

ERSA/PUBLIC DISCLOSURE
2017 JUN 28 PM 3:16

Minneapolis Retail Meat Cutters and Food Handlers Pension Fund

Notice of Plan Status

Date Issued: June 2017

The Pension Protection Act of 2006 (the Act) is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act establishes benchmarks for measuring a plan's funding, and uses formal labels for such benchmarks. Plans that are in "endangered" status (sometimes called the "Yellow Zone") or "critical" status (sometimes called the "Red Zone") must notify all plan participants, beneficiaries, contributing employers, and collective bargaining parties of the plan's status, as well as take corrective action to improve or restore the plan's financial health.

Plan's Status – Endangered

On May 26, 2017, the Plan actuary for the Minneapolis Retail Meat Cutters and Food Handlers Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and also to the Board of Trustees (the Plan sponsor), that the Plan is in endangered status (the *Yellow Zone*) for the Plan year beginning March 1, 2017. Federal law requires that you receive this notice.

Specifically, the Plan's actuary has estimated that the Plan's funded percentage for the Plan year beginning March 1, 2017 is less than 80%. (The Plan's actuary has estimated that the funded percentage, as of March 1, 2017, is 74.0%.)

Funding Improvement Plan

The PPA requires pension plans in endangered or seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The Trustees of the Plan adopted a Funding Improvement Plan (FIP) in January of 2017. The goal of this FIP will be to increase the Plan's funded percentage by 33% of the difference between the funded percentage as of March 1, 2016 and 100% by the end of the funding improvement period, and to avoid a funding deficiency by the end of the funding improvement period.

Once a FIP is adopted, the Trustees have the authority to amend and apply the provisions of the FIP in any matter deemed prudent, including requiring changes in employer contributions and future benefit accruals as part of new or renewed collective bargaining agreements. You will be notified in advance if any changes are required.

What's Next

Since the Pension Plan's financial condition generally changes with changes in the economy, the Act requires that the Pension Plan's funding status be reviewed and certified annually. This means that you will receive a notice like this each year until the Pension Plan is no longer in endangered status.

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" label is required to be used by federal law, the fact is that we have been working with our actuaries and consultants for some time now to address these funding issues. Please be aware that improving the Plan's funded status is a top priority and we are committed to taking any actions necessary to ensure your benefits will be there when you retire.