

## **NOTICE OF CRITICAL STATUS FOR 2009 FOR THE BAKERY DRIVERS LOCAL 802 PENSION FUND**

This is to inform you that on March 30, 2009 the actuary for the Bakery Drivers Local 802 Pension Fund certified to the U.S. Department of the Treasury, and also to the Fund's sponsor, that the Fund is in critical status for its year beginning January 1, 2009. Federal law requires that you receive this notice.

Critical Status: The Fund is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Fund's actuary determined that

- over the next four years, the Fund is projected to have an accumulated funding deficiency; and
- the sum of the Fund's normal cost and interest on the unfunded benefits for the current year of 2009 exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and over the next five years the fund is projected to have an accumulated funding deficiency.

Rehabilitation Plan and Possible Reduction in Benefits: Federal law requires each pension fund in critical status to adopt a rehabilitation plan aimed at restoring its financial health. As a result, the Trustees adopted a rehabilitation plan on November 25, 2008. (You have a right to receive a copy of the rehabilitation plan on request.) Further, the law permits a pension fund in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the Bakery Drivers Local 802 Pension Fund determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. Reductions in Adjustable Benefits may apply to participants and beneficiaries whose benefit commencement date was on or after April 11, 2008. In addition, effective as of April 11, 2008, the Fund is not permitted to make payment in excess of the monthly amount paid under a single life annuity while it is in critical status.

Adjustable Benefits: The Fund offers the following adjustable benefits which may be reduced or eliminated, if not in pay status as of April 11, 2008, as part of the rehabilitation plan: post-retirement death benefits, thirty-six month payment guarantees, disability benefits, retirement-type subsidies and subsidized early retirement benefits.

Employer Surcharge: The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Fund under the applicable collective bargaining agreement. A 5% surcharge was applicable in the initial critical year (2008), starting for work performed in June 2008. A 10% surcharge is applicable for each succeeding calendar year thereafter in which the Fund is in critical status. As a result, starting January 2009, the contributing employers are currently paying a 10% surcharge which will remain in effect until the next collective bargaining agreement becomes effective.

Where to Get More Information: For more information about this Notice, you may contact:

Board of Trustees  
Bakery Drivers Local 802 Pension Fund  
2151 Marion Place  
Baldwin, New York 11510  
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