

# NEW ENGLAND TEAMSTERS AND



# TRUCKING INDUSTRY PENSION FUND

1 Wall Street • Burlington, Massachusetts 01803-4768  
Telephone 781-345-4400 • Fax 781-345-4402

September 2006

## Union Trustees

David W. Laughton, Co-Chairman  
Robert E. Bayusik  
Stuart B. Mundy  
Ritchie E. Reardon

## Employer Trustees

J. Leo Barry, Co-Chairman  
William M. Vaughn, III  
J. Dawson Cunningham  
Thomas K. Wotring

Dear Participant:

We are pleased to present you with a summary of the annual report for the New England Teamsters and Trucking Industry Pension Fund for the year ended September 30, 2005. The annual report has been filed with the Internal Revenue Service, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

During the plan year ended September 30, 2005, 1,251 members and 520 surviving spouses were added to the pension rolls. The Fund received almost \$216 million in hourly contributions and paid out almost \$383 million in benefits during the year. At the end of the plan year, 23,388 retired members and 6,681 beneficiaries were receiving benefits from the Fund. The actuarial present value or cost of both present and future pension benefits as determined by the Plan's actuarial firm was \$4.909 billion. For withdrawal liability purposes, the Plan utilizes an actuarial valuation of assets, which was determined to be \$3.176 billion as compared to a market valuation of \$3.319 billion. A comparison of the actuarial valuation of Plan assets to the vested benefit obligation results in an unfunded liability for withdrawal liability purposes of \$1.733 billion.

Over 7,750 active participants have successfully logged on to the Fund's website at [www.nettipf.com](http://www.nettipf.com) to view their hours of service and years of pension credit. If you are an active participant and have not yet logged on, you may obtain a Member ID and Password by clicking on the Member Login button on the Fund's website and then selecting either the Register or Forgot Password button. Everyone who accesses the Fund's website may view specific Plan information such as Early Retirement reduction factors, Contributory Credit tables and Special Service Benefit schedules by clicking on the word Tables on our homepage. Over 23,000 retirees have signed up for the direct deposit of their monthly pension checks. If you haven't signed up, please call the Fund Office and ask for an Authorization Form. You may also download an Authorization Form directly from the Fund's website by clicking on the Online Forms button. Whether you are on pension or still an active participant, don't forget to notify the Fund Office each time you change your address. You may submit your change of address through the Contact Us button on our homepage. If you prefer, you may download a Change of Address & Beneficiary Form directly from the website and mail it to the Fund Office. If you are on pension, you may also use the Contact Us button to request a change in your tax withholdings. When calling the Fund Office, please take advantage of our toll-free telephone numbers - (800) 447-7709 for active members and (877) 638-3899 for retired members. If you wish to apply for your retirement benefit in person, our new location in Burlington has plenty of free parking spaces for everyone.

The Fund Office has received a number of inquiries regarding the recent passage of the Pension Protection Act (PPA) of 2006. Although the provisions of the PPA do not become effective until 2008, the Trustees are continuing to work with the Fund's actuaries and advisors to assess both the immediate and long term effects of this new and important piece of legislation. A Special Notice pertaining to the PPA is enclosed with this mailing for your review and reference. As explained, this new law will not result in any reductions in the benefits being paid to our retirees. In addition, an active participant's accrued benefit payable at Normal Retirement Age may not be cut back or reduced. Additional information will be available to all Plan participants in the coming year. Please refer to the reverse side for information required by ERISA for the Plan year ending September 30, 2005.

Fraternally yours,

BOARD OF TRUSTEES

**NEW ENGLAND TEAMSTERS & TRUCKING  
INDUSTRY PENSION FUND**

**SUMMARY ANNUAL REPORT**

This is a summary of the annual report for the NEW ENGLAND TEAMSTERS & TRUCKING INDUSTRY PENSION FUND, EIN 04-6372430, Plan No. 001, for the year ended September 30, 2005. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

**Basic Financial Statement**

Benefits under the plan are provided through a trust fund. Plan expenses were \$393,687,000. These expenses included \$9,733,000 in administrative expenses, \$382,670,000 in benefits paid to participants and beneficiaries, and \$1,284,000 in other expenses. A total of 72,530 persons were participants in or beneficiaries of the Plan at the end of the Plan year, although not all of these persons had yet earned the right to receive benefits.

The value of Plan assets, after subtracting liabilities of the Plan, was \$3,319,096,000 as of September 30, 2005, compared to \$3,069,236,000 as of September 30, 2004. During the Plan year, the plan experienced an increase in its net assets of \$249,860,000. This increase includes unrealized appreciation and depreciation in the value of Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year.

The Plan had total income of \$643,547,000, including employer contributions of \$219,347,000, realized gains of \$17,244,000 from the sale of assets, and earnings from investments of \$406,956,000.

**Minimum Funding Standards**

An actuary's statement shows that enough money was contributed to the Plan to keep it funded in accordance with the minimum funding standards of ERISA.

**Your Rights to Additional Information**

You have the right to receive a copy of the full annual report, or any part thereof, upon request. The items listed below are included in that report:

1. An accountant's report;
2. Financial information and information on payments to service providers;
3. Assets held for investment;
4. Information regarding any common or collective trusts; pooled separate accounts, master trusts of 103-12 investment entities in which the Plan participates; and
5. Actuarial information regarding the funding of the Plan.

To obtain a copy of the full annual report, or any part thereof, write or call the Trustees, NEW ENGLAND TEAMSTERS & TRUCKING INDUSTRY PENSION FUND, 1 Wall Street, Burlington, MA 01803 (781) 345-4400. The charge to cover copying costs will be \$ .25 per page.

You also have the right to receive from the Plan Administrator, upon request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the Plan Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for copying these portions of the report because they are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan (NEW ENGLAND TEAMSTERS & TRUCKING INDUSTRY PENSION FUND, 1 Wall Street, Burlington, MA 01803), and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs.

Requests to the Department should be addressed to:

Public Disclosure Room, N1513  
Employee Benefits Security Administration  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20210



Dear Participant:

The long-awaited Pension Protection Act (PPA) of 2006 became law in August 2006. The major thrust of this new legislation is to impose more stringent funding requirements on both single employer and multi-employer pension plans. Although the provisions of the PPA do not become effective until October 1, 2008, the Trustees are continuing to work with the Fund's actuaries and advisors to assess both the immediate and long term effects of this legislation. Additional information will be available to all participants in the months ahead. This Notice is intended to address the number one question that's on the minds of many of our plan participants – what will happen to the monthly pension benefit that I am currently receiving or planning to receive in the future?

As required by the PPA, all ERISA-qualified pension plans will be classified by their financial health into one of four different categories relative to their funded status. The classification must be certified by the fund's actuary on an annual basis. Those pension plans that are classified as underfunded may be required to decrease future benefits and/or increase future employer contributions over a period of years in order to improve their financial condition. Although further guidance from the IRS will be needed to interpret many of the provisions contained in the new law, we believe that the changes to this Pension Fund that were introduced in 2003 and again in 2005 (minimum retirement age of 57 and 5% maintenance of benefits employer contribution requirements) appear to satisfy the new funding targets.

You may have seen or heard various reports on this new law, which left you with the impression that plan sponsors and Trustees of underfunded pension plans will now be legally permitted to reduce the monthly benefits being paid to retirees or accrued by active or inactive vested participants. While certain plan changes are allowed and may in fact be necessary under the PPA to insure the future stability of this Pension Plan, we wish to assure you that this new law does not permit the Trustees of this Fund to cut back or reduce the pension benefits being paid to any of our current retirees. In addition, we wish to assure all of our active and inactive vested participants that the new law does not allow the Trustees to cut back or reduce the value of your accrued pension benefits payable at Normal Retirement Age.

Under the law, the Trustees are allowed to implement plan changes pertaining to future benefit accrual values based on pension credit not yet earned and/or future employer contributions necessary to support these future accrual values. In addition, other plan provisions that may be changed include early retirement subsidies, disability benefits and certain death benefit payments. As required by the PPA, you will be advised in advance of any change in the existing plan provisions. Because of the long-term aspect of certain collective bargaining agreements covering the majority of plan participants, we believe that any of the major changes in the plan that may be required by the PPA to improve the Fund's financial condition need not occur until 2011 or later. Thus, the Trustees have the benefit of time to appropriately address the funding concerns of the Plan as required by the new law.

This Pension Plan was designed as a defined benefit plan to provide you with the maximum benefit amount payable at your retirement based on the contributions made on your behalf. Retirement is a major life event. The selection of your most appropriate retirement age should always be decided by personal circumstances, such as your family situation, financial security, health, hobbies and post-retirement goals. The PPA is very important to securing the pension you have earned and to ensure that it is payable for all of your retirement years. However, the PPA should not be used as a factor in your retirement decision. Many people do elect to retire too early. And too early means that they are not ready financially, emotionally or psychologically. It is in your best interest and the Fund's best interest that you choose the retirement age that is best for you.

The Trustees of this Fund are committed to restoring the healthy balance between Plan assets and liabilities. Unique, high yielding investment opportunities are investigated continually. We are pleased to report that renewed contracts with our contributing employers are conforming to the Plan's Maintenance of Benefits requirement that was implemented in 2005. Protection of the pensions now being paid to our retirees and the benefits accrued by our active participants is our first priority. All of us connected to this Pension Fund believe that our current unfunded status will improve over time and that we will become a stronger, healthier and more secure pension plan. The changes that were made to the Fund over the last few years as well as any future changes that may be required by the PPA are to ensure that your pension benefits will continue to be paid to you for all of your retirement years.

Board of Trustees