<u>521</u>	<u>379</u>
C. Total Active	5,167	4,189

### **2. Inactive Participants**

A. Retired Participants	9,209	9,183
B. Beneficiaries	3,269	3,230
C. Terminated Vested Participants	<u>5,211</u>	<u>5,987</u>
D. Total Inactive Participants	17,689	18,400

<b>3. Total Participants</b>	<b>22,856</b>	<b>22,589</b>
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## **SECTION V - GAO RATIOS**

<b>1. Assets to Vested Benefits (Rehab Basis)</b>	<b>0.42</b>	<b>0.36</b>
<b>2. Assets to Benefit Payout</b>	<b>5.69</b>	<b>4.99</b>
<b>3. Income to Expenses</b>	<b>0.38</b>	<b>0.76</b>
<b>4. Actives to Other Participants</b>	<b>0.29</b>	<b>0.23</b>





## **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b><u>SECTION I - 2016 PLAN YEAR IN REVIEW</u></b>	1
Exhibit 1 - 2016 Plan Year Contributions	4
Exhibit 2 - Statement of Funding Standards	5
Exhibit 3 - Minimum vs. Actual Contributions	6
Exhibit 4 - Determination of Actuarial Value of Assets	7
Exhibit 5 - Calculation of Actuarial Rates of Return	8
Exhibit 6 - Actuarial vs. Market Value of Assets	9
<b><u>SECTION II - JANUARY 1, 2017 VALUATION RESULTS</u></b>	10
Exhibit 7 - Future Funding Requirements	13
Exhibit 8 - Determination of Unfunded Accrued Liability	14
Exhibit 9 - Accrued Liability vs. Plan Assets	15
Exhibit 10 - Amortization Bases for Minimum Funding	16
Exhibit 11 - Amortization Bases for PPA Status Testing	17
Exhibit 12 - Schedule of Amortization Bases for Tax Deductibility	18
Exhibit 13 - Determination of Full Funding Limit	19
Exhibit 14 - Minimum and Maximum Contribution Levels	20
<b><u>SECTION III - ACTUARIAL DISCLOSURE INFORMATION</u></b>	21
Exhibit 15 - Present Value of Accumulated Plan Benefits	23
Exhibit 16 - Analysis of Accumulated Benefit Values	24
Exhibit 17 - Statement of Changes in Accumulated Benefits	25
<b><u>SECTION IV - PARTICIPANT DATA</u></b>	26
Exhibit 18 - Analysis of Other than Top-Level Actives	28
Exhibit 19 - Analysis of Top-Level Actives Other than UPS	29
Exhibit 20 - Analysis of UPS Actives Only	30
Exhibit 21 - Analysis of All Top-Level Actives	31
Exhibit 22 - Analysis of All Actives	32
Exhibit 23 - Analysis of Active Participant Data by Participant Group	33
Exhibit 24 - Analysis of Participants Currently Receiving Benefits	34
Exhibit 25 - Analysis of Inactive Participants Not Yet Receiving Benefits	35
Exhibit 26 - Active vs. Inactive Participants	36



## **TABLE OF CONTENTS (cont'd)**

	<b><u>PAGE</u></b>
<b><u>SECTION V - COMPARISON AND ANALYSIS OF GAO RATIOS</u></b>	37
Exhibit 27 - Assets to Vested Benefits Ratio	39
Exhibit 28 - Assets to Benefit Payout Ratio	40
Exhibit 29 - Income to Expenses Ratio	41
Exhibit 30 - Active to Other Participants Ratio	42
<b><u>SECTION VI - ACTUARIAL VALUATION METHODS</u></b>	43
Exhibit 31 – Actuarial Valuation Methods	45
<b><u>SECTION VII - ACTUARIAL VALUATION ASSUMPTIONS</u></b>	46
Exhibit 32 - Actuarial Valuation Assumptions	48
<b><u>SECTION VIII - SALIENT FEATURES</u></b>	50



**SECTION I**  
**2016 PLAN YEAR IN REVIEW**



## **SECTION I - 2016 PLAN YEAR IN REVIEW**

This Section of the report provides information on how the Fund has fared during the 2016 plan year, since the preparation of the January 1, 2016 actuarial valuation report.

**EXHIBIT 1 - 2016 PLAN YEAR CONTRIBUTIONS** - details the contributions that were made during plan year 2016 by source. Of the \$61,489,534 in total 2016 contributions, \$54,526,110 are accounted for by employer contributions and \$6,963,424 were withdrawal liability payments actually paid during the plan year.

**EXHIBIT 2 - STATEMENT OF FUNDING STANDARD ACCOUNT** - reflects the development of the Minimum Funding Standard Account Credit Balance for the plan year ending December 31, 2016. Total employer contributions of \$61,489,534 were insufficient to maintain the Credit Balance grew from (\$27,328,846) to a (\$92,603,814) deficiency.

**EXHIBIT 3 - MINIMUM VS. ACTUAL CONTRIBUTIONS** - the bar chart illustrates a comparison of actual contributions versus minimum contribution requirements before consideration of the Funding Standard Account Credit Balance for each of the last ten (10) plan years. The higher Minimum level for 2007 was attributable to the higher Minimum Required Contribution Levels due to investment returns below the 8% assumed level during the three year period 2000 to 2002. Actual contributions exceeded the Minimum Contribution amount between 2008 and 2010 due to the benefit changes made under the Funding Improvement Plan along with the extended amortization bases. The sharp increase in the Minimum Contribution level beginning in 2011 is due to the expiration of a “credit” amortization base that was created when the funding method was changed in 2003 and combined with other “credit” bases.

**EXHIBIT 4 - DETERMINATION OF THE ACTUARIAL VALUE OF ASSETS** - shows the development of the Actuarial Value of Assets based on a 5-year deferred recognition of asset gains and losses. This method was first adopted in the January 1, 2003 Valuation as a means of smoothing out substantial investment losses and preserving the Funding Standard Account Credit Balance as long as possible. For this January 1, 2017 valuation, the Actuarial Value of Assets used for funding is 108.12% of the actual Market Value. This is the result of recognizing deferred investment losses from 2014, 2015 and 2016.



## **SECTION I (Cont'd)**

**Exhibit 4 – DETERMINATION OF THE ACTUARIAL VALUE OF ASSETS, continued** – It is important to note that the market value of assets used for pension funding is not the same as the market value reported in the Audit. The Fund's CPA is required to include the value of withdrawal liability payments that withdrawn employers will pay in future years. ERISA does not permit a Plan to include future withdrawal liability payments as current contributions, therefore we cannot include them in the value of assets used for funding purposes.

**EXHIBIT 5 - CALCULATION OF ACTUARIAL RATES OF RETURN** - provides a comparison of estimated actuarial rates of return on the market and actuarial value of plan assets. These returns are determined assuming that all transactions occur mid-year. As a result, the return on market value will be close, but will not match the time-weighted returns calculated by the investment analyst. It is important to note that while the Fund earned a 6.7% return on the market value of assets, it experienced a 6.1% return on the actuarial value of assets. This is due to the deferral of 2014, 2015 and 2016 investment losses.

**EXHIBIT 6 – ACTUARIAL VS. MARKET VALUE OF ASSETS** – This is a graphic representation of how the Actuarial Value of Assets (in blue) attempts to smooth out the fluctuations in the Market Value of Assets (in red). When actual investment returns are lower than the assumed interest rate, the method reflects an Actuarial Value of Assets that is above the Market Value of Assets and vice versa.



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**2016 PLAN YEAR CONTRIBUTIONS**

1. Employer Contributions	\$54,526,110	
2. MPPAA Withdrawal Liability Payments	<u>6,963,424</u>	
3. Total Employer Contributions Received		<b>\$61,489,534</b>
4. Employee Contributions		<u>0</u>
5. Total Contributions		<b>\$61,489,534</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

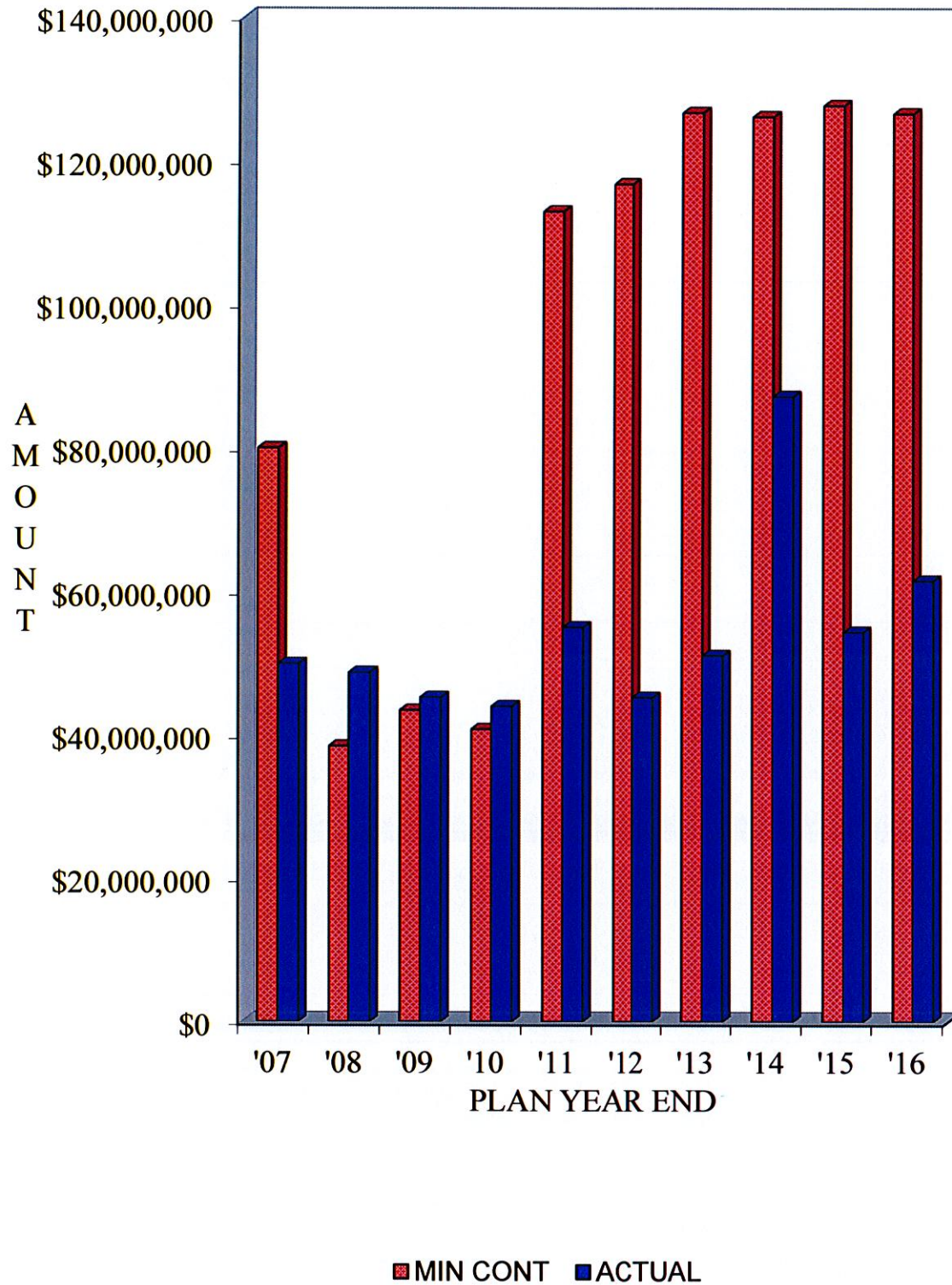
**STATEMENT OF FUNDING STANDARD ACCOUNT  
FOR THE PLAN YEAR ENDING 12/31/2016**

	<b>Without Amort. <u>Extension</u></b>	<b>With Amort. <u>Extension</u></b>
<b>CHARGES:</b>		
1. Prior Year Funding Deficiency	\$252,189,044	\$27,328,846
2. Employer Normal Cost	11,563,524	11,563,524
3. Amortization Charges	140,326,286	129,972,132
4. Interest	<u>32,326,308</u>	<u>13,509,160</u>
5. Total Charges	\$436,405,162	\$182,373,662
<b>CREDITS:</b>		
6. Prior Year Credit Balance	\$0	\$0
7. Employer Contributions	61,489,534	61,489,534
8. Amortization Credits	24,287,651	24,287,651
9. Interest *	3,992,663	3,992,663
10. Full Funding Credit	<u>0</u>	<u>0</u>
11. Total Credits	\$89,769,848	\$89,769,848
<b>CREDIT BALANCE:</b>		
12. Credit Balance	( <b>\$346,635,314</b> )	( <b>\$92,603,814</b> )

\* Contributions are received continually throughout the plan year.  
For Funding Standard Account purposes, we have assumed  
that contributions are received on average on August 1st.



## WESTERN PA. TEAMSTERS EMPLOYERS MINIMUM VS ACTUAL CONTRIBUTIONS





**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**DETERMINATION OF ACTUARIAL VALUE OF ASSETS**

	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
1. Market Value on 1/1	\$744,713,992	\$751,648,440	\$752,232,517	\$738,997,035	\$656,304,285
2. Non-Invest. Income	45,516,985	51,539,158	89,105,968	55,070,582	61,542,476
3. Benefits & Expenses	(128,168,791)	(129,617,389)	(130,991,718)	(132,766,306)	(134,696,073)
4. Actual Return	<u>89,586,274</u>	<u>78,662,308</u>	<u>28,650,268</u>	<u>(4,997,026)</u>	<u>41,444,027</u>
5. Market Value 12/31	\$751,648,460	\$752,232,517	\$738,997,035	\$656,304,285	\$624,594,715
6. Assumed Int. Rate	8.00%	8.00%	8.00%	8.00%	8.00%
7. Expected Return	\$56,271,047	\$57,008,746	\$58,503,171	\$56,011,934	\$49,578,199
8. Gain (Loss)	33,315,227	21,653,562	(29,852,903)	(61,008,960)	(8,134,172)
9. Deferral Percentage	0%	20%	40%	60%	80%
10. Def. Gain/(Loss)	\$0	\$4,330,712	(\$11,941,161)	(\$36,605,376)	(\$6,507,338)
11. Total Gain/(Loss) Deferred on 12/31					(\$50,723,162)
12. Preliminary Actuarial Value of Assets on 12/31					\$675,317,877
13. 80% of Market Value of Assets					\$499,675,772
14. 120% of Market Value of Assets					\$749,513,658
15. Actuarial Value on 12/31 (#12 but not less than #13 nor greater than #14)					\$675,317,877
(Actuarial Value as a percentage of Market Value)					108.12%



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

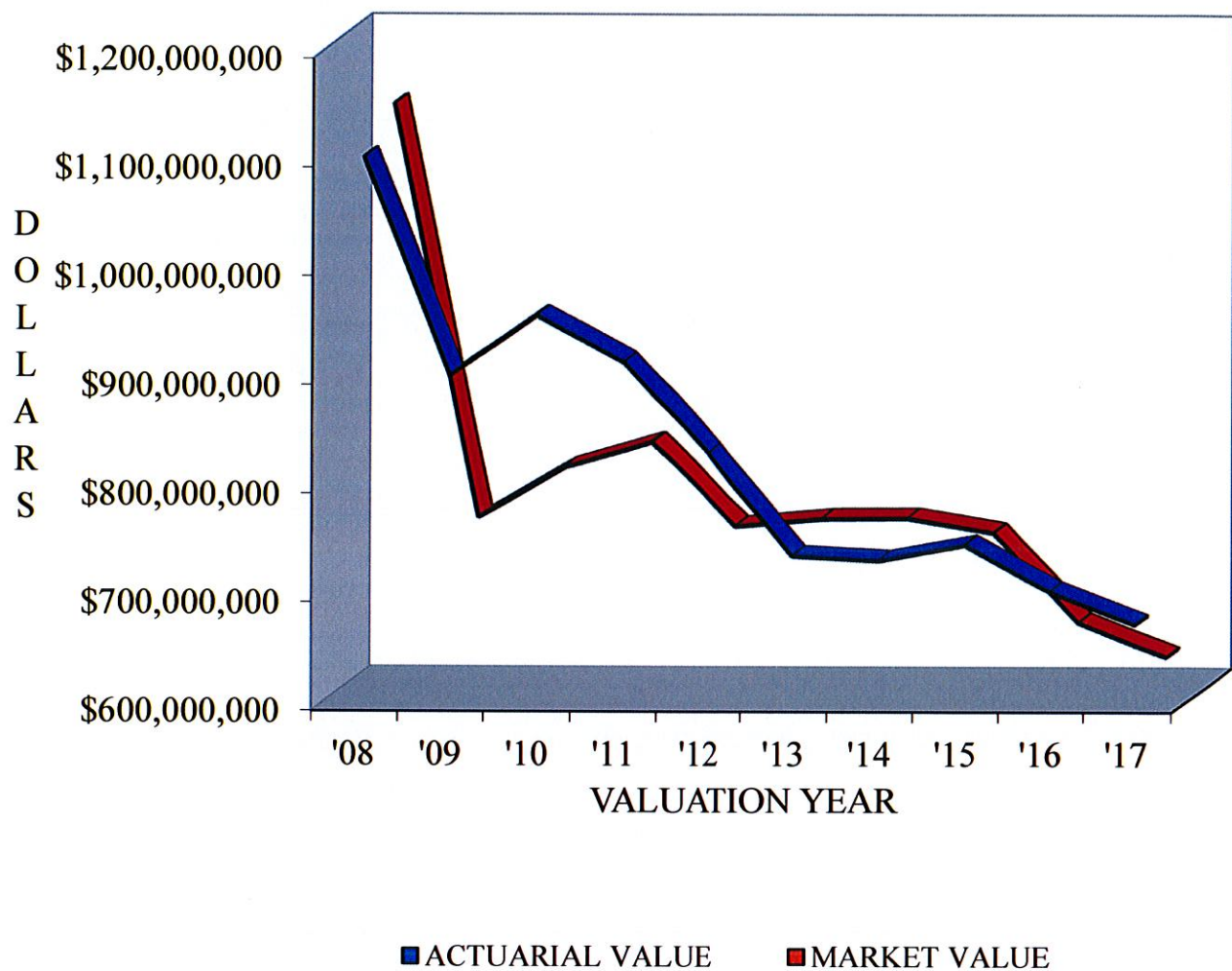
**CALCULATION OF ACTUARIAL RATES OF  
RETURN ON PLAN ASSETS**

	<b><u>Plan Year Ending 12/31/2016</u></b>	
	<b><u>Market Value</u></b>	<b><u>Actuarial Value</u></b>
1. Beginning Assets	\$656,304,285	\$707,698,725
2. Non-Investment Increment:		
A. Contribution Received	\$61,489,534	\$61,489,534
B. Benefits Paid	(131,565,722)	(131,565,722)
C. Non-Investment Expenses	(3,130,351)	(3,130,351)
D. Other Income	<u>52,942</u>	<u>52,942</u>
E. Net Increment	(\$73,153,597)	(\$73,153,597)
3. Investment Increment:		
A. Investment Income	\$4,306,423	\$4,306,423
B. Realized & Unrealized Gains (Losses)	40,005,256	39,333,979
C. Investment Expenses	<u>(2,867,652)</u>	<u>(2,867,652)</u>
D. Net Increment	\$41,444,027	\$40,772,750
4. Ending Assets	\$624,594,715	\$675,317,877
5. Average Asset Value	\$619,727,486	\$671,121,926
6. Actuarial Rate of Return	<b>6.7%</b>	<b>6.1%</b>

NOTE: This approximation is intended to indicate whether investment return has been a source of actuarial gain or loss, and is not intended to be taken as an evaluation of investment managers' performance.



# WESTERN PA. TEAMSTERS EMPLOYERS ACTUARIAL VS. MARKET VALUE OF ASSETS



**SECTION II**  
**JANUARY 1, 2017**  
**VALUATION RESULTS**



## **SECTION II - JANUARY 1, 2017 VALUATION RESULTS**

This Section of the report reflects the application of actuarial assumptions and methods to the plan assets, plan participants and plan provisions, with the purpose of developing actuarial liabilities and funding levels.

**EXHIBIT 7 –FUTURE FUNDING REQUIREMENTS** - this Exhibit reflects the present day value of all benefits previously earned plus all benefits expected to be earned in the future contrasted with the current plan assets in order to show the present day value of contributions needed to be made in future years.

**EXHIBIT 8 - DETERMINATION OF UNFUNDED ACCRUED LIABILITY** - this Exhibit determines the 2017 Expected Unfunded Accrued Liability based on the 2016 valuation and contribution information, and compares it to the 2017 Actual Unfunded Accrued Liability in order to determine whether the Fund has experienced an actuarial gain or loss during the 2016 plan year. The actuarial loss of \$23,785,935 was the result of investment and demographic losses.

**EXHIBIT 9 - ACCRUED LIABILITY VS. PLAN ASSETS** - this graphic illustrates how successful the funding objectives are being met. One goal of a funding method is to slowly reduce the Unfunded Accrued Liability. The closer the plan assets to the Accrued Liability, the less Unfunded Accrued Liability is left to fund. Note that the proximity of the two lines is in direct relationship to the level of each years' investment gains (closer together) or losses (farther apart) and to the impact of benefit improvements or changes in actuarial assumptions. The lines have widened since plan year 2008 indicating an increasing Unfunded Accrued Liability.

**EXHIBIT 10 - AMORTIZATION BASES FOR MINIMUM FUNDING WITH EXTENSION** - displays the maintenance of amortization bases for determination of Minimum Contribution Requirements of ERISA as used and certified to on the Schedule B attachment to Form 5500. Amortization “charge” bases through 2009 have been extended for a period of five years as provided for by PPA.

**EXHIBIT 11 - AMORTIZATION BASES FOR PPA STATUS TESTING** - displays the maintenance of amortization bases for determination of the Fund's PPA Status. This is a separate tracking of the Fund's amortization bases without the permitted PPA extensions since the extended bases cannot be taken into account in Critical Status testing.



## **SECTION II (cont'd)**

**EXHIBIT 12 - SCHEDULE OF AMORTIZATION BASES FOR TAX DEDUCTIBILITY** - displays the maintenance of amortization bases used in the determination of the Maximum Tax Deductible Level of contributions in accordance with Internal Revenue Code. Note that we have combined all bases into one amount. This combination has no impact on the Maximum Tax Deductible Contribution since that level is determined by the higher amount of the Unfunded Current Liability of the Plan.

**EXHIBIT 13 - DETERMINATION OF FULL FUNDING LIMITATION** - reflects the determination of an upper limit on the otherwise determined Maximum Tax Deductible Contribution Level. This limitation was originally intended to prevent employers from making tax deductible contributions to a plan that was otherwise determined to be ahead of a normal funding schedule. Due to the recent funding problems of defined benefit plans nationwide, congress has changed the rules to increase the limits encouraging plan sponsors to make higher deductible contributions. For the 2017 plan year, the Full Funding Limits have no practical impact on the otherwise determined Maximum Tax Deductible Level of contributions based on the value of Unfunded Current Liability.

**EXHIBIT 14 - MINIMUM AND MAXIMUM CONTRIBUTION LEVELS** - this exhibit summarizes the Minimum Required Contribution and Maximum Tax Deductible Contribution Levels for plan year 2017. The Expected 2017 Contribution Level of \$61,800,000 (including withdrawal liability payments) is not sufficient to keep the Funding Standard Account Deficiency from increasing. In addition, the expected contributions are not sufficient to amortize the Unfunded Accrued Liability. As a result, by the end of 2017 the Plan is expected to have a higher Funding Deficiency and Unfunded Accrued Liability.

This result has previously been anticipated in prior forecast valuations. The Trustees have adopted an objective of forestalling insolvency in the design of the Rehabilitation Plan.



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**FUTURE FUNDING REQUIREMENTS**

**LIABILITIES**

1. Present Value of Benefits Earned in Past	\$1,751,999,116
2. Present Value of Benefits to be Earned in Future	<u>92,834,767</u>
3. Total Plan Liabilities Past and Future	<b>\$1,844,833,883</b>
4. Market Value of Assets	<u>\$624,594,715</u>
5. Present Value of Required Future Contributions	<b>\$1,220,239,168</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**DETERMINATION OF UNFUNDED ACCRUED  
LIABILITY AND ACTUARIAL GAIN (LOSS)**

**1. Determination of Expected  
Unfunded Accrued Liability**

A. Prior Year Unfunded	\$855,799,715	
B. Prior Year Normal Cost	11,563,524	
C. Prior Year Contribution	61,489,534	
D. Full Funding Credit	0	
E. Interest	67,339,408	
F. Changes During Year	<u>179,682,189</u>	
G. Total Expected Unfunded [A+B-C+E+F]		<b>\$1,052,895,302</b>

**2. Determination of Actual  
Accrued Liability**

A. Retired Participants	\$1,233,990,248	
B. Terminated Vested Participants	217,118,884	
C. Active Participants	<u>300,889,983</u>	
D. Total Actual Accrued Liability [A+B+C]		<b>\$1,751,999,115</b>

**3. Actuarial Value of Assets** **\$675,317,877**

**4. Unfunded Accrued Liability** **\$1,076,681,238**

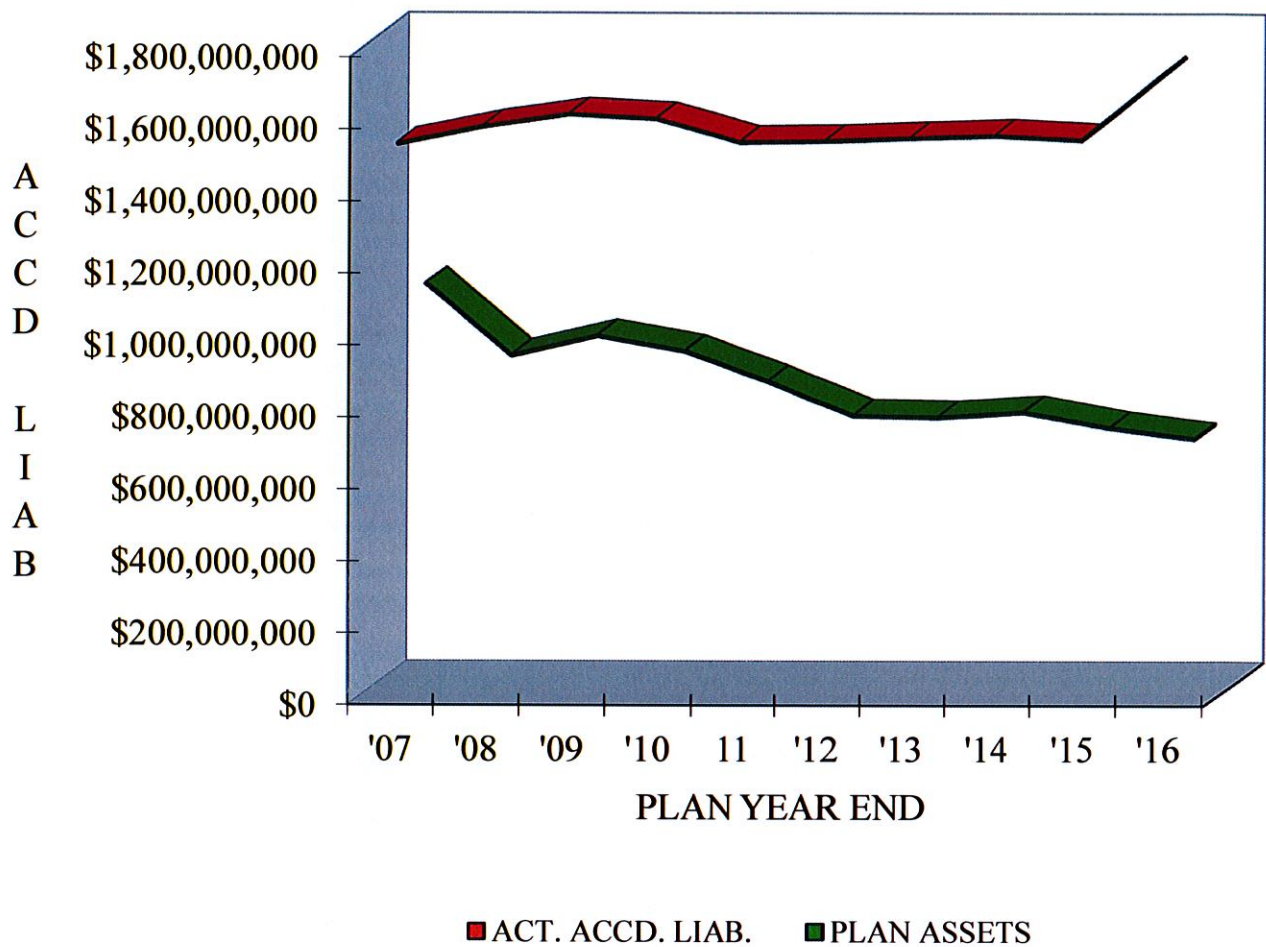
**5. Actuarial Loss [4 - 1G]** **\$23,785,935**





# WESTERN PA. TEAMSTERS EMPLOYERS

## ACCRUED LIABILITY VS. PLAN ASSETS



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND  
AMORTIZATION BASES FOR MINIMUM FUNDING WITH EXTENSION**

<u>Date</u> <u>Estab.</u>	<u>Source</u>	<u>Original</u> <u>Amount</u>	<u>Unamort.</u> <u>1/1/2017</u>	<u>Amort.</u> <u>Period</u>	<u>Amort.</u> <u>Amount</u>
<b><u>Charges:</u></b>					
12/31/1979	Original	\$207,928,310	\$67,709,991	7	\$11,891,784
1/1/1984	Amendment	4,098,079	418,837	2	216,988
1/1/1992	Meth/Assumpt	96,194,227	49,219,853	10	6,670,363
1/1/1993	Amendment	5,804,117	3,208,747	11	408,026
1/1/1994	Amendment	8,809,480	5,211,029	12	626,670
1/1/1995	Amendment	11,086,858	6,960,348	13	796,809
1/1/1996	Amend/Assumpt	58,559,082	38,752,142	14	4,246,419
1/1/1997	Amend/Assumpt	90,780,476	62,956,964	15	6,634,624
1/1/1998	Amend/Assumpt	78,380,547	56,680,884	16	5,767,802
1/1/1999	Amend/Assumpt	59,773,999	44,878,320	17	4,425,212
1/1/2000	Act Loss	4,865,509	1,012,047	3	362,019
1/1/2000	Amendment	20,429,813	15,865,181	18	1,520,533
1/1/2001	Act Loss	97,342,956	27,386,940	4	7,606,373
1/1/2001	Amendment	18,592,572	14,884,663	19	1,390,309
1/1/2002	Act Loss	107,501,295	37,996,831	5	8,736,257
1/1/2003	Assumption	2,798,637	2,361,180	21	210,923
1/1/2003	Act Loss	122,833,705	52,007,181	6	10,306,850
1/1/2004	Act Loss	19,316,977	9,476,583	7	1,664,355
1/1/2005	Act Loss	47,949,837	26,596,607	8	4,223,962
1/1/2006	Act Loss	24,103,881	14,835,803	9	2,163,504
1/1/2007	Assumption	44,189,999	40,351,859	25	3,367,435
1/1/2009	Act Loss	229,485,111	170,396,299	12	20,491,594
1/1/2011	Act Loss	50,345,983	42,275,205	14	4,632,473
1/1/2012	Act Loss	83,499,746	65,458,440	10	8,871,045
1/1/2013	Act Loss	77,511,634	64,647,955	11	8,220,662
1/1/2015	Act Loss	9,989,611	9,224,352	13	1,055,988
1/1/2016	Act Loss/Assumpt.	9,991,578	9,623,593	14	1,054,543
1/1/2017	Act Loss/Assumpt.	203,468,125	<u>203,468,125</u>	15	<u>21,442,178</u>
	<b>TOTAL CHARGES:</b>		<b>\$1,143,865,959</b>		<b>\$149,005,701</b>
<b><u>CREDIT BASES:</u></b>					
1/1/2007	Act Gain	\$2,712,813	\$1,265,435	5	\$290,950
1/1/2008	Assumption	6,565,705	3,546,070	6	702,765
1/1/2008	Act Gain	32,104,098	17,339,070	6	3,436,279
1/1/2010	Act Gain	46,056,033	30,920,969	8	4,910,740
1/1/2011	Amendment	43,924,829	32,057,264	9	4,674,908
1/1/2012	Assumption	78,151,567	61,265,810	10	8,302,852
1/1/2014	Act Gain	10,761,990	9,475,248	12	1,139,479
1/1/2015	Assumption	4,243,766	<u>3,918,670</u>	13	<u>448,603</u>
	<b>TOTAL CREDITS:</b>		<b>\$159,788,536</b>		<b>\$23,906,575</b>
<b><u>NET CHARGES:</u></b>			<b>\$984,077,423</b>		<b>\$125,099,126</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND  
AMORTIZATION BASES FOR PPA STATUS TESTING WITH NO EXTENSION**

<u>Date</u> <u>Etab.</u>	<u>Source</u>	<u>Original</u> <u>Amount</u>	<u>Unamort.</u> <u>1/1/2017</u>	<u>Amort.</u> <u>Period</u>	<u>Amort.</u> <u>Amount</u>
<b><u>Charges:</u></b>					
12/31/1979	Original	\$207,928,310	\$28,754,693	2	\$14,897,010
1/1/1992	Meth/Assumpt	96,194,227	34,116,453	5	7,844,078
1/1/1993	Amendment	5,804,117	2,383,384	6	472,342
1/1/1994	Amendment	8,809,480	4,074,099	7	715,527
1/1/1995	Amendment	11,086,858	5,659,383	8	898,800
1/1/1996	Amend/Assumpt	58,559,082	32,494,137	9	4,738,617
1/1/1997	Amend/Assumpt	90,780,476	54,108,742	10	7,332,914
1/1/1998	Amend/Assumpt	78,380,547	49,703,909	11	6,320,371
1/1/1999	Amend/Assumpt	59,773,999	40,013,339	12	4,811,942
1/1/2000	Amendment	20,429,813	14,343,194	13	1,641,985
1/1/2001	Amendment	18,592,572	13,615,605	14	1,491,984
1/1/2003	Assumption	2,798,637	2,200,418	16	223,913
1/1/2003	Act Loss	122,833,705	13,287,599	1	13,287,599
1/1/2004	Act Loss	19,316,977	4,024,456	2	2,084,959
1/1/2005	Act Loss	47,949,837	14,436,784	3	5,164,174
1/1/2006	Act Loss	24,103,881	9,327,107	4	2,590,485
1/1/2007	Assumption	44,189,999	38,539,022	20	3,516,630
1/1/2009	Act Loss	229,485,111	139,586,117	7	24,515,258
1/1/2011	Act Loss	50,345,983	36,743,559	9	5,358,310
1/1/2012	Act Loss	83,499,746	65,458,438	10	8,871,045
1/1/2013	Act Loss	77,511,634	64,647,953	11	8,220,662
1/1/2015	Act Loss	9,989,611	9,224,352	13	1,055,988
1/1/2016	Act Loss/Assumpt.	9,991,578	9,623,593	14	1,065,127
1/1/2017	Act Loss/Assumpt.	203,468,125	<u>203,468,125</u>	15	<u>21,442,178</u>
	<b>TOTAL CHARGES:</b>		<b>\$889,834,461</b>		<b>\$148,561,896</b>
<b><u>CREDIT BASES:</u></b>					
1/1/2007	Act Gain	\$2,712,813	\$1,265,435	5	\$290,950
1/1/2008	Assumption	6,565,705	3,546,070	6	702,765
1/1/2008	Act Gain	32,104,098	17,339,070	6	3,436,279
1/1/2010	Act Gain	46,056,033	30,920,969	8	4,910,740
1/1/2011	Amendment	43,924,829	32,057,264	9	4,674,908
1/1/2012	Assumption	78,151,567	61,265,811	10	8,302,853
1/1/2014	Act Gain	10,761,990	9,475,248	12	1,139,479
1/1/2015	Assumption	4,243,766	<u>3,918,670</u>	13	<u>448,603</u>
	<b>TOTAL CREDITS:</b>		<b>\$159,788,537</b>		<b>\$23,906,575</b>
<b><u>NET CHARGES:</u></b>			<b>\$730,045,924</b>		<b>\$124,655,321</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND  
SCHEDULE OF AMORTIZATION BASES FOR TAX DEDUCTIBILITY**

<u>Date Estab.</u>	<u>Source</u>	<u>Original Amt.</u>	<u>Unamortized</u>	<u>Limit Adj.</u>
<b><u>Charges:</u></b>				
1/1/2016	Combined	\$1,076,681,238	\$1,076,681,238	<u>\$145,913,772</u>
	<b><u>Sub-Total</u></b>		<b>\$1,076,681,238</b>	<b>\$145,913,772</b>
 <b><u>Credits:</u></b>				
None				
<b><u>Net Charges:</u></b>			<b>\$1,076,681,238</b>	<b>\$145,913,772</b>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**DETERMINATION OF FULL FUNDING LIMITATION  
FOR PLAN YEAR 2016**

**Actuarial Values**

1. Accrued Liability	\$1,751,999,115
2. Normal Cost	12,330,533
3. RPA '94 Current Liability	2,793,710,973
4. RPA '94 Expected Increase	23,463,171
5. Expected RPA '94 Benefit Payments	136,537,407
6. Market Value of Assets	624,594,715
7. Actuarial Value of Assets	675,317,877
8. Funding Standard Account Credit Balance	(\$92,603,814)

**Accrued Liability Full Funding Limitation**

1. Minimum Funding Limitation	\$1,225,215,053
2. Maximum Funding Limitation	1,225,215,053

<b><u>Minimum Contribution Full Funding Limitation</u></b>	\$1,903,719,923
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<b><u>RPA '94 Full Funding Limitation</u></b>	\$3,285,966,919
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<b><u>Maximum Contribution Full Funding Limitation</u></b>	\$3,285,966,919
--	-----------------



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**MINIMUM AND MAXIMUM CONTRIBUTION LEVELS  
FOR PLAN YEAR 2016**

**Minimum Required Contribution Level**

1. Normal Cost	\$12,330,533	
2. Net Amortization Charges	125,099,126	
3. Interest	<u>10,307,224</u>	
4. Preliminary Minimum Before FFL Credit	<b>\$147,736,883</b>	
5. Full Funding Limitation Credit	<u>0</u>	
6. Minimum Before Credit Balance		<b>\$147,736,883</b>
7. Credit Balance	(\$92,603,814)	
8. Interest	<u>(6,945,285)</u>	
9. Minimum Required After Credit Balance [6 - 7 - 8]		<b>\$247,285,982</b>

**Maximum Tax Deductible Level**

1. Normal Cost	\$12,330,533	
2. Net Amortization Charges	145,913,772	
3. Interest	<u>11,868,323</u>	
4. Total [1+2+3]		<b>\$170,112,628</b>
5. Maximum Full Funding Limitation		<b>\$3,285,966,919</b>
6. Maximum Tax Deductible Level		<b>\$3,285,966,919</b>

**Expected Contributions** **\$61,800,000**

**Expected Contribution Level is sufficient  
to Satisfy Normal Cost, Plan Expenses and  
Amortize the Unfunded Liability over:**

**<<Insufficient>>**



**SECTION III**

**ACTUARIAL DISCLOSURE  
INFORMATION**



### **SECTION III - ACTUARIAL DISCLOSURE INFORMATION**

This Section provides certain plan actuarial information that is required to be disclosed in the plan's financial audited statement of assets.

#### **EXHIBIT 13 - PRESENT VALUE OF ACCUMULATED PLAN BENEFITS –**

This exhibit reflects the disclosures of the accumulated value of plan benefits on a vested and non-vested basis that are required to be disclosed in the financial audit of the plan

#### **EXHIBIT 14 - ANALYSIS OF ACCUMULATED BENEFIT VALUES -**

provides a pie chart which shows the relative portions of plan accumulated benefits for accounting purposes by category of participant. Note that the largest portion of accumulated benefits is attributed to retired participants in pay status at 70.4%. Adding their percentage to that of the terminated vested participants shows that 82.8% of all accumulated benefits are attributed to inactive plan participants.

**EXHIBIT 15 - STATEMENT OF CHANGES IN ACCUMULATED BENEFITS** - this schedule is also an accounting disclosure required to be reflected in the financial audit of the plan. It is intended to provide a reconciliation of the value of accumulated plan benefits from beginning to end of plan year.





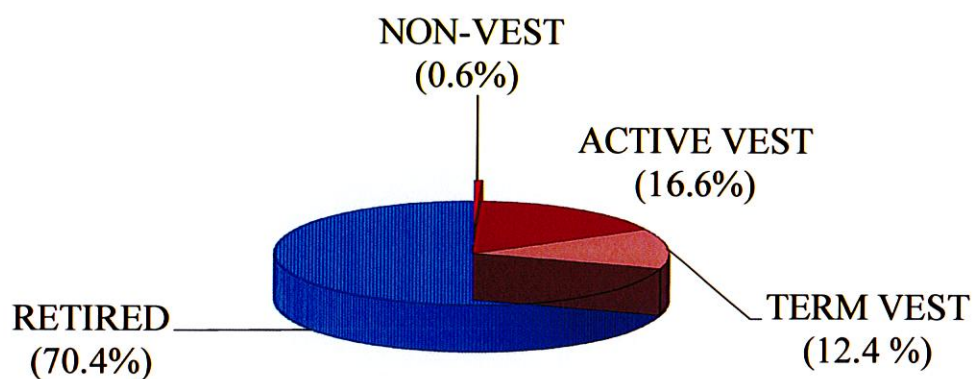
**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**PRESENT VALUE OF ACCUMULATED PLAN BENEFITS  
FOR THE PLAN YEAR ENDED 12/31/2016**

	<b><u>Ongoing FAS 35 Liability</u></b>	
	<b><u>Total</u></b>	<b><u>Vested</u></b>
1. Retired Participants	\$1,233,990,248	\$1,233,990,248
2. Terminated Vested Participants	217,118,884	217,118,884
3. Active Participants	<u>300,889,983</u>	<u>290,282,758</u>
4. Total	\$1,751,999,115	\$1,741,391,890
5. Assets at Market Value	<u>\$624,594,715</u>	<u>\$624,594,715</u>
6. Excess Value of Benefits	<b>\$1,127,404,400</b>	<b>\$1,116,797,175</b>

NOTE: The Present Value of Retired Participant Vested Benefits is less than the Total value because burial benefits are not included.

**WESTERN PA. TEAMSTERS EMPLOYERS**  
ANALYSIS OF ACCUMULATED BENEFIT VALUES



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**STATEMENT OF CHANGES IN ACCUMULATED BENEFITS**  
**FOR THE PLAN YEAR ENDED 12/31/2016**

1. Actuarial Present Value of Accumulated Plan Benefits at Beginning of Plan Year		\$1,563,498,440
2. Increase (Decrease) During the Plan Year Attributable to:		
A. Plan Amendment and Changes in Actuarial Assumptions	\$179,682,189	
B. Benefits Accumulated	15,304,333	
C. Increase for Interest Due to the Decrease in the Discount Period	125,079,875	
D. Benefits paid	<u>(131,565,722)</u>	
E. Net Changes [A+B+C-D]		\$188,500,675
3. Actuarial Present Value of Accumulated Plan Benefits at End of Plan Year		\$1,751,999,115



**SECTION IV**  
**PARTICIPANT DATA**



## **SECTION IV - PARTICIPANT DATA**

Section IV provides summaries of the plan's participant data which was used for the determination of projected benefit liabilities.

**EXHIBIT 18 - ANALYSIS OF OTHER THAN TOP-LEVEL ACTIVES**

**EXHIBIT 19 - ANALYSIS OF TOP-LEVEL ACTIVES OTHER THAN UPS**

**EXHIBIT 20 - ANALYSIS OF UPS ACTIVES ONLY**

**EXHIBIT 21 - ANALYSIS OF ALL TOP-LEVEL ACTIVES**

**EXHIBIT 22 - ANALYSIS OF ALL ACTIVES** - these exhibits reflect statistics of the various segments of the active participant population in an age and service distribution format. Top-level participants are defined as those at a weekly contribution rate of \$166/week or higher. The YRC participants who have resumed active participation are included in the Top-Level Other than UPS group.

**EXHIBIT 23 - ANALYSIS OF ACTIVE PARTICIPANT DATA BY GROUP** - displays demographic statistics broken down by "Other Top-Level", UPS, and all "Other" participant groups.

**EXHIBIT 24 - ANALYSIS OF PARTICIPANTS CURRENTLY RECEIVING BENEFITS** - displays the retiree count, average annual benefit and average age, by banded age categories. The Average Age of retirees has remained consistent at age 73 while the Average Annual Pension has increased by 2.0%. The Average Age of Beneficiaries has also remained relatively level from the 2016 to the 2017 plan year at age 76 while the average annual benefit has increased by 4.2%.

**EXHIBIT 25 - ANALYSIS OF INACTIVE PARTICIPANTS NOT YET RECEIVING BENEFITS** - this display shows a similar breakdown of information for both Terminated Vested Participants, as well as Beneficiaries entitled to future deferred benefits.

**EXHIBIT 26 - ACTIVE VS. INACTIVE PARTICIPANTS** - provides a graphic comparison of the relationship between the number of active versus inactive participants for each of the last 10 plan years.



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF OTHER THAN TOP-LEVEL ACTIVES \***

<u>Ages</u>	<u>0 to 2</u>	<u>3 to 9</u>	<u>10 to 19</u>	<u>20 to 24</u>	<u>25 to 29</u>	<u>30 Plus</u>	<u>Total</u>
20 & Under	1	0	0	0	0	0	1
20 to 24	35	16	0	0	0	0	51
25 to 29	54	86	3	0	0	0	143
30 to 34	50	92	42	0	0	0	184
35 to 39	38	112	80	2	0	0	232
40 to 44	34	82	95	14	3	0	228
45 to 49	33	67	136	49	39	6	330
50 to 54	25	80	165	50	60	30	410
55 to 59	20	88	141	74	81	135	539
60 to 64	8	41	88	34	51	118	340
65 & Over	<u>2</u>	<u>12</u>	<u>27</u>	<u>10</u>	<u>13</u>	<u>30</u>	<u>94</u>
<b>Total</b>	<b>300</b>	<b>676</b>	<b>777</b>	<b>233</b>	<b>247</b>	<b>319</b>	<b>2,552</b>
<i>16' Results</i>	<i>405</i>	<i>982</i>	<i>1,042</i>	<i>346</i>	<i>275</i>	<i>371</i>	<i>3,421</i>
<i>15' Results</i>	<i>441</i>	<i>1,063</i>	<i>1,016</i>	<i>392</i>	<i>266</i>	<i>358</i>	<i>3,536</i>
<i>14' Results</i>	<i>453</i>	<i>1,099</i>	<i>1,046</i>	<i>415</i>	<i>268</i>	<i>343</i>	<i>3,624</i>
<i>13' Results</i>	<i>516</i>	<i>1,105</i>	<i>1,068</i>	<i>389</i>	<i>281</i>	<i>343</i>	<i>3,702</i>

*\* Participants with weekly contribution levels below \$166/week.*



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF TOP-LEVEL ACTIVES OTHER THAN UPS \***

<u>Ages</u>	<u>0 to 2</u>	<u>3 to 9</u>	<u>10 to 19</u>	<u>20 to 24</u>	<u>25 to 29</u>	<u>30 Plus</u>	<u>Total</u>
20 & Under	0	0	0	0	0	0	0
20 to 24	6	3	0	0	0	0	9
25 to 29	7	5	0	0	0	0	12
30 to 34	8	18	1	0	0	0	27
35 to 39	5	16	4	0	0	0	25
40 to 44	9	11	19	0	0	0	39
45 to 49	14	16	23	3	3	0	59
50 to 54	7	22	39	33	22	5	128
55 to 59	8	17	40	30	19	21	135
60 to 64	5	6	22	16	8	20	77
65 & Over	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>3</u>	<u>9</u>
<b>Total</b>	<b>70</b>	<b>116</b>	<b>149</b>	<b>84</b>	<b>52</b>	<b>49</b>	<b>520</b>
<i>16' Results</i>	<i>98</i>	<i>109</i>	<i>181</i>	<i>113</i>	<i>57</i>	<i>53</i>	<i>611</i>
<i>15' Results</i>	<i>86</i>	<i>119</i>	<i>196</i>	<i>109</i>	<i>65</i>	<i>42</i>	<i>617</i>
<i>14' Results</i>	<i>63</i>	<i>102</i>	<i>220</i>	<i>109</i>	<i>65</i>	<i>39</i>	<i>598</i>
<i>13' Results</i>	<i>30</i>	<i>63</i>	<i>143</i>	<i>66</i>	<i>50</i>	<i>32</i>	<i>384</i>

*\* Non-UPS participants with weekly contribution levels at or above \$166/week except YRC is included.*



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF UPS ACTIVES ONLY**

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	0	0	0	0	0	0	0
20 to 24	0	1	0	0	0	0	1
25 to 29	0	7	10	0	0	0	17
30 to 34	1	19	60	0	0	0	80
35 to 39	2	17	125	6	1	0	151
40 to 44	1	9	94	69	3	1	177
45 to 49	0	8	116	68	49	7	248
50 to 54	4	6	86	62	60	18	236
55 to 59	1	2	46	43	36	31	159
60 to 64	0	1	8	5	7	21	42
65 & Over	<u>0</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>6</u>
<b>Total</b>	<b>9</b>	<b>72</b>	<b>546</b>	<b>254</b>	<b>156</b>	<b>80</b>	<b>1,117</b>
<i>16' Results</i>	<i>18</i>	<i>56</i>	<i>597</i>	<i>222</i>	<i>182</i>	<i>60</i>	<i>1,135</i>
<i>15' Results</i>	<i>13</i>	<i>72</i>	<i>605</i>	<i>213</i>	<i>162</i>	<i>49</i>	<i>1,114</i>
<i>14' Results</i>	<i>4</i>	<i>58</i>	<i>636</i>	<i>186</i>	<i>132</i>	<i>53</i>	<i>1,069</i>
<i>13' Results</i>	<i>2</i>	<i>76</i>	<i>668</i>	<i>193</i>	<i>94</i>	<i>49</i>	<i>1,082</i>





**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF ALL TOP-LEVEL ACTIVES \***

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	0	0	0	0	0	0	0
20 to 24	6	4	0	0	0	0	10
25 to 29	7	12	10	0	0	0	29
30 to 34	9	37	61	0	0	0	107
35 to 39	7	33	129	6	1	0	176
40 to 44	10	20	113	69	3	1	216
45 to 49	14	24	139	71	52	7	307
50 to 54	11	28	125	95	82	23	364
55 to 59	9	19	86	73	55	52	294
60 to 64	5	7	30	21	15	41	119
65 & Over	<u>1</u>	<u>4</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>5</u>	<u>15</u>
<b>Total</b>	<b>79</b>	<b>188</b>	<b>695</b>	<b>338</b>	<b>208</b>	<b>129</b>	<b>1,637</b>
<i>16' Results</i>	<i>116</i>	<i>165</i>	<i>778</i>	<i>335</i>	<i>239</i>	<i>113</i>	<i>1,746</i>
<i>15' Results</i>	<i>99</i>	<i>191</i>	<i>801</i>	<i>322</i>	<i>227</i>	<i>91</i>	<i>1,731</i>
<i>14' Results</i>	<i>67</i>	<i>160</i>	<i>856</i>	<i>295</i>	<i>197</i>	<i>92</i>	<i>1,667</i>
<i>13' Results</i>	<i>32</i>	<i>139</i>	<i>811</i>	<i>259</i>	<i>144</i>	<i>81</i>	<i>1,466</i>

*\* All participants with weekly contribution levels at or above \$166/week except YRC is included.*



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF ALL ACTIVES**

<b><u>Ages</u></b>	<b><u>0 to 2</u></b>	<b><u>3 to 9</u></b>	<b><u>10 to 19</u></b>	<b><u>20 to 24</u></b>	<b><u>25 to 29</u></b>	<b><u>30 Plus</u></b>	<b><u>Total</u></b>
20 & Under	1	0	0	0	0	0	1
20 to 24	41	20	0	0	0	0	61
25 to 29	61	98	13	0	0	0	172
30 to 34	59	129	103	0	0	0	291
35 to 39	45	145	209	8	1	0	408
40 to 44	44	102	208	83	6	1	444
45 to 49	47	91	275	120	91	13	637
50 to 54	36	108	290	145	142	53	774
55 to 59	29	107	227	147	136	187	833
60 to 64	13	48	118	55	66	159	459
65 & Over	<u>3</u>	<u>16</u>	<u>29</u>	<u>13</u>	<u>13</u>	<u>35</u>	<u>109</u>
<b>Total</b>	<b>379</b>	<b>864</b>	<b>1,472</b>	<b>571</b>	<b>455</b>	<b>448</b>	<b>4,189</b>
<i>16' Results</i>	<i>521</i>	<i>1,147</i>	<i>1,820</i>	<i>681</i>	<i>514</i>	<i>484</i>	<i>5,167</i>
<i>15' Results</i>	<i>540</i>	<i>1,254</i>	<i>1,817</i>	<i>714</i>	<i>493</i>	<i>449</i>	<i>5,267</i>
<i>14' Results</i>	<i>520</i>	<i>1,259</i>	<i>1,902</i>	<i>710</i>	<i>465</i>	<i>435</i>	<i>5,291</i>
<i>13' Results</i>	<i>548</i>	<i>1,244</i>	<i>1,879</i>	<i>648</i>	<i>425</i>	<i>424</i>	<i>5,168</i>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF ACTIVE PARTICIPANT DATA  
BY GROUP AS OF JANUARY 1, 2016**

	<b><u>Top-Level Other than UPS</u></b>	<b><u>UPS</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Number of Actives</b>	520	1,117	2,552	4,189
<b>Avg. Age</b>	50.8	46.5	48.6	48.3
<b>Avg. Vesting Service</b>	15.1	19.0	15.1	16.1
<b>Avg. Benefit Service</b>	14.0	13.2	14.0	13.8
<b>Avg. Accrued Benefit</b>	\$20,573	\$25,266	\$6,983	\$13,545
<b>Avg. Contribution</b>	\$13,284	\$26,715	\$6,097	\$12,487



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF PARTICIPANTS CURRENTLY  
RECEIVING BENEFITS**

**Pensioners Currently Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b>Average <u>Annual Pension</u></b>	<b>Average <u>Age</u></b>
54 & Under	74	\$1,064,247	\$14,381.72	51.97
55-59	389	8,373,885	21,526.70	57.50
60-64	1,215	19,952,340	16,421.68	62.32
65-69	1,810	24,837,422	13,722.33	67.14
70-74	1,782	23,001,987	12,907.96	72.12
75-79	1,637	19,088,962	11,660.94	76.93
80 & Over	<u>2,276</u>	<u>17,531,324</u>	<u>7,702.69</u>	<u>85.25</u>
<b>Total or Average</b>	<b>9,183</b>	<b>\$113,850,167</b>	<b>\$12,397.93</b>	<b>73.17</b>
<i>2016 Results</i>	<i>9,209</i>	<i>\$111,902,728</i>	<i>\$12,151.45</i>	<i>72.77</i>

**Beneficiaries Currently Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b>Average <u>Annual Pension</u></b>	<b>Average <u>Age</u></b>
54 & Under	105	\$946,706	\$9,016.25	44.84
55-59	93	883,347	9,498.35	57.31
60-64	209	1,674,643	8,012.65	62.08
65-69	313	2,329,022	7,440.96	67.17
70-74	486	3,581,535	7,369.41	72.25
75-79	604	3,388,731	5,610.48	76.95
80 & Over	<u>1,420</u>	<u>4,958,129</u>	<u>3,491.64</u>	<u>86.48</u>
<b>Total or Average</b>	<b>3,230</b>	<b>\$17,762,113</b>	<b>\$5,499.11</b>	<b>76.91</b>
<i>2016 Results</i>	<i>3,269</i>	<i>\$17,252,906</i>	<i>\$5,277.73</i>	<i>76.42</i>



**WESTERN PENNSYLVANIA TEAMSTERS  
AND EMPLOYERS PENSION FUND**

**ANALYSIS OF INACTIVE PARTICIPANTS  
NOT YET RECEIVING BENEFITS**

**Terminated Vested Participants Not Yet Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b><u>Average Annual Pension</u></b>	<b><u>Average Age</u></b>
34 & Under	326	\$490,652	\$1,505.07	31.04
35-39	424	1,430,612	3,374.09	37.15
40-44	586	2,796,307	4,771.86	42.10
45-49	941	5,816,710	6,181.41	47.05
50-54	1,100	9,046,446	8,224.04	52.10
55-59	1,316	10,125,913	7,694.46	57.05
60-64	748	4,979,438	6,657.00	61.50
65 & Over	<u>477</u>	<u>2,104,584</u>	<u>4,412.13</u>	<u>74.54</u>
<b>Total or Average</b>	<b>5,918</b>	<b>\$36,790,662</b>	<b>\$6,216.74</b>	<b>52.17</b>
<i>2016 Results</i>	<i>5,139</i>	<i>\$29,578,002</i>	<i>\$5,755.59</i>	<i>50.95</i>

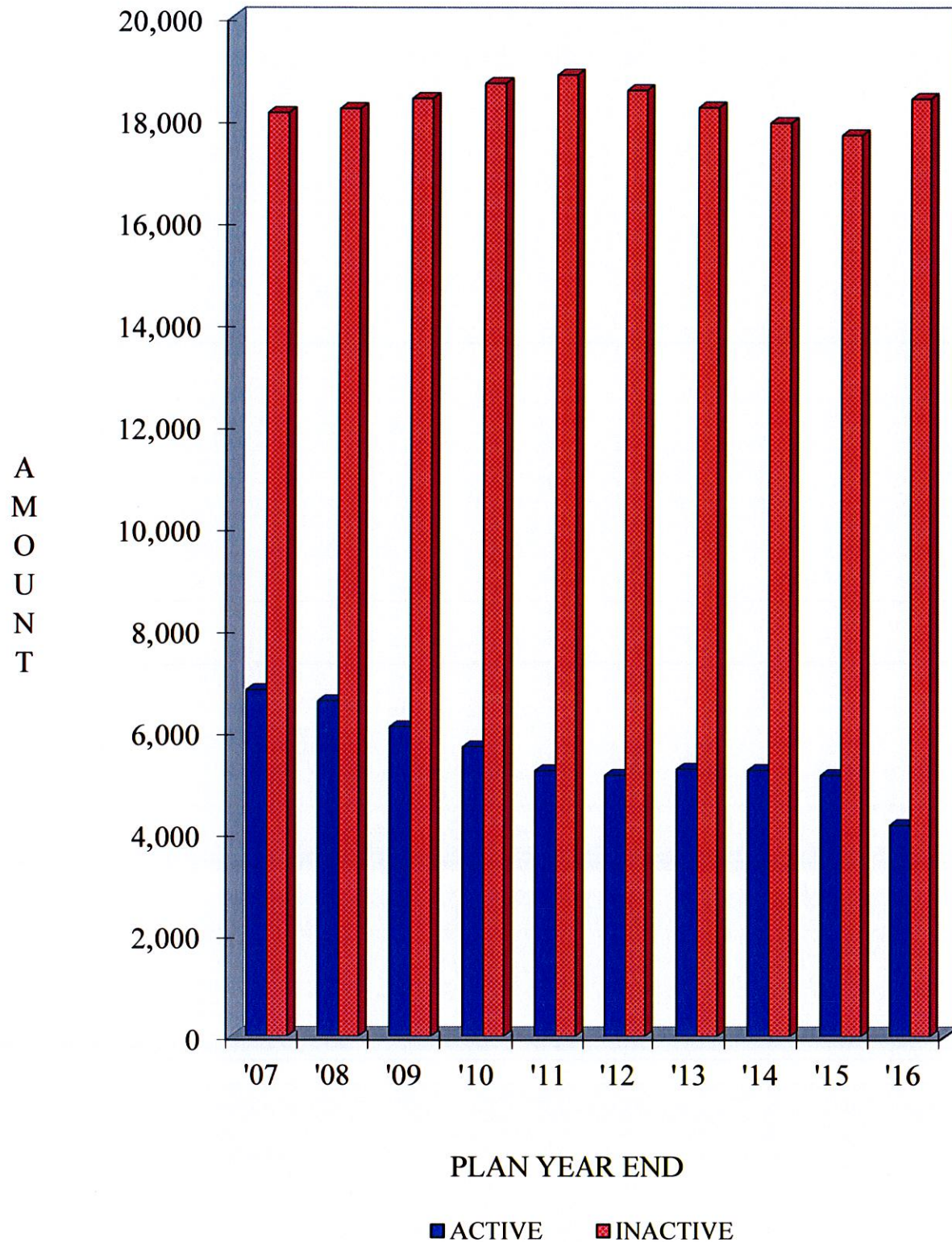
**Beneficiaries Not Yet Receiving Benefits**

<b>Age Nearest <u>Birthday</u></b>	<b><u>Number</u></b>	<b><u>Annual Pension</u></b>	<b><u>Average Annual Pension</u></b>	<b><u>Average Age</u></b>
34 & Under	2	\$8,513	\$4,256.50	24.25
35-39	6	19,848	3,308.00	36.20
40-44	4	23,165	5,791.25	41.17
45-49	14	121,759	8,697.07	45.92
50-54	10	81,891	8,189.10	50.89
55-59	19	109,587	5,767.74	56.05
60 & Over	<u>14</u>	<u>54,263</u>	<u>3,875.93</u>	<u>65.44</u>
<b>Total or Average</b>	<b>69</b>	<b>\$419,026</b>	<b>\$6,072.84</b>	<b>51.64</b>
<i>2016 Results</i>	<i>72</i>	<i>\$444,327</i>	<i>\$6,171.21</i>	<i>51.42</i>



# WESTERN PA. TEAMSTERS EMPLOYERS

## ACTIVE VS INACTIVE PARTICIPANTS



**SECTION V**

**COMPARISON AND ANALYSIS  
OF GAO RATIOS**



## **SECTION V - COMPARISON AND ANALYSIS OF GAO RATIOS**

The following four ratios were selected by the US General Accounting Office as a means to measure the financial health of Multiemployer Pension Plans. The GAO states that although..."no one measure for a single year necessarily provides a complete and satisfactory assessment of the overall financial condition of a plan, (GAO) actuaries believe that this set of four ratios over several years indicates the relative financial strength of the plans...Trends over time are as important for most of the ratios as the values themselves. Favorable trends show that a plan is improving its financial condition...A plan with low values of two or more ratios may be experiencing financial distress."

**EXHIBIT 27 - ASSETS TO VESTED BENEFITS RATIO** - Measures a Plan's funding status. A ratio of less than .50 is an indication of poor or modest funding:

<u>12/07</u>	<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>
0.74	0.48	0.49	0.51	0.48	0.48	0.48	0.47	0.42	0.36

**EXHIBIT 28 - ASSETS TO BENEFIT PAYOUT RATIO** - Measures a Plan's ability to continue benefit payments should adverse contingencies arise. A ratio of less than 6.0 indicates poor resilience and the potential of plan termination:

<u>12/07</u>	<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>
10.56	10.41	6.57	6.69	6.66	5.95	5.93	5.87	5.69	4.99

**EXHIBIT 29 - INCOME TO EXPENSES RATIO** - Measures a Plan's cash flow and asset growth. Income includes contributions plus net investment increment, while expenses include benefit payments and non-investment expenses. A ratio of less than 1.75 indicates an insufficient net income margin:

<u>12/07</u>	<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>
1.25	-2.40	1.39	1.19	0.39	1.05	1.00	0.90	0.38	0.76

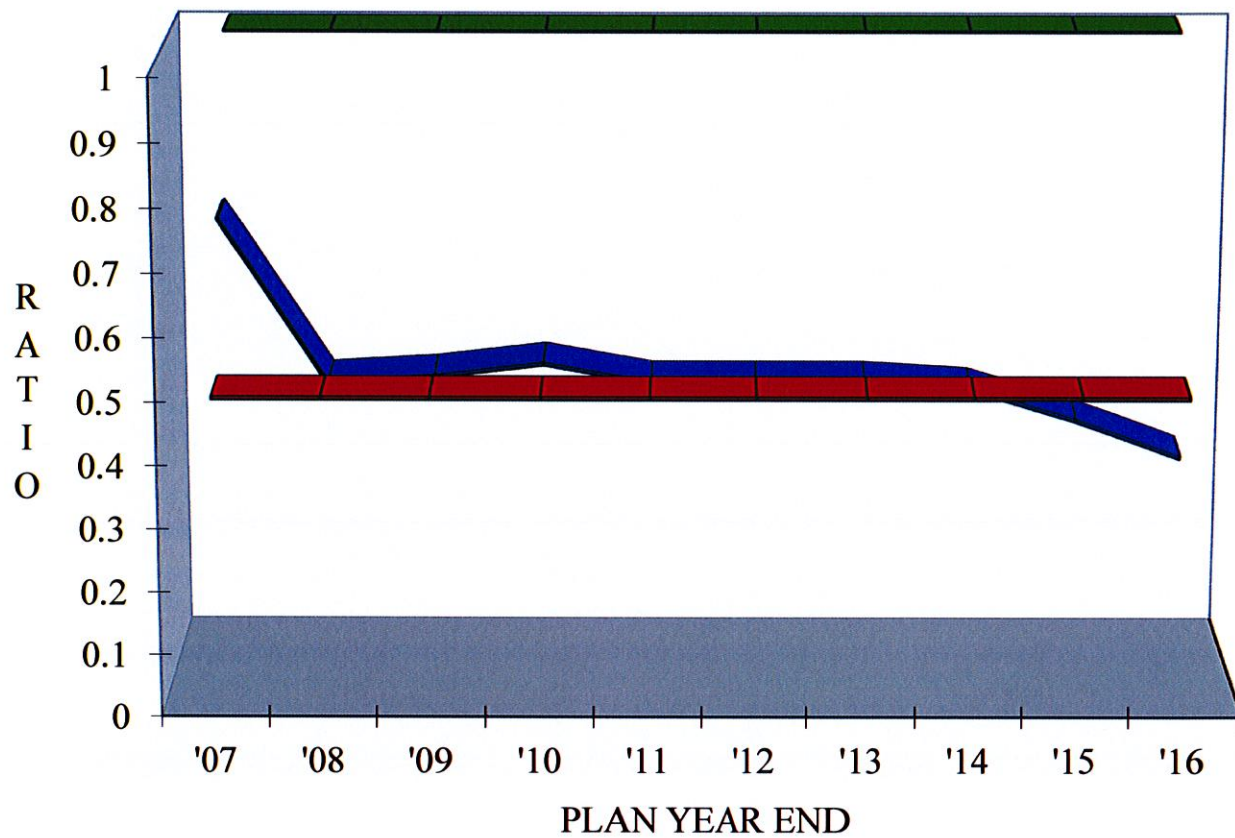
**EXHIBIT 30 - ACTIVES TO OTHER PARTICIPANTS RATIO** - Measures a Plan's population mix. A ratio of less than 2.0 indicates a probable future necessity of burdensome contribution rates for active participants:

<u>12/07</u>	<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>
0.38	0.36	0.33	0.31	0.28	0.28	0.29	0.29	0.29	0.23





## WESTERN PA. TEAMSTERS EMPLOYERS ASSETS TO VESTED BENEFITS RATIO

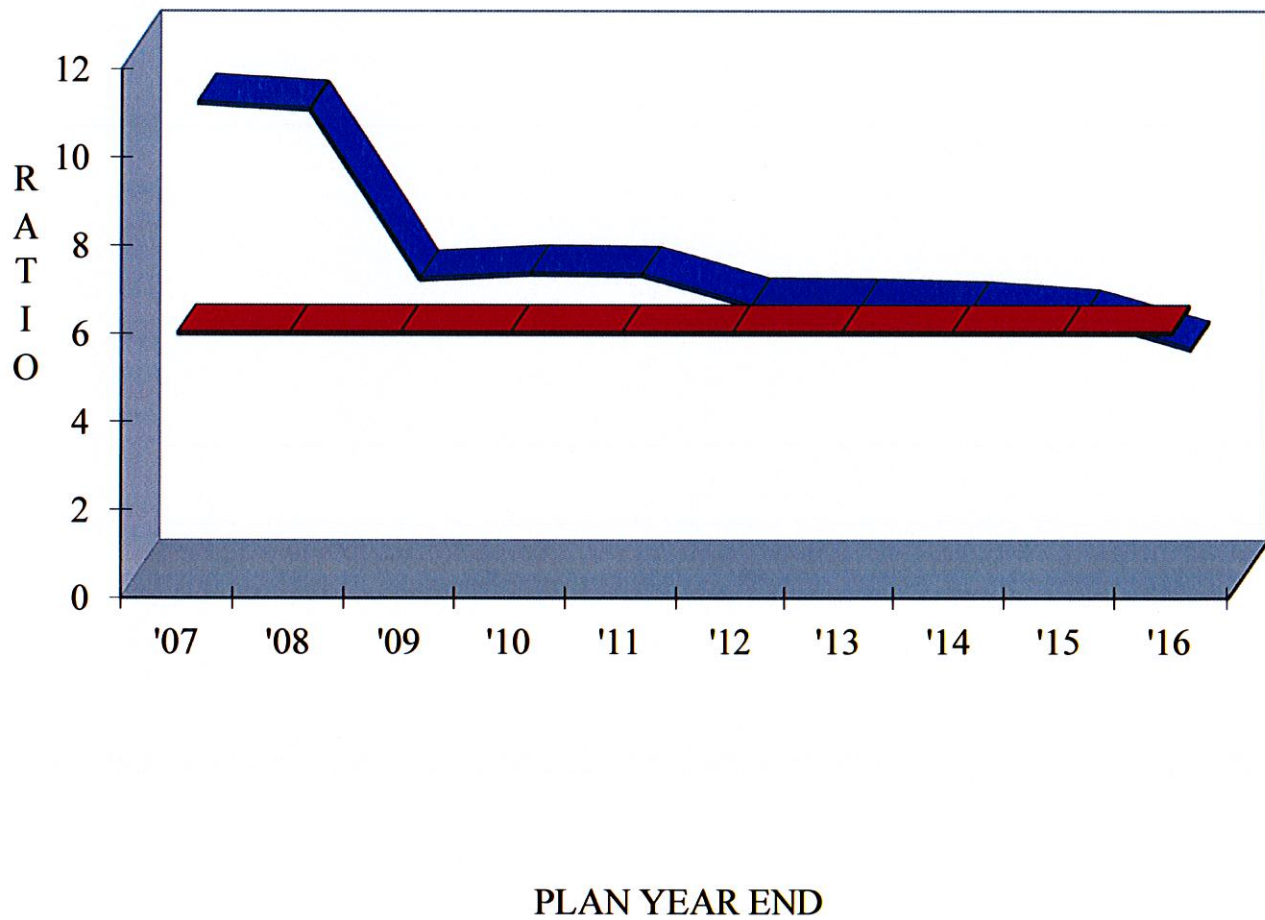


■ TARGET RATIO    ■ ACTUAL    ■ FUNDED



# WESTERN PA. TEAMSTERS EMPLOYERS

## ASSETS TO BENEFIT PAYOUT RATIO

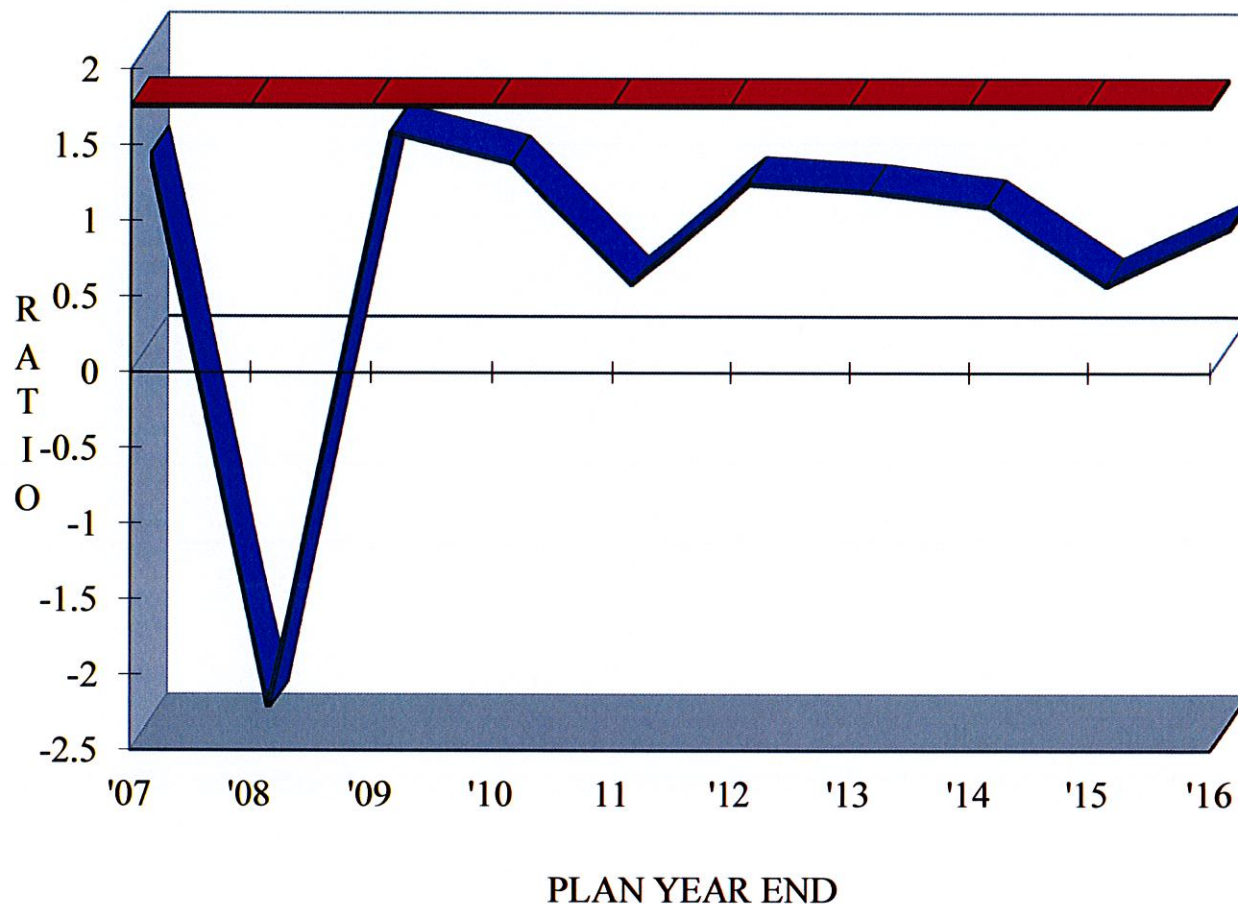


■ TARGET RATIO ■ ACTUAL



# WESTERN PA. TEAMSTERS EMPLOYERS

## INCOME TO EXPENSES RATIO

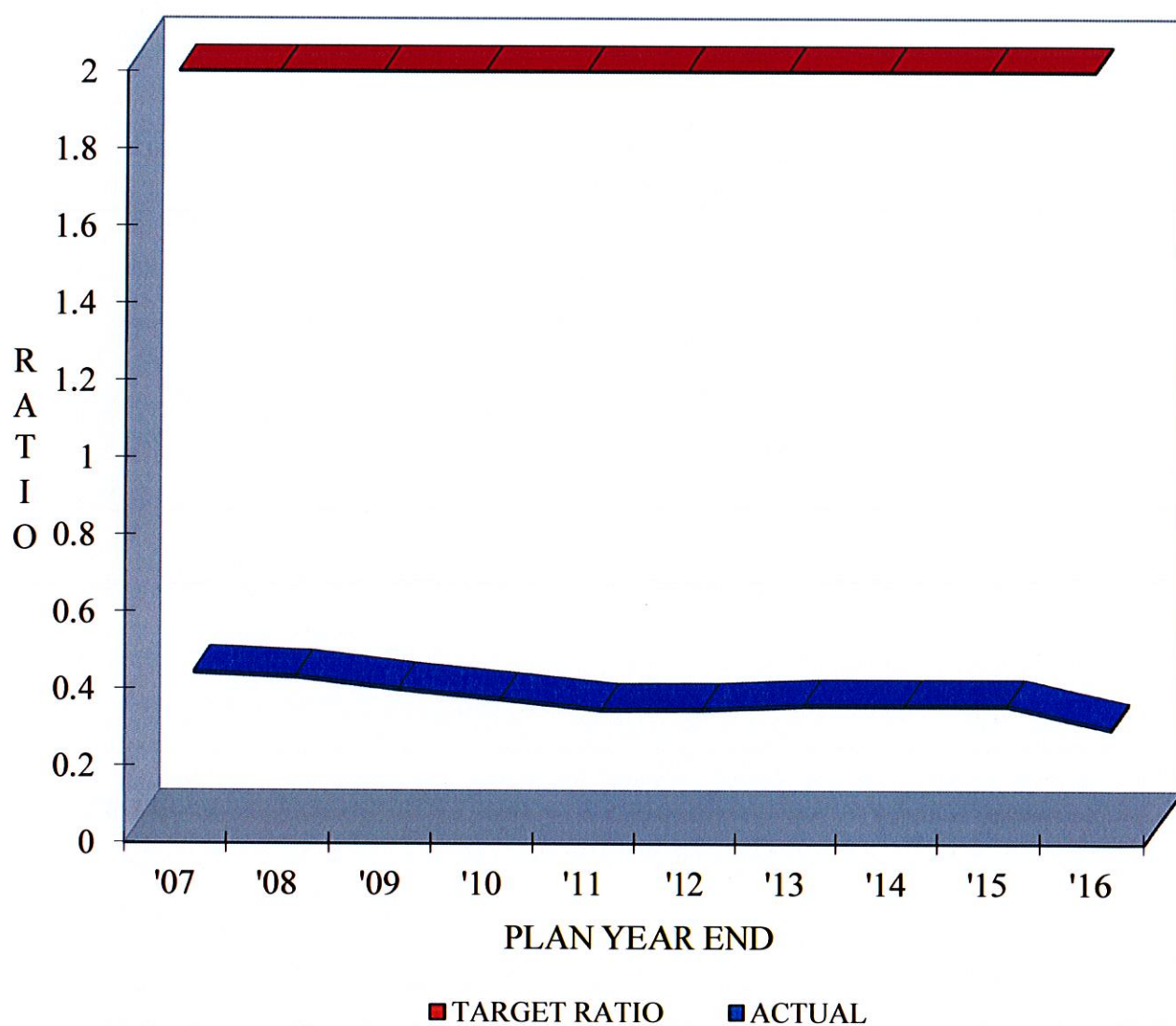


■ TARGET RATIO    ■ ACTUAL



# WESTERN PA. TEAMSTERS EMPLOYERS

## ACTIVE TO OTHER PARTICIPANTS RATIO



**SECTION VI**  
**ACTUARIAL VALUATION METHODS**

## **SECTION VI - ACTUARIAL VALUATION METHODS**

In order to determine plan costs, an Actuarial Cost Method must be applied to actuarial plan liabilities in order to provide a logical and systematic pattern of funding.

**EXHIBIT 31 - ACTUARIAL VALUATION METHODS** - this exhibit describes the Unit Credit Cost Method which is the method used to determine plan costs and the Actuarial Asset Valuation Method, which provides the method of accounting for plan assets in the valuation of plan costs. There have been no changes in any actuarial methods since the last January 1, 2016 Valuation Report.



## **ACTUARIAL VALUATION METHODS**

### **I. ACTUARIAL COST METHOD**

The method used to determine the costs of this Plan is the Unit Credit Actuarial Cost Method. Under this method, the annual cost of the Plan consists of three parts: (1) Amortization of Actuarial Accrued Liability, (2) Normal Cost, and (3) Amortization of Actuarial Gains and Losses.

An individual's accrued benefit for valuation purposes on any date (i.e. a valuation date) related to a particular separation date is the accrued benefit described under the Plan, using the credited service as of the determination date, except that if the Plan's accrued benefit is a function of projectable items, the determination of the valuation accrued benefit shall be made using any such items as projected with the appropriate assumption(s) to that separation date; examples of projectable items are final average compensation and social security benefit.

The benefit deemed to accrue for an individual during a plan year is the excess of the accrued benefit for valuation purposes at the end of the year over the accrued benefit for valuation purposes at the beginning of the year, both accrued benefits calculated for a particular anticipated separation date, from the same projection of projectable items.

An individual's accrued liability is the present value of the accrued benefit for valuation purposes at the beginning of the plan year, and the normal cost is the present value of the benefit deemed to accrue in the plan year. If multi-decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates, and the probability of the individual separating on those dates.

### **II. ASSET VALUATION METHOD**

Assets are valued using the 5-year smoothed market value under Approval 15 of Revenue Procedure 95-51, as modified by Revenue Procedure 98-10.



**SECTION VII**

**ACTUARIAL VALUATION**

**ASSUMPTIONS**





## **SECTION VII - ACTUARIAL VALUATION ASSUMPTIONS**

Actuarial Assumptions provide the actuary with the ability to project the pattern of future benefit payments that, when discounted to present day worth, provide the actuarial liabilities that can be used in conjunction with the Actuarial Valuation Methods to determine plan funding levels.

**EXHIBIT 32 - ACTUARIAL VALUATION ASSUMPTIONS** - details the actuarial assumptions in use for this plan in the January 1, 2017 actuarial valuation. Based on our annual review of the actuarial experience of the plan and our expectations, the following changes have been made:

- Interest Rate – From 8% per annum net of investment fees to 7.5% per annum net of investment fees.
- Healthy Life Mortality – From the RP-2000 Mortality Table with Blue Collar Adjustment projected 7 years using Scale AA to the RP-2014 Mortality Table with Blue Collar Adjustment projected generationally using Scale MP-2017.
- Disabled Life Mortality – From the RP-2000 Disability Mortality Table projected 7 years using Scale AA to the RP-2014 Disability Mortality Table projected generationally using Scale MP-2017.
- Terminated Vested Life Mortality – We have changed the age at which we assume terminated vested participants to either be deceased or incapable of making application for benefits from age 70 to age 100.
- Termination – From Scale T-5 of the Actuary's Pension Handbook to Scale T-7 with rates adjusted to age 35.



**ACTUARIAL VALUATION ASSUMPTIONS****Mortality:**

**Healthy Lives** - The RP-2014 Mortality Table with Blue Collar Adjustment projected generationally using Scale MP-2017.

**Disabled Lives** – The RP-2014 Disability Mortality Table projected generationally using Scale MP-2017.

**Terminated Vested** - Inactive vested participants past age 100 who have not started benefits are assumed to be deceased or incapable of applying for benefits.

**RPA Liability** - IRS 2014 Static Mortality Table.

**Interest:**

**Funding** - A rate of 7.50% per annum net of investment fees.

**RPA Liability** – 3.05% per annum

**Disclosure Liability** - A rate of 7.50% per annum net of investment fees.

**Assumed Retirement Rates:**

**Active participants** – Graduated rates of retirement based on age, service and benefit classification.

**Terminated Vested participants** – Graduated rates of retirement based on age and service only.

**TEFRA Deferred Survivors** – The participant's Normal Retirement Date.

**Expenses:** An estimate based on actual administrative expenses incurred in the prior plan year.

**Termination:** Probability of terminating service from all causes other than death and disability according to Scale T-7 from the Actuary's Pension Handbook adjusted for ages up to 35.

**Rates of Disablement:** The 1985 Pensioners Disability Incidence Class 3 Table for males and females.



## **ACTUARIAL VALUATION ASSUMPTIONS (Cont'd)**

**Census Data:** Where unknown, participants are assumed male, 80% married and age 31 on date of hire. Participants who have 1 contribution month after 10/1 of the prior plan year are assumed to be active. All other participants are assumed to be inactive. Male spouses are assumed to be 3 years older and female spouses 3 years younger than the participant. Where missing, the benefit for terminated vested participants is assumed to be equal to the average of all other terminated vested participants.



**SECTION VIII**

**SALIENT FEATURES**

**OF**

**WESTERN PENNSYLVANIA TEAMSTERS**

**AND EMPLOYERS PENSION FUND**



**SALIENT FEATURES OF WESTERN  
PENNSYLVANIA TEAMSTERS AND  
EMPLOYERS PENSION FUND**

The Salient Features below reflect the provisions of the plan as it existed up through the adoption of the Funding Improvement Plan effective August 1, 2008 and the Rehabilitation Plan effective February 1, 2011 as subsequently updated. Please refer to those documents attached for a complete understanding of how the following plan provisions are affected.

**I. RETIREMENT DATES**

A. Normal Retirement Date – The later of age sixty (60) and the completion of three (3) Years of Participation.

B. Early Retirement Date – The earlier of attainment of 25 years of contributory service and age fifty-five (55) with fifteen (15) Years of Credited Service of which five (5) are Future Credited Service.

C. Disability Retirement Date - An eligible Participant shall receive a benefit as of the date of disability as determined by the Social Security Administration or by the Trustees following a twenty-seven (27) week period of continuous disability. Eligibility for this benefit is ten (10) Years of Credited Service of which at least five (5) years are Future Credited Service.

**II. RETIREMENT BENEFITS**

A. Normal Retirement Benefit – The accumulation of “Unit Multipliers” for years of Credited Service. For service prior to April 1, 1982, refer to the schedule of Unit Multipliers shown in Appendix A of the Plan document. The following reflects how unit multipliers changed for higher contribution rates.

1. For Participants retiring after April 1, 1982, under collective bargaining agreements requiring contributions of \$58.00 per week effective April 1, 1982, and \$62.00 per week effective April 1, 1983, an increased Unit Multiplier of \$35.00 will be granted for each year of credited service earned after April 1, 1982.



## **II. RETIREMENT BENEFITS (cont'd)**

2. For Participants retiring on or after January 1, 1987 under collective bargaining agreements requiring contributions of \$64.00 per week effective April 1, 1985, \$68.00 per week effective April 1, 1986, and \$72.00 per week effective April 1, 1987, a Unit Multiplier of \$50.00 was credited for the 3 month period January to March 1987 followed by a Unit Multiplier of \$60.00.

3. Effective June 1, 1990 for contribution rates \$72.00 per week and higher, the Unit Multiplier is increased \$1.50 for each \$1.00 increase in the weekly contribution rate on or after that date, except that an increase in the Unit Multiplier will not be granted for the \$2.00 increase in the contribution rate (dollars 85 and 86) in excess of \$84.00.

These increases will apply to the calculation of Normal Retirement, Early Retirement, 25-And-Out Retirement, 30-And-Out Retirement, and Vested Benefits, but will not apply to Disability Retirement Benefits.

4. Effective for the period July 1, 2006 through July 31, 2008, Unit Multipliers will be equal to 2% of the amount of employer contributions required to be made on the participant's behalf.

5. For periods beginning August 1, 2008 and later, please refer to the attached Funding Improvement and Rehabilitation Plans.

B. Early Retirement Benefit - The participant's accrued benefit determined as of the "Early Retirement Pension beginning date" reduced by one-half of one percent ( $1/2$  of 1%) for each month that the Early Retirement Date precedes age sixty (60).

C. Disability Retirement Benefit - The Disability Pension shall equal the accumulation of Disability Unit Multipliers determined in accordance with Appendix A of the Plan document for years of Credited Service determined as of the date of occurrence of total and permanent disability provided, however, that such Credited Service period shall include any Future Credited Service resulting from Employer Contributions required to be paid by an Employer for such Participant after the incurrence of total and permanent disability.

Upon reaching Normal Retirement Age, the Participant shall receive his appropriate Normal Retirement Benefit in lieu of any Disability Pension Benefits.



### **III. CREDITED SERVICE**

Credited Service shall mean the sum of Past Credited Service and Future Credited Service. Future Service is granted for contributory service after entry into the Pension Plan and shall mean the number of Years, Months, Weeks and Days of Service.

### **IV. ACCRUED BENEFIT**

As of any specified date, the Accrued Benefit shall mean the benefit earned by a Participant as of such date.

### **V. VESTED BENEFITS**

A Participant who is in active service and has contributions made on his or her behalf on or after January 1, 1999 and who is hired prior to February 1, 2011, will be 100% vested in his accrued benefit upon completing three (3) Years of Participation. Participants hired after February 1, 2011 will be 100% vested in their accrued benefit upon completing five (5) Years of Participation since the Participant's last Break-in-Service Date.

A "Year of Participation" is earned on a Participant's behalf for at least five (5) months, or twenty-two (22) weeks, or one thousand (1,000) hours, during a calendar year.

If contributions are required on an hourly or daily basis, a Year of Participation means a Plan Year in which a Participant has one thousand (1,000) Hours of Service or one hundred (100) Days of Service. Each full year of Credited Service credited to a Participant as of January 1, 1976, pursuant to Section III above, shall be deemed a Year of Participation.

### **VI. PRE-RETIREMENT DEATH BENEFIT**

A. The amount of the Pre-Retirement Qualified Survivor Benefit shall be the same as the amount of the survivor's benefit under the Qualified Joint and 100% Survivor Benefit assuming that the Participant had elected this benefit and retired on the day just before the day on which the Participant died. Such Qualified Survivor Benefit will be payable to the spouse as long as he or she lives.



## **VI. PRE-RETIREMENT DEATH BENEFIT (cont'd)**

B. The beneficiary or estate of a non-married Participant who is vested and dies prior to retirement on or after January 1, 1997, will be eligible for a Pre-retirement Survivor Benefit. The amount of the benefit will be the same as if the participant had retired on his Early Retirement Date, elected a Ten (10) Year Certain and Life Annuity and died.

C. The commencement of the benefit will be when the Participant would have attained his Early Retirement Date.

## **VII. RETIREMENT BENEFIT PAYMENTS**

A. Level Monthly Pension - Life only with equal monthly payments during Participant's lifetime.

B. Qualified Joint and 50% Survivor is the standard form of benefit for married Participants receiving Normal, Early or Disability Pensions.

C. Qualified Joint and 75% Survivor is a benefit for married Participants receiving Normal, Early or Disability Pensions.

D. Qualified Joint and 100% Survivor is a benefit for married Participants receiving Normal, Early or Disability Pensions. A Restoration Benefit is available to a retiree who had elected a Joint and Survivor Benefit on or after August 1, 1991, and whose Qualified Spouse predeceases the Participant. The Participant's monthly benefit amount shall be restored upon the date of the Qualified Spouse's death to the level pension benefit that the Participant would have received upon retirement without the election of the Qualified Joint and Survivor Benefit.

E. Ten Year Certain and Life Benefit is a level monthly pension paid for the lifetime of the retiree with the first one hundred twenty (120) monthly payments guaranteed.

## **VIII. SURVIVOR BENEFIT ACTUARIAL REDUCTION FACTORS**

Effective for Participants who retire on or after April 1, 1999, there will be no actuarial reduction for the Joint and 50% Survivor Benefit and the Ten Year Certain Benefit. The actuarial reduction, will be applicable for the Joint and 75% or 100% Survivor Benefits.



## **IX. BURIAL BENEFIT**

Effective October 1, 1998, the burial benefit for a retiree dying after that date, will be the greater of \$1,000 or one monthly benefit payment (at the Straight Life Annuity Benefit level), to be paid to the person responsible for the payment of the retiree's burial expenses.

## **X. SPECIAL BENEFIT**

Certain "Special Benefit" minimums have been adopted and are based on achieving certain contribution levels and years of contributory service. The following is a brief description. Please refer to the Plan document for more details.

- A. 25-And-Out Accrued Benefit.
- B. Special 25-And-Out Benefit – (\$1,500, \$2,000, or \$2,500)
- C. 30-And-Out Accrued Benefit.
- D. Special 30-And-Out Benefit (\$2,000, \$3,000, or \$3,500).

## **XI. VOLUNTARY EMPLOYEE CONTRIBUTIONS**

The Trustees adopted a voluntary employee contribution program which, under certain circumstances, allows a Participant to reach eligibility for the "Special Benefit" levels.



## **2008 FUNDING IMPROVEMENT PLAN**

**Adoption Date: May 21, 2008**

### **I. INTRODUCTION**

The Pension Protection Act of 2006 ("PPA") requires the Trustees of a multiemployer pension plan that has been certified by its actuary as being in Endangered Status to develop a Funding Improvement Plan. The purpose of the Funding Improvement Plan is to enable the plan to emerge from the Endangered Status by the end of the funding improvement period.

The Notice of Actuarial Certification, dated April 25, 2008, provided to all participants, contributing employers and union representatives, provided formal notification that the Western Pennsylvania Teamsters and Employers Pension Fund ("Pension Fund") is classified in the Endangered Status for the 2008 plan year. The Notice stated that the PPA obligates the Pension Fund Trustees to develop a Funding Improvement Plan which includes options providing contribution increases and/or reductions in future benefit accruals that can be reasonably forecasted to achieve the new funding benchmarks required by the PPA on or before the end of the funding improvement period in the 2020 plan year.

The implementation of this 2008 Funding Improvement Plan will coincide with amendments to the Pension Plan effective August 1, 2008, amending rules which generally lower future benefit accrual levels depending on the level of contribution increases negotiated ("Pension Changes"). The Pension Changes are designed in order that the Pension Fund can emerge from Endangered Status and avoid incurring an accumulated funding deficiency by the 2020 plan year.

Earlier this decade, the Pension Fund experienced three consecutive years in which investment earnings did not meet the 8% actuarial assumption. Even before enactment of the PPA, the Trustees took steps to improve the funding status of the Pension Fund. However, despite several recent years of better investment returns, and the implementation of a pre-PPA plan to limit the rate of future benefit accruals, the Pension Fund's 71.2% funding percentage for the 2008 plan year classified it in the Endangered Status according to the PPA standards.

## **2008 Funding Improvement Plan (cont'd)**

The Pension Fund's 2008 Funding Improvement Plan was developed after a comprehensive examination by the Trustees of various alternatives designed to increase the funded percentage and continue meeting the minimum funding standards of ERISA and the PPA.

### **II. SCHEDULES OF CONTRIBUTIONS AND BENEFITS**

The Trustees have agreed to amendments to the Pension Plan which protect accrued benefits earned prior to August 1, 2008, and which provide for necessary funding improvement measures through the adoption of changes to future employer contribution requirements and future benefit accrual terms. All Pension Changes implemented at this time apply solely to covered service and benefits earned on and after August 1, 2008. These amendments provide:

#### **1. Protection Of Benefits Earned Prior To August 1, 2008.**

- 1.1.** The 2008 Funding Improvement Plan makes no changes to any benefits earned under the terms of the Pension Plan prior to August 1, 2008. The Unit Multipliers, monthly benefit options at retirement, and all other formulas used in computing monthly benefit amounts for service earned prior to August 1, 2008 are not affected by the Pension Changes provided by the 2008 Funding Improvement Plan.
- 1.2.** Benefits being paid to participants who retired prior to August 1, 2008 are not affected by the Pension Changes.

#### **2. Contribution Requirements.**

- 2.1.** Annual employer contribution percentage increases, on a compounded basis, determine the new Unit Multipliers applicable to service earned on and after August 1, 2008.
- 2.2.** Employer contribution increases of at least six (6%) percent, compounded annually, are required for the highest Unit Multiplier available for service on and after August 1, 2008.



### **2008 Funding Improvement Plan (cont'd)**

- 2.3. The schedules of contribution increases needed to determine Unit Multipliers for service earned on and after August 1, 2008 measure the required increase by comparing the highest weekly contribution rate existing at the end of the 2007 calendar year to the highest weekly contribution rate achieved by the end of the 2008 calendar year.
- 2.4. For years after 2008, the employer contribution increase needed to determine the Unit Multiplier is calculated by comparing the highest weekly contribution rate immediately before the anniversary date of the Collective Bargaining Agreement to the weekly contribution rate on that anniversary date.

### **3. Changes In Unit Multiplier Based Future Benefit Accruals.**

- 3.1. Unit Multipliers applicable to service earned on and after August 1, 2008 will be determined on the basis of employer contribution increases occurring during the 2008 calendar year, and thereafter on the anniversary date of the Collective Bargaining Agreement. Unit Multipliers will range from one (1%) percent to four-tenths of one (0.40%) percent, as determined under the following schedules of contribution increases and benefits:

	<b>Default Sched.</b>						<b>Top Sched.</b>
Contribution Increase of:	0%	1%	2%	3%	4%	5%	6%
Unit Multiplier	0.4%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%

- 3.2. The above schedules of contribution increases and benefits will be applicable for the period beginning August 1, 2008 until the expiration of a Collective Bargaining Agreement or Participation Agreement.



### **2008 Funding Improvement Plan (cont'd)**

- 3.3 The PPA requires annual updates to the above schedules of contribution increases and benefits if the funded status of the Pension Fund changes.
- 3.4 In the event the bargaining parties have agreed to pension contribution terms by renewing an expired collective bargaining agreement between January 1, 2008 and July 31, 2008 in reliance on an under-standing that the negotiated increase would be sufficient for the 1.00% Unit Multiplier, the Pension Fund shall apply the 1.00% Unit Multiplier for the period on and prior to January 1, 2010.
- 3.5 Pursuant to a request from a Bargaining Party for confirmation as to whether a current or proposed schedule of contribution increases qualifies for the 1.00% Unit Multiplier, the Pension Fund shall apply the 1.0% Unit Multiplier in any instance in which the Pension Fund Actuary certifies that the specific contribution increase schedule under consideration produces an equivalent or better funding improvement solution than the annual contribution increase standard stated herein in this Paragraph 3.

### **4. Other Changes In Future Benefits.**

- 4.1 All benefits earned following August 1, 2008, including any portion of the Special 25-And-Out or 30-And-Out Benefits, are subject to less favorable Joint and Survivor and Ten Year Certain reduction factors. However, benefits earned prior to August 1, 2008 will be calculated under reduction factors (if any) in effect prior to August 1, 2008.
- 4.2 Normal Retirement Age will be increased from age 60 to age 62 for benefits earned after August 1, 2008 and such benefits are subject to less favorable early retirement reduction factors from age 62.



### **2008 Funding Improvement Plan (cont'd)**

- 4.3. All participants continue to be eligible for the 25-And-Out Benefit (Accrued Benefit) and the 30-And-Out Benefit (Accrued Benefit) for service earned prior to August 1, 2008. Benefits for service on and after August 1, 2008 will be determined under the new Unit Multipliers and new early retirement reduction factors.
- 4.4. The pro-rata portion of one or more of the Special 25-And-Out Benefits (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out Benefits (\$2,000, \$3,000 or \$3,500) will continue for any participant whose Collective Bargaining Agreement meets eligibility for the applicable Special Benefit by the end of the 2008 plan year. At retirement, a participant will be required to satisfy the years-of-service, age and the "no voluntary withdrawal" conditions of each applicable Special Benefit. The pro-rata portion of each applicable Special Benefit will be the fraction consisting of the contributory service earned prior to August 1, 2008 divided by the contributory service earned at retirement. Benefits for service on and after August 1, 2008 will be determined under the new Unit Multipliers and reduction factors.
- 4.5. Notwithstanding the above, the Special 25-And-Out Benefits (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out Benefits (\$2,000, \$3,000 or \$3,500), will continue for any participant whose employer contributes at or above the \$225 weekly level by the end the 2008 calendar year, without regard to the pro-rata provision set forth in Section 4.4. However, the new Joint and Survivor, Ten Year Certain and the early retirement reduction factors for retirement before age 62 will be applied for the portion of each applicable Special Benefit relating to service earned after August 1, 2008.

### **III. ANNUAL UPDATES**

The PPA requires that the Pension Fund annually update the Funding Improvement Plan and the schedules of contribution rates and benefits. The PPA provides that the Funding Improvement Plan shall terminate in a year in which a pension plan is certified as being in Critical Status. Therefore, any plan year after 2008 may re-quire that different default and alternative schedules be selected in that plan year to avoid imposition of a surcharge if the Pension Fund is certified as being in Critical

### **2008 Funding Improvement Plan (cont'd)**

Status. No surcharge applies if the schedule of contributions and benefits in place satisfies the applicable PPA standards in effect at that time.

The Trustees have designed the 2008 Funding Improvement Plan under reasonable actuarial assumptions which forecast that the Pension Fund will meet the PPA contribution and benefit standards for a Critical Status Rehabilitation Plan, if required.

The Pension Fund's progress toward achieving the PPA standards will be annually certified and reported to the participants, the contributing employers and the participating unions.

#### **IV. MODIFICATIONS**

The Trustees of the Pension Fund reserve the right to make any modifications to this Funding Improvement Plan that may be required pursuant to the PPA.

**This 2008 Funding Improvement Plan, following approval by the Trustees of the Western Pennsylvania Teamsters and Employers Pension Fund on May 21, 2008, is hereby adopted as of that date, and as modified by the Trustees on May 27, 2008 and July 9, 2008, subject to the terms and conditions stated herein.**



## **2016 UPDATE TO THE 2010 REHABILITATION PLAN**

The following contains all provisions of the 2010 Rehabilitation Plan as updated through 2016. The objective of the Pension Fund's Rehabilitation Plan is to forestall insolvency.

The Rehabilitation Plan which is restated herein now contains three Schedules ("Preferred", "Default" and "Distressed"). Upon the stated expiration date of a collective bargaining agreement or participation agreement, the Rehabilitation Plan and the PPA require that Bargaining Parties must select, or have imposed, either the Preferred or Default Schedule. The Distress Employer Schedule may only be selected upon a finding by the Trustees, in their sole discretion, that the employer meets all qualifications for the Distress Employer Schedule.

In the event the Bargaining Parties cannot agree to selection of a Schedule within 180 days, the Default Schedule will be imposed by operation of law. Bargaining Parties who select a Rehabilitation Plan Schedule can rely on the contribution rates for the duration of their collective bargaining agreement, subject to a maximum term of five years.

### **A. Preferred Schedule**

The Preferred Schedule requires that the Bargaining Parties provide for contribution increases of at least six (6%) percent, compounded annually, in pending, renewed or amended collective bargaining agreements and participation agreements. If a six (6%) percent increase was not achieved by the last day of the 2011 Plan Year, the Bargaining Parties will be legally required to choose from higher contribution increase levels. The Unit Multiplier percentage used for benefit accruals for service earned on and after February 1, 2011 is equal to 0.5% of contributions. Adjustable Benefits are retained, reduced or eliminated to a lesser degree under the Preferred Schedule than under the Default Plan, as described below:

#### **A.1. Benefits Earned Prior to August 1, 2008**

- A.1.1.** There is no change to accrued benefits earned prior to August 1, 2008 and payable under the straight life option at Normal Retirement Age 60. A Participant can still retire at Early Retirement Age 55 with 15 years of Credited Service or at any age upon completion of 25 years of Future Credited Service. However, unless excepted as provided below, actuarial reductions will be applied for early retirement and for the selection of Joint & Survivor and Ten Year Certain options.



- A.1.2.** Participants who have attained eligibility for the 25-And-Out (Accrued), 30-And-Out (Accrued), Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits by February 1, 2011 can still retire at any time and can have the pre-August 1, 2008 benefit paid with no reduction for early retirement.
- A.1.3.** Participants who have not attained eligibility for the 25-And-Out (Accrued), 30-And-Out (Accrued), Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits by February 1, 2011, but later attain the necessary years of service, can still retire and can have the pre-August 1, 2008 benefit paid; however, an early retirement reduction applies if retirement is before age 55.
- A.1.4.** There is no change to the pre-August 1, 2008 portion of the standard early retirement benefit for Participants who are eligible by February 1, 2011, based on having attained Age 55 and 15 years of Credited Service.
- A.1.5.** Participants who have attained eligibility for the 25-And-Out (Accrued), Early or Normal retirement by February 1, 2011 can retire with no change in the actuarial reductions for Joint & Survivor or Ten Year Certain options with respect to benefits earned prior to August 1, 2008.

**A.2. Benefits Earned After August 1, 2008 but Prior to February 1, 2011** (*all benefits earned during this period are defined in the 2008 Funding Improvement Plan, have not been changed under this Rehabilitation Plan, and are summarized below*)

- A.2.1.** There is no additional change to benefits earned for service between August 1, 2008 and February 1, 2011 beyond that stated in the 2008 Funding Improvement Plan involving application of actuarial reductions for early retirement, Joint & Survivor and Ten Year Certain options.
- A.2.2.** There is no additional change to early retirement reductions (if any) for service earned between August 1, 2008 and February 1, 2011 beyond that stated in the 2008 Funding Improvement Plan involving application of early retirement reductions based on a Normal Retirement Age of 62. Vested Participants with pre-August 1, 2008 service continue to be eligible to retire at Age 60.

- A.2.3.** There is no additional change to the 25-And-Out (Accrued), 30-And-Out (Accrued), and subsequent portions of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits earned between August 1, 2008 and February 1, 2011 beyond that stated in the 2008 Funding Improvement Plan involving application of all reduction factors for early retirement, Joint & Survivor and Ten Year Certain options.
- A.2.4.** There is no additional change to the pro-rata treatment of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) Benefits or the Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits earned between August 1, 2008 and February 1, 2011 beyond that described in the 2008 Funding Improvement Plan involving application of reduction factors for early retirement, Joint & Survivor and Ten Year Certain options.
- A.2.5.** There is no additional change to the continuation of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits, as described in the 2008 Funding Improvement Plan for any participant whose employer contributed at or above the \$225 weekly level by the end of the 2008 Plan Year for benefits earned between August 1, 2008 and February 1, 2011 beyond that described in the 2008 Funding Improvement Plan involving application of reduction factors for early retirement, Joint & Survivor and Ten Year Certain options.

### **A.3. Benefits Earned After February 1, 2011**

- A.3.1.** For service earned on or after February 1, 2011, the Unit Multiplier percentage is 0.5% of contributions, including contribution increases required under the Preferred Schedule (i.e., future contribution increases are benefit bearing).
- A.3.2.** Early retirement, Joint & Survivor and Ten Year Certain reductions apply for all Accrued and Special benefits earned on or after February 1, 2011. Early retirement reductions are based on a Normal Retirement Age of 65. However, vested Participants who entered the Pension Fund prior to August 1, 2008 or February 1, 2011 remain eligible to retire at Age 60 or Age 62, respectively.

- A.3.3.** Participants who enter the Pension Fund after February 1, 2011 become 100% vested after having 5 Years of Participation. Participants who have Credited Service between January 1, 1999 and January 31, 2011 retain the right to be 100% vested after 3 Years of Participation.
- A.3.4.** For benefits earned on or after February 1, 2011, there is no change to the continuation of the Special 25-And-Out (\$1,500, \$2,000 or \$2,500) or the Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits for any Participant whose employer contributed at or above the \$225 weekly level by the end of the 2008 Plan Year, subject to the reductions stated in A.3.2.

#### **A.4. BENEFITS EARNED DURING ANY PERIOD OF TIME**

- A.4.1.** There is no change in any earned benefit of Participants retiring prior to February 1, 2011.
- A.4.2.** The burial benefit is eliminated for Participants retiring after February 1, 2011.
- A.4.3.** Effective February 1, 2011, the disability benefit is eliminated except for disability retirees in pay status or Participants who have been found to have a disability onset date prior to February 1, 2011, as determined by Social Security Administration.
- A.4.4.** There is no change to the 10 Year Certain Pre-Retirement Survivor Benefit, subject to actuarial reduction for that portion earned after August 1, 2008.

#### **A.5. CONTRIBUTION REQUIREMENTS**

- A.5.1.** The Preferred Schedule of benefits only applies to collective bargaining agreements or participation agreements which have contribution increases of six (6%) percent, compounded annually, beginning no later than the last day of the 2011 Plan Year.



**A.5.2.** Annual contribution increases set forth in collective bargaining agreements and participation agreements in effect on the date of this notice are considered in determining whether the six (6%) percent increase in Item A.5.1 has been achieved.

**A.5.3.** After 2011, Bargaining Parties who have not provided annual six (6%) percent contribution increases beginning in 2011 can only choose the Preferred Schedule with contribution increases (subject to Annual Updates - See Section V) beginning in later years as set forth below:

<b>CBA Renew al in Plan Year</b>	<b>Minimum Required Annual Increases</b>
2012	8% for a minimum of 3 years followed by 6% increases
2013	10% for a minimum of 3 years followed by 6% increases
2014	12% for a minimum of 3 years followed by 6% increases
2015	14% for a minimum of 3 years followed by 6% increases

## **B. Default Schedule**

The Bargaining Parties must provide for contribution increases of at least eight (8%) percent, compounded annually, in pending, renewed or amended collective bargaining agreements and participation agreements. If an eight (8%) percent increase was not achieved by the last day of the 2011 Plan Year, the Bargaining Parties will have higher contribution increase levels upon expiration of their agreement. The Default Schedule provides a frozen Unit Multiplier for future benefit accruals as expressly required under the PPA. The Default Schedule contains a significantly greater elimination or reduction in Adjustable Benefits than the Preferred Schedule, as set forth below.

If the Default Schedule is selected or imposed, the Pension Fund will not accept any subsequent collective bargaining agreements covering that bargaining unit which are compliant with the Preferred Schedule, except as determined by the Board of Trustees in their sole discretion.

### **B.1. Benefits**

**B.1.1.** The Unit Multiplier percentage for benefits earned after selection or imposition of a Default Schedule is frozen based on the January 31, 2011 contribution level, as set under the 2008 Funding Improvement Plan (ranging between 0.4% to 1.0% of contributions).



- B.1.2.** Contribution increases are non-benefit bearing. This means that the Unit Multiplier percentage will only apply to the contribution rate in effect immediately before the selection or imposition of a Default Schedule.
- B.1.3.** For service earned on or after February 1, 2011, the Normal Retirement Age is increased from Age 62 to Age 65. Participants who entered the Pension Fund prior to August 1, 2008 or February 1, 2011 remain eligible to retire at Age 60 or Age 62, respectively. Eligibility for Early Retirement (subject to reductions) is maintained for Participants upon attaining 25 Years of Future Credited Service at any age, or at Age 55 with 15 Years of Credited Service.
- B.1.4.** The Special 25-And-Out (\$1,500, \$2,000 or \$2,500) and Special 30-And-Out (\$2,000, \$3,000 or \$3,500) Benefits, as described in the 2008 Funding Improvement Plan for any Participant whose employer contributed at or above the \$225 weekly level by the end of the 2008 Plan Year will be frozen at the accrued level as of the date a Participant becomes subject to the Default Schedule. Such Participant will not be entitled to any additional accruals under those Special Benefit Levels. In addition, reduction factors for early retirement, Joint & Survivor and Ten Year Certain options will apply to all accrued and Special benefits earned including the portion of benefits earned prior to August 1, 2008.
- B.1.5.** There is no change in any earned benefit of Participants retiring prior to February 1, 2011.
- B.1.6.** The burial benefit is eliminated for Participants retiring after February 1, 2011.
- B.1.7.** Effective February 1, 2011, the disability benefit is eliminated except for disability retirees in pay status or participants who have been found to have a disability onset date prior to February 1, 2011, as determined by Social Security Administration.
- B.1.8.** The 10 Year Certain Pre-Retirement Survivor Benefit is eliminated.

## **B.2. Contributions**

- B.2.1.** The Default Schedule of benefits only applies to collective bargaining agreements and participation agreements which have contribution increases of eight (8%), compounded annually, beginning no later than the last day of the 2011 Plan Year.
- B.2.2.** Annual contribution increases set forth in collective bargaining agreements and participation agreements in effect on the date of this notice are considered in determining whether the eight (8%) percent increase in Item B.2.1 has been achieved.
- B.2.3.** After 2011, Bargaining Parties who have not provided annual eight (8%) percent contribution increases beginning in 2011 can only choose the Default Schedule with contribution increases (subject to Annual Updates - See Section V) beginning in later years as set forth below:



<b>CBA Renew al in Plan Year</b>	<b>Minimum Required Annual Increases</b>
2012	11% for a minimum of 3 years followed by 8% increases
2013	14% for a minimum of 3 years followed by 8% increases
2014	17% for a minimum of 3 years followed by 8% increases
2015	19% for a minimum of 3 years followed by 8% increases

**C. Benefits Earned Prior to Selection or Imposition of the Preferred or Default Schedule**

- C.1.** Participants who are neither covered under a Preferred Schedule nor the Default Schedule earn a Unit Multiplier percentage accrual which is one-half the Unit Multiplier percentage applicable as of January 31, 2011. Participants retiring prior to their group's selection of a PPA Schedule, except for "Inactive Vested Participants" (as defined in this Rehabilitation Plan Update), will lose those Adjustable Benefits as set forth in the Preferred Schedule.

**D. Distressed Schedule**

The Trustees in their sole discretion may accept a collective bargaining agreement with contribution rates not in compliance with either the Preferred or Default Schedules in circumstance where a large employer's financial condition has deteriorated and its creditors compel it to reorganize its ownership interests and labor obligations as a condition of forbearing default. On a case by case basis, the Trustees will accept non-conforming contributions and grant corresponding reduced benefits. The specific qualifications for the Distressed Employer Schedule are:

## **D.1. Qualifications for the Distressed Employer Schedule.**

D.1.1. The employer, its lenders and the union have agreed to a plan for restructuring of interests and obligations which includes reduced wages, forgiveness of debt, and modification of collective bargaining agreement pension contribution obligations provisions;

D.1.2. the employer is a large employer who has or will be contributing at least 1% of the total Pension Fund's contributions;

D.1.3. the employer submits to a review of its financial condition and operations by the Fund Office and outside experts and consultants, and agrees to reimburse the Fund for all fees and expenses incurred by the Fund in this review (including, but not limited to, reimbursement to the Fund for the time devoted by the Fund Office to any such review, with this reimbursement to be made at market rates for comparable services performed by the Fund Office);

D.1.4. the employer has previously incurred a temporary termination of its participation in the Fund due to an inability to remain current in its contribution obligations, and the employer was in temporary termination status immediately prior to its request for re-entry as a distressed employer; and,

D.1.5. on the basis of this financial and operational review, it appears that the employer is not able to contribute to the Fund at a higher rate than is indicated in the collective bargaining agreement proposed for acceptance under the Distressed Employer Schedule, and that acceptance of the proposed re-entry is in the best interest of the Fund under all the circumstances and advances the goals of this Rehabilitation Plan.

## **D.2. Contribution and Withdrawal Liability Ramifications**

D.2.1 After acceptance of Distressed Employer Status, future collective bargaining agreements must provide contribution rate increases of 6.00% annually. Alternatively, subject to the approval of the Trustees, the required 6.00% increase in the annual contribution rate, or any portion thereof, may be satisfied through a reduction of the 0.5% accrual rate by the actuarial equivalent of the required 6% increase or any part thereof or by a reduction of the bearing portion of the contribution rate as determined by the Trustees.



D.2.2. In recognition of the reduced funding improvement resulting from a Distressed Employer's gap in contributions and the Fund's acceptance of reduced contributions under this schedule, adjustments to the Distressed Employer's potential withdrawal liability allocation will use contribution rates, including any increases, required by the employer's collective bargaining agreement immediately prior to becoming covered by Distressed Employer Schedule. The contribution base units shall be the greater of the actual contribution base units while participating in Distressed Employer Schedule or an average of the contribution base units during the three years immediately preceding, which will be imputed for each year of participation in said Schedule. With respect to any gap in contributions due to a temporary termination or cessation of contributions, the employer's contributions shall be imputed for any such gap period solely for the purpose of calculating withdrawal liability.

#### **E. Inactive Vested Participants**

Inactive Vested Participants who never had covered service under the Rehabilitation Plan Preferred Schedule shall be covered under the terms of the Default Schedule. However, if prior to the commencement of benefits, an Inactive Vested Participant returns to covered service (except for service covered under a Default Schedule or a Distressed Employer Schedule) and earns one year (52 weeks) of Credit Service under this Fund (or a Fund having a reciprocal agreement with this Fund), Adjustable Benefits will be restored to the level provided under the Preferred Schedule. Once a Participant becomes covered under either the Preferred or Default Schedule, the Schedule applicable at the time the Participant leaves active service shall govern the determination of that individual's benefits.

##### **E.1. Continuation of Work on Non-Contributory Basis**

If a group decertifies, or as the result of labor negotiations terminates contributing employer status for continuing work for which contributions had previously been required, or the Trustees terminate a working group's participation, a Participant whose last covered service in the Pension Fund is with the employer whose contributing employer status is terminated shall have adjustable benefits determined as provided under the Default Schedule in effect at the time of the termination. The Trustees, in their sole discretion, may permit Participants who are under the Preferred Schedule to retire under the Preferred Schedule for a brief period of time after the termination of contributing employer status, without application of the Default Schedule's loss of adjustable benefits.



## **E.2. Termination of Work in Connection with Complete Shutdown**

The Rehabilitation Plan provides that benefits under the schedule applicable at the time the Participant leaves active service shall govern the determination of that individual's adjustable benefits. If, the Trustees, in their sole discretion determine that an employer has discontinued operations, and thus terminated its contributing employer status, Participants who have their employment terminated, retain or lose adjustable benefits as determined under the Schedule applicable to their group immediately prior to the discontinuance of operations.

## **E.3. Employer Reorganization and Successor Employer**

In determining whether a Participant has continued employment with an Employer whose contributing employer status has terminated, the Trustees may in their sole discretion determine that work for a reorganized employer, or an employer entity which is created as the result of transactions entailed in a reorganization, results in the loss of adjustable benefits as provided under the Default Schedule.

## **F. REHABILITATION PLAN SURCHARGES**

The PPA provides that contribution surcharges may be assessed after a plan provides notice to the employer that surcharges are applicable. If the Trustees determine that a collective bargaining agreement has not been extended or renewed in compliance with the 2008 Funding Improvement Plan or the Rehabilitation Plan, the Trustees reserve the right to impose a PPA contribution surcharge of 5% during the initial critical status year (2010) and 10% thereafter.

## **G. ANNUAL UPDATES**

The PPA requires that the Pension Fund annually update the Rehabilitation Plan Schedules to reflect the experience of the Pension Fund and progress in meeting the objectives to forestall insolvency and to later emerge from Critical Status.

Although an Annual Update may require a higher contribution schedule, Bargaining Parties who have relied upon, or who are deemed to be in compliance with, any PPA Schedule of Contributions may rely on those contribution requirements for the remaining term of their agreement. Notices of any changes to these Rehabilitation Plan Schedules will be provided advising Bargaining



Parties that when a collective bargaining agreement or participation agreement expires, they will be required to select contributions and benefit structures from the updated Rehabilitation Plan Schedules.

## **H. MODIFICATIONS**

The Trustees of the Pension Fund reserve the right to make any modification to this Rehabilitation Plan that may be required. The Trustees have the power, authority, and discretion to amend, construe and apply the provisions of the Rehabilitation Plan and Schedules.

**At their December 7, 2016 meeting, the Trustees reviewed the actuarial report titled “2016 Rehabilitation Plan Update”. After due consideration and discussion, the Trustees agreed that all reasonable measures to forestall insolvency had already been taken, and that no further changes to the Rehabilitation Plan should be made.**

THE BOARD OF TRUSTEES  
WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION  
FUND

