LOCAL 705

I. B. of T.

PENSION FUND

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IMPORTANT NEWS REGARDING THE LOCAL 705 INTERNATIONAL BROTHERHOOD OF TEAMSTERS PENSION PLAN

October 2026

Dear Plan Participants:

As Trustees of the Local 705 International Brotherhood of Teamsters Pension Plan (the "Plan" or the "Fund"), it is our goal to provide you the best possible retirement benefits as well as to keep you informed of any changes.

We are pleased to announce an important change to the Plan that is designed to simplify the Plan, improve retirement benefits, and keep the Plan healthy for the long term.

Effective January 1, 2027, we are improving the formula used to calculate pension benefits. Currently, pension benefit amounts are calculated based on your accruals (or, years of Benefit Service multiplied by the applicable accrual rate). Starting January 1, 2027, your pension benefit amount will be calculated based on a percentage of the contributions made to the Plan on your behalf by your employer.

This change will increase benefit amounts for all active participants. No participants will receive a benefit smaller than what they have already accrued.

We'll explain how this all works in this Summary of Material Modifications (SMM).

Where We Are Today—And Why We're Making This Change

In 2012, our Plan entered the "Red Zone," which meant the Plan was in critical status under federal funding rules and had to adopt a Rehabilitation Plan to get back on track. Thanks to the changes made under our Rehabilitation Plan (including contribution rate increases but no decreases to benefits), Local 705's success in organizing and increasing membership, strong investment returns, and careful oversight by the Board of Trustees, our Plan's funding position improved and reached the "Green Zone" in 2022, meaning it is considered financially healthy, and it has stayed there ever since.

Since we emerged into the Green Zone, the Board of Trustees has been working to keep the Plan healthy and strong and to begin increasing your pension benefits. We have been able to issue bonus checks to retired participants and have improved service pensions available to those who qualify.

One thing we have heard from participants over the years is that the way pensions are calculated is complicated. Participants have different accrual rates depending on their employer. Some employers have additional benefits payable at 25 and 30 years of benefit service. It is difficult to provide equitable accrual rates for differing contribution rates.

And that brings us to the changes we are now making. We want to make the Plan design easier to understand, more equitable, and sustainable for the long term.

An Overview of the New Plan Design

We are standardizing and simplifying the benefit formula effective January 1, 2027.

Past benefits for active participants will be converted by taking the 30-year benefit under the current benefit formula for each employer, dividing that by 30, and multiplying the result by your years of service with each employer as of January 1, 2027. In addition, active participants with 30 or more years of service as of January 1, 2027, will receive a supplemental benefit of $350 per month in addition to their converted benefit.

Future benefits will be calculated by multiplying either 0.5% or 0.7% times the contributions made on your behalf by your employer. Starting January 1, 2027, participants working for employers with a weekly contribution rate of the UPS contribution rate (currently $648.40 per week) or higher will earn a 0.7% rate. Those with a weekly contribution rate lower than the UPS contribution rate will earn a 0.5% rate.

There will no longer be a cap on weeks worked per year. We are removing the cap starting January 1, 2027. In other words, working more than 50 weeks in a year allows you to earn a larger benefit.

How Your Pension Will Be Calculated

After January 1, 2027, your pension will have two parts:

- **Part 1: Benefits you earned before January 1, 2027.** If you are an active participant, these benefits will be converted into the new formula. (If you are an inactive participant, these benefits will be calculated under the old formula, unless you return to covered employment for three additional years before you retire.) You will not lose the value of benefits you already earned.
- **Part 2: Benefits you earn starting January 1, 2027.** These benefits will be based on a percentage of contributions made on your behalf.
- **Your total pension will equal Part 1 plus Part 2.**

Important: You will not lose the value of benefits you have already earned. Your past benefit is protected and, if you are active, it will be converted into the new formula.

Who Gets the Conversion?

Whether your past benefit is converted depends on whether you are active in 2026.

- You will get the conversion if you work at least one hour in 2026 and are not retired on January 1, 2027. (Note: If you are in pay status solely due to reaching your Required

Beginning Date and continue working in covered employment in 2026, you will not be considered “retired” and will get the conversion.)

- You will not get the conversion if you do not work in covered employment in 2026 for at least one hour.
- You will not get the conversion if you are retired on January 1, 2027.
- You will get the conversion if you were inactive in 2026 but later return to covered employment and earn three additional years of Future Benefit Service before you retire.

Examples of How Benefit Accruals Are Changing

The examples below show how the new formula may affect your pension. These are examples only. Your actual benefit will depend on your work history, employer contributions, and other factors.

Example 1: UPS Participants

The example below shows the prospective benefit for a new hire who earns 52 weeks of contributions for work in covered employment each year.

Years of Service	Current Benefit	New Formula: 0.7% of Contributions* (Starting January 1, 2027)
10	$1,200	$2,360
15	$1,800	$3,540
20	$2,400	$4,720
25	$3,000	$5,900
30	$4,568**	$7,081
35	$5,168**	$8,261

* *Based on current UPS weekly contribution rate of $648.40.*

** *Includes $968 benefit increase for reaching 30 years of service.*

Weeks Worked Per Year	Current Benefit Accrual	New Formula: 0.7% of Contributions* (Starting January 1, 2027)
22	$52.80	$99.85
30	$72.00	$136.16
35	$84.00	$158.86
40	$96.00	$181.55
45	$108.00	$204.25
50	$120.00	$226.94
52	$120.00	$236.02

** Based on current UPS weekly contribution rate of $648.40.*

Example 2: US Foods Participants

The example below shows the prospective benefit for a new hire who earns 52 weeks of contributions for work in covered employment each year.

Years of Service	Current Benefit	New Formula: 0.5% of Contributions* (Starting January 1, 2027)
10	$850	$1,651
15	$1,275	$2,477
20	$1,700	$3,302
25	$2,700**	$4,128
30	$3,800***	$4,953
35	$4,300***	$5,779

** Based on current US Foods weekly contribution rate of $635.00.*

*** Includes $200 benefit increase for reaching 25 years of service.*

**** Includes $800 benefit increase for reaching 30 years of service.*

Weeks Worked Per Year	Current Benefit Accrual	New Formula: 0.5% of Contributions* (Starting January 1, 2027)
22	$37.40	$69.85
30	$51.00	$95.25
35	$59.50	$111.13
40	$68.00	$127.00
45	$76.50	$142.88
50	$85.00	$158.75
52	$85.00	$165.10

** Based on current US Foods weekly contribution rate of $635.00.*

Example 3: Cartage Participants

The example below shows the prospective benefit for a new hire who earns 52 weeks of contributions for work in covered employment each year.

Years of Service	Current Benefit	New Formula: 0.5% of Contributions* (Starting January 1, 2027)
10	$850	$1,387
15	$1,275	$2,080
20	$1,700	$2,774
25	$2,500	$3,467
30	$3,200**	$4,161
35	$3,700**	$4,854

** Based on sample cartage weekly contribution rate of $533.40.*

*** Includes $200 benefit increase for reaching 30 years of service.*

Weeks Worked Per Year	Current Benefit Accrual	New Formula: 0.5% of Contributions* (Starting January 1, 2027)
22	$37.40	$58.67
30	$51.00	$80.01
35	$59.50	$93.35
40	$68.00	$106.68
45	$76.50	$120.02
50	$85.00	$133.35
52	$85.00	$138.68

** Based on sample cartage weekly contribution rate of $533.40.*

Examples of How the Conversion Process Will Work

The benefits that you earned before January 1, 2027, will be increased based on the current 30-year pension amounts as long as you are active on January 1, 2027. In addition, active participants with 30 or more years of service on January 1, 2027, will receive a supplemental benefit of $350 per month.

As a result of the conversion, all active participants will receive an increase in their accrued benefit.

The table below shows the conversion accrual rate by employer:

Employer	Current Accrual Rate	Current 30-Year Monthly Benefit	Pre-2027 Benefit Conversion Accrual per Year of Benefit Service Divided by 30
UPS & Fund Office, Local 705, West Side Realty Administration and Joint Council No. 25 Staff	$120	$4,568	**$152.27**
DHL, DHL Express	$85	$3,500	**$116.67**
Danzas, Danzas AEI (Full Time & Clerical)	$85	$3,600	**$120.00**
UPS (CSI)	$97	$4,028	**$134.27**
US Foods	$85	$3,800	**$126.67**
Standard Cartage Company, Inc.	$85	$3,400	**$113.33**
Gene Goodwillie, Inc.	$85	$3,400	**$113.33**
KeHE Food Distributors, Inc.	$85	$3,400	**$113.33**
Avalon Petroleum Company	$85	$3,400	**$113.33**
USF Holland, Inc. and YRC, Inc.	For Service Before 8/1/2009: $100.00 For Service Between 1/1/2014 – 12/31/2016: $14.50 For Service After 12/31/2016: $16.00	For Service Before 8/1/2009: $3,000 For Service Between 1/1/2014 – 12/31/2016: $435 For Service After 12/31/2016: $480	For Service Before 8/1/2009: $100.00 For Service Between 1/1/2014 – 12/31/2016: $14.50 For Service After 12/31/2016: $16.00
Keller Trucking, Inc.	$42	$1,260	**$42.00**
All Others	$75	$3,200*	**$106.67**

** 30-year monthly benefit for Cartage employers with no additional 25- or 30-year of service pension increases other than the $200 bonus at 30 years of service, effective January 1, 2025.*

In Conclusion

Please share this SMM with your family and keep it with your Summary Plan Description and other important Pension Plan documents.

If you have any questions about the changes explained in this SMM or about your benefits generally, please contact the Fund Office at 312-738-2811.

Sincerely,

The Board of Trustees

This announcement, which serves as a Summary of Material Modifications, contains only highlights of recent changes to the Local 705 International Brotherhood of Teamsters Pension Plan. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the Plan document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.

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Frequently Asked Questions

Here are some commonly asked questions and answers to them about the changes to the Pension Plan, effective January 1, 2027.

Question	Answer
What is changing in the Pension Plan?	Starting January 1, 2027, the Plan will use a new formula to calculate benefits. Future benefits will be based on a percentage of employer contributions, and past benefits will be converted into the new structure if you are active.
Why is the Plan making this change?	The Plan has improved financially and is updating the formula to be simpler, more consistent, and more closely tied to contributions.
How will my pension be calculated after 2027?	Your pension will have two parts: (1) benefits earned before 2027 and (2) benefits earned starting in 2027. Your total pension is the sum of these two parts.
Will I lose the benefit I've already earned?	No. You will not lose any benefits you have already earned. If you are active, your past benefits will be converted but will not be reduced.
What does 'conversion' mean?	Conversion means your pre-2027 benefit is recalculated into a monthly amount under the new structure and added to your future benefits.
Who gets the conversion?	You get the conversion if you work at least one hour in 2026 and are not retired on January 1, 2027, or if you return to covered employment and earn three additional years of Future Benefit Service before you retire.
What if I am not working in 2026?	Your existing benefit will remain under the current formula and will not be converted, unless you return to covered employment and earn three additional years of Future Benefit Service before you retire.

Question	Answer
What if I come back to work later?	If you return to covered employment and earn three additional years of Future Benefit Service before you retire, your past benefit will be converted to the new formula, and any new benefits you earn will use the new formula. If you do not return to covered employment and earn three additional years of Future Benefit Service before you retire, your past benefit will stay the same and any new benefits you earn will use the old formula.
How are future benefits calculated?	Future benefits are based on a percentage of contributions made on your behalf, either 0.5% or 0.7% depending on your employer.
Does working more weeks increase my benefit?	Yes. Under the new formula, every week worked increases your benefit, with no cap.
Will my benefits be higher?	Active participants will see higher benefits immediately upon conversion. Thereafter, participants will likely see higher benefits over time, especially those with steady work and higher contribution levels.
What if I have 30 or more years of service?	Active participants with 30+ years of service as of January 1, 2027, will receive a supplemental benefit of $350 per month.
Do current pension types still exist?	Yes. All current pension types remain available and will be calculated under the updated formula.
Who can I contact for more information?	Contact the Pension Fund Office for information about your individual benefit and how these changes apply to you.

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