Introduction
The Pension Protection Act of 2006 ("PPA '06") requires the Trustees of a multiemployer pension plan that has been certified by the plan’s actuary as being in Endangered status (also known as “Yellow Zone” status) to develop a Funding Improvement Plan ("FIP"). A FIP must prescribe actions, including recommended actions to be taken by the bargaining parties, that are expected to enable a plan to meet stated financial benchmarks by the end of the Funding Improvement Period, based on reasonably anticipated experience and on reasonable actuarial assumptions.

This is the second update to the Fund’s fifth FIP. On March 28, 2008, the Teamsters Joint Council No. 83 of Virginia Pension Fund ("Fund") was certified by its actuary to be in Endangered status for the plan year beginning January 1, 2008; the Trustees then implemented the first FIP. As a result of the stock market collapse of late 2008 and early 2009, the Fund was certified by its actuary to be in Critical Status (also known as “Red Zone” status) effective January 1, 2009, but the Trustees elected to remain in the Yellow Zone as permitted by the Worker, Retiree and Employer Recovery Act of 2008 ("WRERA"). On March 31, 2010 the Fund was certified by its actuary to be in Critical Status for the plan year beginning January 1, 2010. On March 30, 2011, the Fund’s Trustees elected funding relief measures authorized by Congress. The Fund was certified to be in Endangered Status for the plan year beginning January 1, 2011, January 1, 2012 and January 1, 2013. The Trustees adopted the second FIP on November 3, 2011 and adopted the first update to the second FIP on October 4, 2012.

The FIP must be designed to accomplish the following objectives:
1. An increase in the Fund’s funded percentage, as defined in PPA '06, by the end of the Funding Improvement Period, of at least 33% of the difference between the funded percentage as of the beginning of the period and 100%, and
2. No accumulated funding deficiency during the Funding Improvement Period.

Funding Improvement Period
The Funding Improvement Period for the Teamsters Joint Council No. 83 of Virginia Pension Plan is the period of 10 plan years beginning January 1, 2014.

If the actuary certifies for any plan year before the end of the Funding Improvement Period that the Fund is no longer in Endangered or Critical Status, the Funding Improvement Period will end as of the close of the preceding plan year.

Transition from Critical to Endangered Status
When the Fund entered Critical Status, the Trustees adopted a Rehabilitation Plan as required by PPA '06. The Rehabilitation Plan included a Preferred Schedule of Benefits and a Default Schedule of Benefits, both of which included reductions in adjustable benefits such as subsidized early retirement benefits; the Preferred Schedule also included mandatory contribution increases. Also as required by PPA '06, employers who did not negotiate contract amendments that conformed with either the Preferred or Default Schedules were required to pay a surcharge (increased pension contribution rates) until the expiration of their current collective bargaining agreements.

PPA ‘06 does not explicitly address how employers who are paying the surcharge are affected when a fund moves from Critical to Endangered Status as the Fund has done. Because only funds in Critical Status are allowed to levy a surcharge, the Trustees have decided that the Fund will grant credits to all employers who paid a surcharge after January 1, 2011, the date the Fund moved from the Red Zone to the Yellow Zone. All employers who have not yet adopted the Preferred Schedule (including the contribution increases that it requires) or the Default Schedule will move to the Default Schedule on the earlier of the adoption of an agreement that conforms to the Default Schedule or the automatic imposition of the Default Schedule, as described in this FIP, unless they negotiate collective bargaining agreements containing the contribution rate increases required by the Preferred Schedule.

Schedules
Based on the funded projected percentage as of January 1, 2014 as set forth in the plan actuary’s January 1, 2013 actuarial valuation, the FIP must contain schedules of plan and/or contribution changes that are projected to enable the funded percentage to improve to 82.0% by the end of the Funding Improvement Period and avoid any projected accumulated funding deficiency during that period. Projections based on reasonable assumptions indicate that these requirements are met with the Preferred and Default Schedules.

The FIP document contains the Default Schedule and Preferred Schedule that were included in the Plan Document as of December 31, 2010. These Schedules, which this update continues without change, describe the different benefit
restrictions and contribution rate increases required by each Schedule. Both the Preferred and the Default Schedules consist of the following:

1. For all contributing employers, a contribution rate at least equal to the rate in effect on December 31, 2010 and for every year thereafter that the Fund is in Endangered status, and for the Preferred Schedule the specified contribution rate increases;

2. The plan of benefits in effect as of the day before the date of certification of Endangered Status (March 31, 2011), for all current and future active participants and for every year that the Plan is in Endangered status, except for:
   a) Participants whose employers were paying a surcharge will not be eligible for the Preferred Schedule unless their employers agree to the contribution rate increases required by the Preferred Schedule;
   b) any benefit changes required for the Plan to continue meeting the requirements for tax qualification under the Internal Revenue Code and comply with other applicable law will be implemented, and
   c) benefit increases may be adopted after the commencement of the Funding Improvement Period, if and only if the Trustees determine that they will be financed out of contributions not contemplated for the FIP and will not impede the Fund's progress toward achieving the PPA '06 benchmarks, provided, however, that the Trustees cannot make any benefit improvements prohibited by the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010.

As noted below, these Schedules are subject to revision in future years if the Trustees determine that changes are necessary in light of the Fund's future financial condition and the requirements of the PPA '06, or are otherwise appropriate.

**Automatic Implementation of FIP Default Schedule**

If a collective bargaining agreement providing for contributions under the Fund that was in effect on January 1, 2013 expires, and after receiving these FIP schedules the bargaining parties fail to adopt a collective bargaining agreement that provides for contributions at the scheduled rates, the Default Schedule will be implemented automatically on the earlier of the date (1) on which the Secretary of Labor certifies that the parties are at an impasse, or (2) which is 180 days after the date on which the collective bargaining agreement expires, provided the employer has not withdrawn from the Fund.

**Annual Updating of FIP**

Each year the plan's actuary will review and certify the status of the Fund under the PPA '06 funding rules and determine whether the Fund is making the scheduled progress toward the requirements of the FIP. If the Trustees determine that it is necessary in light of the updated information, they will revise the FIP and the benefit and contribution schedules recommended under it. Notwithstanding subsequent changes in benefit and contribution schedules, a schedule of contribution rates provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

**Attachment**

Attached to this document is the Schedule of Benefits applicable to you and to your Employer. If you have any questions or if you believe that you may have been sent the wrong Schedule of Benefits, please contact Flo Edberg at 804-282-3131 or toll-free at 800-852-0806.