



Graphic Communications Conference of the International Brotherhood of Teamsters
SUPPLEMENTAL RETIREMENT AND DISABILITY FUND



Formerly the Graphic Communications International Union Supplemental Retirement and Disability Fund

G. N. Smetana, CEBS • Office of the Administrator

**ANNUAL FUNDING NOTICE
FOR
GRAPHIC COMMUNICATIONS CONFERENCE OF THE
INTERNATIONAL BROTHERHOOD OF TEAMSTERS
SUPPLEMENTAL RETIREMENT AND DISABILITY FUND**

INTRODUCTION

This Notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the GRAPHIC COMMUNICATIONS CONFERENCE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS SUPPLEMENTAL RETIREMENT AND DISABILITY FUND (Employer Identification Number 52-6118568 Plan No. 001). This Notice also includes information about rules governing insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This Notice is for the Plan year beginning May 1, 2005 and ending April 30, 2006.

PLAN'S FUNDING LEVEL

The Plan's "funded current liability percentage" for the Plan Year was 62%. The "funded current liability percentage," is the ratio of actuarial value of assets to current liability, as of the valuation date, expressed as a percentage. In general, the higher the percentage, the better funded the plan. The funded current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors, including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the fund increase or decline, and whether benefits payments from the fund increase or decline.

PLAN'S FINANCIAL INFORMATION

The market value of the Plan's assets as of May 1, 2005 was \$1,013,805,891. The total amount of benefit payments for the Plan Year was \$111,095,005. The ratio of assets to benefit payments is 9.13. This ratio is calculated by dividing the value of Plan assets by the total benefit payments. This ratio suggests that the Plan's assets could provide for approximately 9.13 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. However, the ratio does not take into account future changes in total benefit payments or Plan assets.

RULES GOVERNING INSOLVENT PLANS

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

ANNUAL FUNDING NOTICE
PAGE TWO

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

BENEFIT PAYMENTS GUARANTEED BY THE PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, such as in our Plan, the Supplemental Benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

WHERE TO GET MORE INFORMATION

For more information about this Notice, you may write or call the Plan office at 455 Kehoe Boulevard, Suite 101, Carol Stream, IL 60188; (630) 871-7733. For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's web site, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

NO ACTION NECESSARY
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