

UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND EMPLOYERS MIDWEST PENSION FUND

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Notice of Actuary's Certification of Critical and Declining Status under the Pension Protection Act of 2006

for the

United Food and Commercial Workers Unions and Employers Midwest Pension Plan

This is to inform you that on February 28, 2018 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical and declining status for the plan year beginning December 1, 2017. Federal law requires that you receive this notice.

Critical and Declining Status

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

- the Plan is in critical status,
- the funded percentage is less than 80%, and
- the Plan is projected to become insolvent in the plan year ending November 30, 2033.

At present, the plan has sufficient assets to meet its monthly benefit obligations.

Rehabilitation Plan

This is the ninth year the plan has been in critical status. Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at improving the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Board of Trustees adopted a Rehabilitation Plan and communicated the plan to the employers and unions in November, 2010. On December 16, 2010, you were notified that the plan reduced or eliminated adjustable benefits. On March 24, 2010, you were notified that as of March 26, 2010, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. The Rehabilitation Plan requires hourly contribution increases by employers of 5¢ each year.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any updated rehabilitation plan the pension plan may adopt:

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and-survivor annuity (QJSA).

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge 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 became applicable effective April 27, 2010 and a 10% surcharge became applicable effective December 1, 2010 and for each succeeding plan year thereafter in which the plan is in critical status. Under the rehabilitation plan, employers entering into new collective bargaining agreements are required to pay increased hourly contributions. Once these increased contributions commence, the employer is no longer charged the Employer Surcharge.

Where to Get More Information

For more information about this Notice, you may contact the Pension Office or the Fund Administrator, at 847-384-7000, United Food and Commercial Workers Unions and Employers Midwest Pension Plan, 9801 West Higgins Road, Suite 500, Rosemont, IL 60018. You have a right to receive a copy of the rehabilitation plan from the plan.