

United Food and Commercial Workers Unions and Employers Pension Plan  
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**Notice of Critical and Declining Status  
For  
United Food and Commercial Workers Unions and Employers Pension Plan**

This is to inform you that on January 29, 2020, the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical and declining status for the plan year beginning November 1, 2019. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

**Critical and Declining Status**

The Plan is in critical and declining status because it is projected to satisfy all of the following:

Non-emergence from critical status

The Plan has not emerged from critical status because it has a projected insolvency within the 30 plan years succeeding the current plan year. The Plan's actuary projects that, if no further action is taken, the Plan will become insolvent in the 2038-39 plan year. An insolvency means that the Plan's available resources will not be sufficient to pay benefits under the Plan during the plan year for which they are due.

Projected insolvency within the current or next 20 plan years and the number of inactive is more than twice that of actives

The Plan's actuary determined that the ratio of inactive to active is approximately 13. The Plan's actuary also projects that, if no further action is taken, the Plan will have a projected insolvency in the plan year ending October 31, 2039. Insolvent means that the Plan's available resources will not be sufficient to pay benefits under the Plan during the plan year for which they are due.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

**Rehabilitation Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Adjustable benefits are benefits over and above the normal pension paid at normal retirement age and may include disability coverage (if not in pay status), early retirement and survivor subsidies, and payment of certain 60-month guarantees (which may occur if the participant dies without surviving spouse coverage either after retirement or under limited circumstances prior to retirement). Affected participants and their spouses (if married) have the right to waive pre-retirement survivor coverage and unmarried participants have the right to elect the 60-month payment guarantees. In both instances, the coverage costs are borne by the participant choosing the coverage instead of being absorbed by the Plan and thus all participants.

You received an initial notice in December of 2010 that explained the original benefit changes tied to each schedule of the rehabilitation plan. As of January 1, 2015, additional benefit changes were made for non-retired participants of withdrawn employers and for non-retired participants under bargaining agreements that switched from rehabilitation plan Schedule No. 1 to Schedule No. 3. You were mailed a notice of these reductions on December 1, 2014. Effective as of February 26, 2010, the Plan is not permitted to pay any lump sum benefits (or any other payment in excess of the monthly amount paid under a single-life annuity) while it is in critical and declining status except in very limited circumstances when the value of entire pension is \$5,000 or less.

In addition the trustees of a critical and declining plan may suspend benefits in order to avoid becoming insolvent. A suspension of benefits means a temporary or permanent reduction of current or future payment obligations of the plan to its participants, including those receiving monthly benefits from the plan at the time benefits are suspended, subject to certain restrictions. The reduction must eliminate the insolvency (no more, no less), must be within allowable limits, and must be equitably allocated. All reasonable measures must also have already been taken. The current rehabilitation plan does indicate that all reasonable measures have been taken. Any such recommended benefit suspensions must first be approved by the Secretary of the Treasury and are also subject to a participant vote. If the Trustees of the Plan determine that the benefit suspensions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those suspensions.

### **Future Experience and Possible Adjustments**

The rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 6.30% during this plan year or future plan years until the plan year ending in 2028 (or 7.50% during any plan year after 2028), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

The Trustees are continuing to monitor legislation that will help multiemployer plans and will advise you of any legislative changes that protect or impact your pension benefits.

### **Employer Surcharge and Contribution Increases**

The law requires that all contributing employers pay to the Plan a surcharge beginning on March 28, 2010 to help correct the Plan'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 Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year (through October 31, 2010) and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status. Each Employer was obligated to pay a surcharge until it adopted a schedule under the rehabilitation plan. All bargaining parties have approved a rehabilitation plan schedule, so the surcharges no longer apply.

In compliance with the rehabilitation plan's schedules, each of the Employers has already increased their respective contribution rate by more than 40%. In addition, the employers' contribution rates will continue to increase each year, on average, to improve the Plan's funding. These increased contributions have been applied by the Plan to protect and extend the pension benefits stream of payment. Although the Employer's contribution increases have helped to lessen the Plan's decline, the contributions are not projected to reverse the Critical and Declining status due in part to market conditions and past investment performance.

### **Where to Get More Information**

You have a right to receive a copy of the rehabilitation plan and any updates to that plan. To receive a copy of the latest version, you may contact Zenith American Solutions at 2001 North Mayfair Road, Milwaukee, WI 53226 or by telephone at (414) 476-4276 or (800) 476-4237.