Central Pennsylvania Teamsters Defined Benefit Plan
Notice of Funding Relief Election under PRA 2010

Employer Identification Number: 23-6262789

Plan Number: 001

This is to inform you that on November 8, 2010 the Trustees of the Central Pennsylvania Teamsters Defined Benefit Plan ("Plan") elected the special funding rules available under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 ("PRA 2010"). Federal law requires that you receive this Notice.

Background

The 2008 financial market crash has placed unprecedented funding pressure on multiemployer defined benefit pension plans and their sponsoring employers. In many cases, plans have had to significantly reduce the benefits provided while simultaneously requiring significant contribution increases from contributing employers during a difficult business environment.

In response to this crisis, on June 25, 2010 President Obama signed the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 into law. In general, the implementation of the funding relief provisions of PRA 2010 will reduce the required contribution increases and/or the extent of any required benefit modifications over the short-term by expanding the period of time over which plan sponsors are allowed to fund plan liabilities.

PRA 2010 contains several provisions that will provide funding relief to the Central Pennsylvania Teamsters Defined Benefit Plan. After carefully analyzing and reviewing the relief's effects on both the short and long-term outlooks of the Plan, the Trustees have elected to apply all of the special funding rules under PRA 2010.

Which of the Special Funding Rules Apply?

A combination of three special funding rules has been elected. The specific elections are:

1. Extended amortization of the net investment losses incurred in the plan year ending December 31, 2008,
2. 10-year smoothing period for the difference between expected and actual returns for the plan year beginning January 1, 2009, and
3. 130% of market value upper limit on the actuarial value of plan assets for the plan year beginning January 1, 2010.

What is the Effect of the Application of the Special Funding Rules?

The Internal Revenue Code contains minimum funding rules applicable to multiemployer defined benefit plans. These funding rules provide specific requirements for recognizing the impact of market value losses on the Plan's minimum required contribution. The election of the relief provisions described above will impact the Central Pennsylvania Teamsters Defined Benefit Plan in three ways.

Extended amortization of the net investment losses incurred in the plan year ending December 31, 2008

Under the Internal Revenue Code, the net experience asset loss is required to be spread over 15 years when determining a plan's minimum required contribution. As a result of the application of the special funding rules under PRA 2010, the Plan's 2008 net experience asset loss will instead be recognized in the Plan's minimum required contribution over an extended period (not in excess of 30 years). This election will reduce the Plan's minimum required contribution by allowing a slower recognition of the 2008 net experience asset loss. The effect of this election is similar to comparing a 15-year mortgage to a 30-year mortgage. All other mortgage terms being equal, a 30-year mortgage has a lower annual payment than a 15-year mortgage. In both cases, the initial debt is ultimately paid, but it is paid over a longer period under the 30-year mortgage.

10-year smoothing period for the difference between expected and actual returns for the plan year beginning January 1, 2009

Under the Internal Revenue Code, a plan may measure its assets for minimum funding purposes (also called the Plan's "Actuarial Value of Assets") using a method that recognizes, or "smoothes", market value losses over a period up to 5 years. For example, a plan with a market value loss of $100 could recognize a $20 loss each year for 5 years until the entire loss is recognized. As a result of the Trustees' election to apply the special funding rules under PRA 2010, the Plan's asset smoothing period for the 2008 market value loss has been increased to 10 years. This election will both increase the Plan's "funded percentage" under the Pension Protection Act of 2006 ("PPA") and reduce the Plan's minimum required contribution by allowing a slower recognition of the 2008 market value loss. In both cases, the 2008 market value loss will be recognized, but the recognition will be made over an extended period of time.

130% of market value upper limit on the Actuarial Value of Assets for the plan year beginning January 1, 2010

As discussed above, under the Internal Revenue Code a plan may measure its assets for minimum funding purposes using an Actuarial Value of Assets method that recognizes market value losses over a specific period of time. However, the rules also require that this Actuarial Value of Assets cannot exceed 120% of the market value of assets. As a result of the Trustees' election to apply the special funding rules under PRA 2010, the 120% limitation is increased to 130% for the plan year beginning January 1, 2010. This election will both increase the Plan's funded percentage when reported using the Actuarial Value of Assets and reduce the Plan's minimum required contribution by allowing a slower recognition of the 2008 market value loss. In both cases, the 2008 market value loss will be recognized.

In general, the application of these special funding rules will increase the Plan's PPA funded percentage and will decrease the amount of required minimum contributions that will be taken into account in determining the appropriate contribution rates under Collective Bargaining Agreements. Application of the special funding rules may also affect the Plan's certification status under PPA06 for the current and future plan years.

What Plan Restrictions Apply Due to the Special Funding Rules Election?

As a result of the special funding rules election, the Plan is not permitted to increase benefits during the two plan years immediately following any plan year in which the special funding rules apply, unless certain conditions are met.

Continued Commitment to Fund the Plan

As in the past, the Trustees of the Central Pennsylvania Teamsters Pension Fund wish to assure you that we appreciate the importance of the Plan to the future well-being of its participants and their families. While we believe the election of these special funding rules is in the best interest of all Plan participants, we understand that this relief is not a substitute for sound long-term Plan funding. At a minimum, you should be aware that in order to elect these special funding rules, the Plan's actuary was required to certify (using the same actuarial basis that is used for purposes of the PPA certification) that the Plan is projected to meet its benefit payment obligations during the 30-year period this relief is in effect. The plan actuary has done so, and has projected that the Plan will meet its obligations long past the 30-year period.

The Plan's Trustees will continue to work with the Plan's professional advisers to monitor the Plan's financial health and will continue to make every effort to ensure the Plan's financial condition is strong.

Where to Get More Information

If, after reviewing this notice, you have any questions or concerns, please feel free to contact the Fund Administrator:

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Board of Trustees,
Central Pennsylvania Teamsters Pension Fund

cc: Pension Benefit Guaranty Corporation