

**GRAPHIC ARTS INDUSTRY  
JOINT PENSION TRUST**

1900 L STREET, N.W., SUITE 710 • WASHINGTON, D.C. 20036 • 202/466-2507 • FAX 202/530-1210 • E-MAIL: jpt@gciu.org

May 1, 2008

Re: Annual Funding Notice

Dear Participant:

TRUSTEES

Donald J. Treis  
*Co-Chairman*

Joseph M. O'Connor  
*Co-Chairman*

Dennis Adams  
*Birmingham*

Byron P. Austin  
*Kansas City*

Michele Cirrincione  
*Washington, D.C.*

R. Alan Duncan  
*Long Prairie*

Marty Hallberg  
*Twin Cities*

John Hilderbrand  
*Terre Haute*

Michael J. Sippy  
*Milwaukee*

Edward E. Williams, Sr.  
*Washington, D.C.*

FUND ADMINISTRATOR

Angela Dilks

Enclosed is the Annual Funding Notice ("Notice") for the Graphic Arts Industry Joint Pension Trust ("Joint Pension Trust"). 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.

As the notice describes, the Joint Pension Trust's "funded current liability percentage" is 63.4% based on an assumed rate of future investment returns of 5.77%, as dictated by law. However, the Joint Pension Trust's funding ratio, based on the long-term investment rate assumptions used by the Joint Pension Trust to comply with the minimum funding requirements dictated by federal law, is 84.2%. The long-term assumption rate reflects the ongoing nature of the Joint Pension Trust. The lower the investment rate of return that is assumed, the higher is the Joint Pension Trust's reported underfunding. So, on an ongoing basis, the Joint Pension Trust has a higher funded percentage which reflects a better financial position.

Finally, the Notice also provides basic information on pension funds that run out of money and what the government (the Pension Benefit Guaranty Corporation or PBGC) would pay in that event. Every pension fund is required by law to include this exact language in the Notice and it does not mean it will ever apply to the Joint Pension Trust. The Notice also identifies the period that benefits could be paid based on the Joint Pension Trust's current assets, but this does not take into account future investment earnings and contributions that the Trust will receive.

If you have any questions concerning the enclosed Notice, please contact the Joint Pension Trust Office.

Sincerely,

GRAPHIC ARTS INDUSTRY JOINT  
PENSION TRUST

BY

  
Angela Dilks

Enc.



# **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, 2006 and ending June 30, 2007 (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, 2006, was \$298,021,429. The total amount of benefit payments for the Plan Year was \$25,739,721. The ratio of assets to benefit payments is 11.6 to 1. This ratio suggests that the Plan's assets could provide for approximately 11.6 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  $\$24.75$  ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*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 ( $\$17.75 \times 10$ ).

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 710, 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](http://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).