

This overview will:

- Get you thinking about why you should start saving money today
- Describe the many benefits of the Plan
- Explain how easy it is to enroll in the Plan
- Provide you directions on accessing your Plan account through the Internet or over the phone

**S**tart your new career on the right track by joining the Plan today! Log on to <http://teamsterups.csplans.com> or call the Information Line at 1-800-537-0189. You can view the Plan enrollment materials online today, including the Plan Highlights, Summary Plan Description, Fund Fact Sheets and Fund Performance, or you can request them through the Information Line.



## Teamster-UPS National 401(k) Tax Deferred Savings Plan

# Understanding the *Power* of the Plan

### Congratulations!

You are now eligible to join the Teamster-UPS National 401(k) Tax Deferred Savings Plan (the “Plan”). The Plan is an important benefit to help you save for the future. It’s a 401(k) retirement savings and investment plan that allows you to save some of your pay before taxes are taken out, and lets your savings grow tax-free until you withdraw them.

While retirement may seem like a long way off, it’s something we should all be saving for now. In fact, the earlier you start, the better.

Did you know...that if you invested just \$50 a month for the next twenty years — about the cost of a daily cup of coffee — you could add more than \$23,155 to your total retirement savings!<sup>1</sup>

The trouble is, most people think it’s hard to make the commitment to save, and even harder to find a good way to make your money grow. Fortunately, the Plan offers a range of unique features and benefits that can make meeting your goals even easier. Such as:

- The flexibility to save an amount you can afford, from as little as 1% of your pay, through regular, automatic payroll deductions.
- Pre-tax savings so you can lower your current taxes.
- The ability to defer up to 25% of your eligible pay and 100% of your option week pay, if applicable.
- A choice of investments so you can choose the mix that’s right for you and your goals.
- Automated systems to help you manage your account on a daily basis.
- Access to your money through hardship loans and hardship withdrawals.



<sup>1</sup> This example is for illustrative purposes only. It assumes a 6% annual compounded return over 20 years and an annual investment of \$600. The return on this hypothetical illustration does not represent the future of any specific investment.

# The Advantages of the Plan

Here's why the Teamster-UPS National 401(k) Tax Deferred Savings Plan may be one of your best long-term savings options:

## Reduce Your Current Taxes

Every pre-tax dollar you invest in the Plan reduces your current taxable income by a dollar. The more you contribute (up to the maximum the Plan allows), the lower your current tax bill.

Let's say you earn \$12,000 a year and *you decide to contribute \$10 a week (4% of your pay)* to the Plan. After 12 months, you've contributed \$480. That \$480 is deducted from your salary and Uncle Sam taxes you on \$11,520 instead of \$12,000, lowering your tax bill. Compared with saving the same amount in a regular taxable savings account, you actually end up with more take home pay.

**Example:** You can increase your take-home pay **\$12,000 Annual Income, Contributing 4% of Pay**

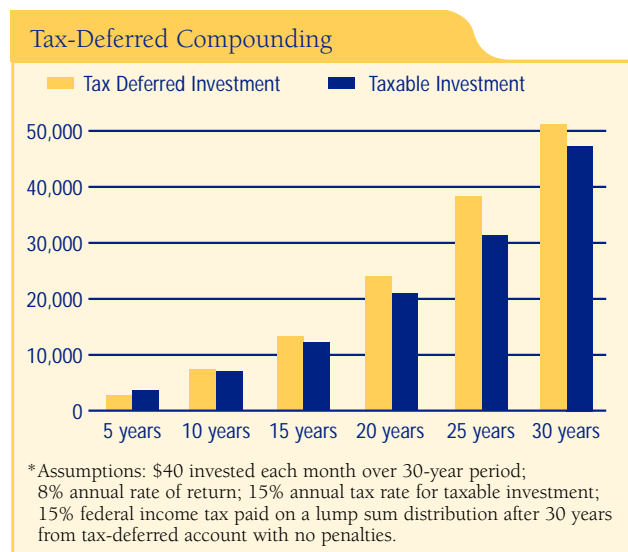
	Saving Before Taxes	Saving After Taxes
Annual Income	\$12,000	\$12,000
Saving: Before Taxes	-480	0
<b>Taxable Income</b>	<b>11,520</b>	<b>12,000</b>
Taxes Paid*	-1,728	-1,800
<b>After-Tax Income</b>	<b>9,792</b>	<b>10,200</b>
Saving: After Taxes	0	-480
<b>Annual Take-Home Pay</b>	<b>9,792</b>	<b>9,720</b>
	<b>\$72 difference</b>	

\*Federal income taxes figured at 15% nominal rate. State taxes not included.

## Benefit from Tax-Deferred Growth Potential

When money is invested, it may produce earnings. In a 401(k) plan, those earnings are reinvested, or added back to the account. Now your earnings are producing more earnings – your money is compounding. This effect just keeps on building year after year so even a small sum can turn into a large pile of money.

To make it even better, any earnings you receive in the Plan are reinvested without you having to pay taxes on them. In fact, you don't pay taxes on any earnings in the Plan until you withdraw the money years down the road. That's called tax-deferred compounding. The chart below illustrates how it can make your account grow much faster than a comparable taxable investment.



## Get Built-in Savings Discipline

Most people find it easier to save if they don't see the money. The Plan is set up so that contributions are automatically deducted from your paycheck, giving you the savings discipline that can help keep your long-term program on track. And you're in control of your savings. You decide how much to contribute and where to invest.

## How the Plan Works

### Making Contributions to the Plan

Contributions are made to the Plan through automatic payroll deductions. You may contribute 1–25% of your pay on a before-tax basis (1–10% for Puerto Rico), from 1–5% on an after-tax basis and up to 100% of your option week pay if applicable. For 2004, the maximum pre-tax contribution to the Plan is \$13,000 (\$8,000 for Puerto Rico). To see the effect that pre-tax savings will have on your paycheck, go to the 401(k) section on [upers.com](http://upers.com) under the “My Life” tab and click on “Financial Benefits” to access the 401(k) Calculator.

You can change your contribution amount at any time on the Plan Web site at <http://teamsterups.csplans.com>. You can also make these changes by calling the Information Line at 1-800-537-0189.

### Is there a way I can make up for additional contributions I've missed?

If you are age 50 or older by the end of 2004, you are eligible for the 50+ Catch-up provision. You can elect to defer from 1–10% of pay to a maximum contribution of \$3,000 in 2004. Visit the Plan Web site for more information or call the Information Line. Catch-up contributions are not available in Puerto Rico.

## Selecting Investment Options

Contributions made to your Plan account may be invested in one or any combination of the core funds described below. In addition, you may transfer assets into the Self-Managed Account. Investment allocations may be changed daily through <http://teamsterups.csplans.com> or the Information Line at 1-800-537-0189. Transfers among the funds can be made at anytime, with a few exceptions.<sup>2</sup>

### Short-term

Government Short-term Investment Fund  
Stable Value Fund

### Bond

Bond Market Index Fund

### Stock/Bond

Balanced Fund (Equity and Fixed Income)

### Stock

S&P 500 Equity Index Fund  
S&P 400 Midcap Index Fund  
Russell 2000 Index Fund  
Magellan Fund

### Pre-Mixed Asset Allocation<sup>3</sup>

The Bright Horizon 2005 Fund  
The Bright Horizon 2015 Fund  
The Bright Horizon 2025 Fund  
The Bright Horizon 2035 Fund

**Example:** You can increase your take-home pay  
**\$35,000 Annual Income, Contributing 6% of Pay**

	<b>Saving Before Taxes</b>	<b>Saving After Taxes</b>
Annual Income	\$35,000	\$35,000
Saving: Before Taxes	–2,100	0
<b>Taxable Income</b>	<b>32,900</b>	<b>35,000</b>
Taxes Paid*	–6,238	–6,763
<b>After-Tax Income</b>	<b>26,662</b>	<b>28,237</b>
Saving: After Taxes	0	–2,100
<b>Annual Take-Home Pay</b>	<b>26,662</b>	<b>26,137</b>

**\$525 difference**

\*Federal income taxes figured at 25% nominal rate. State taxes not included.

<sup>2</sup> Money cannot be transferred directly from the Stable Value Fund to the Government Short-term Investment Fund, the Bright Horizon 2005 or the Self-Managed Account.

<sup>3</sup> The Bright Horizon Funds are a series of pre-mixed asset allocation funds and are tied to a different maturity date, as indicated by each fund's name. For more information on the Bright Horizon Funds or any of the investment choices listed above, log onto the Plan Web site at <http://teamsterups.csplans.com> or call the Information Line at 1-800-537-0189.



## How to Enroll in the Plan

Enrolling in the Plan is easy. You can enroll online at <http://teamsterups.csplans.com> **with or without** your Personal Identification Number (PIN). Your PIN will be mailed to you as soon as administratively possible.

*online*

- Log on to <http://teamsterups.csplans.com>
- If you do not have your PIN, you may enroll by selecting “Enroll here if you do not have your PIN” on the login page.
- You can also activate your account using your Social Security Number and PIN and following the prompt to activate it.

After you access the enrollment section of the Plan Web site, you will be prompted to choose the amount you want to save per pay period and how you want to invest your contributions. Be sure to review the Plan enrollment material posted to the site to help you make your decisions. You will need your PIN for future access to your account. You can always request a PIN reminder through the Plan Web site.

Alternatively, you can enroll over the telephone at 1-800-537-0189 with your PIN.

*telephone*

- Call 1-800-537-0189
- Enroll using your PIN and Social Security Number. Simply choose the amount you want to save per pay period and how you want to invest your contributions.
- If you don't have your PIN, call and request a PIN reminder.

Be sure to review the Plan Enrollment Material posted on the Plan Web site to help you decide on your savings amount and investment choices, or request that the materials be sent to you.

## Taking Money Out of the Plan

Generally, while you are employed by UPS, you can't withdraw pre-tax money from your account before age 59 ½. This is, after all, money you're saving for retirement and you are receiving a generous tax deduction. (Remember, you can take a hardship loan or a hardship withdrawal from your account for certain hardship reasons.)

Your money is portable. That means your account balance always belongs to you, so if you leave UPS, you will need to examine the tax and withdrawal implications and decide what to do with your money.

## Get Started Today!

We hope you will take advantage of this wonderful savings opportunity and begin planning your financial future today. The Teamster-UPS National 401(k) Tax Deferred Savings Plan represents an important component of your retirement package and is an excellent way for you to save for your future.

Enrolling in the Plan has never been easier — just log onto the Plan Web site and get started today!

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by joining the Plan today! Log on to  
<http://teamsterups.csplans.com> or call the  
Information Line at 1-800-537-0189.**