Graphic Arts Industry
Joint Pension Trust

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Dear Plan Participant:

Enclosed is the Annual Funding Notice ("Notice") for the Graphic Arts Industry Joint Pension Trust ("Joint Pension Trust" and "Fund"). Beginning this year, this Notice is required by federal law to be provided in the format attached. However, the Notice does not provide a complete picture of the Joint Pension Trust's finances, and we want to briefly describe how the Joint Pension Trust operates on an ongoing basis.

How the Joint Pension Trust Works

To help you understand the Joint Pension Trust's current funded status, it is helpful to understand how the Fund works.

- Participants working today are earning benefits. Benefits accrue based on the number of pension credits earned before retirement and the benefit rate(s) for each period of accrual. Some of those benefits will not be paid until many years in the future. Retirees and beneficiaries of the Fund are already collecting benefits, and may continue collecting benefits for many years.
- Participating Employers contribute to the Fund on behalf of Participants pursuant to the terms of the collective bargaining agreement entered into between the Participating Employer and the Local Union. These contributions, together with the investment earnings accumulated throughout the years, form the assets of the Fund. These assets are then used to pay benefits to Retirees and Beneficiaries and pay for the administrative costs of the Fund.
- Since some of the benefits being earned by Participants today will not be paid for many years, it is not necessary to have all of the money required to pay those future benefits in hand today. However, the goal is for the Fund to have enough money to pay retirement benefits now and into the future.

Funded Percentage

The "Funded Percentage" is a measure of a pension plan's progress toward the goal of having enough money to pay retirement benefits both now and into the future. It measures the assets that the Fund currently has against the current value of benefits already accrued. It is a "snap shot" and does not take into account benefits that may accrue in the future, nor does it take into account income from future employer contributions and future investment earnings.

The Effect of Interest Rates

Whenever you save money to pay a debt in the future, the interest rate that you earn on your savings is very important and it becomes more important the longer you have to save. The higher the rate of return on your savings, the less money you will need today to accumulate the same amount in the future. This is also true for a pension plan that invests money today to pay benefits in the future.

The Plan's actuary assumes that, over the long-term, the JPT will have a return on investments of 8.0% per year. Federal law allows the actuary to make this assumption. Also, the JPT uses professional investment managers to invest the Fund's assets. These professionals consider the Fund to be a long-term investor and they have made their investment recommendations to the Trustees accordingly. Using the long-term interest return assumption of 8.0%, the JPT's Funded Percentage is 85.23%.

The Annual Funding Notice provides you with the Plan's "Funded Current Liability Percentage." This is another way to measure the Plan's Funded Percentage but rather than using a long-term interest rate assumption, it is based on the *current* market rate of return on corporate bonds. This rate will be different each year. Since it is based only on recent bond rates, it fails to take into consideration the Fund's diversified portfolio of investments including, but not limited to, stocks, bonds, real estate, and alternative asset classes. The government mandated interest rate that the Fund must use for this measurement in the attached Notice is 5.9%. On that basis, the Funded Percentage of the JPT is 66.59%.

The information contained in the Annual Funding Notice is required by law. It includes a section entitled "Rules Governing Insolvent Plans" and "Benefit Payment Guaranteed by the PBGC." All retirement plans, *whether well funded* or *insolvent*, are required to advise Notice recipients of the consequences if their pension plan is insolvent and benefits are paid by the PBGC. Please note that the JPT is not insolvent and it continues to exceed the law's minimum funding requirements. The Board of Trustees consistently works with professional advisors (i.e., actuaries, consultants, investment advisors and legal advisors) to develop and implement a sound funding policy in accordance with governmental funding standards.

In Closing

The Trustees are committed to the financial stability of the Fund now and into the future. The JPT is designed to provide you with retirement income to reward you for your service. Along with Social Security and personal savings, the Fund's pension benefits are an important part of your retirement security. The Trustees thank you for your continued support of the Fund and assure you that they are committed to the Fund's long-term financial health and viability.

Sincerely,

Board of Trustees

Enclosure: PFEA Funding Notice

ANNUAL FUNDING NOTICE
FOR
GRAPHIC ARTS INDUSTRY JOINT PENSION TRUST

Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the GRAPHIC ARTS INDUSTRY JOINT PENSION TRUST, Plan No. 001, EIN 52-1074215 (Plan). 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 July 1, 2005 and ending June 30, 2006 (Plan Year).

Plan's Funding Level

The Plan's "funded current liability percentage" for the Plan Year was 63.4%. 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 July 1, 2005, was $287,795,393. The total amount of benefit payments for the Plan Year was $24,237,642. The ratio of assets to benefit payments is 12:1. This ratio suggests that the Plan's assets could provide for approximately 12 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.

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 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 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 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 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, 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 contact the BOARD OF TRUSTEES OF THE GRAPHIC ARTS INDUSTRY JOINT PENSION TRUST at 1900 L Street, Suite 950, Washington, DC 20036 (202-466-2507). 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).