UNITED FOOD AND COMMERCIAL WORKERS UNION
LOCAL 152 RETAIL MEAT PENSION FUND

BRIAN STRING, *Chairman*
DANIEL DOSENBACH, *Secretary*

815 EAST GATE DRIVE
SUITE 103
MOUNT LAUREL, NJ 08054-1243

(856) 793-1598 • (800) 555-4959
Fax (856) 793-1549

Certified Mail Number: 7008 1830 0001 7224 4777

October 25, 2010

U. S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room N-1513
200 Constitution Avenue
NW Washington, DC 20210

RE: UFCW Local 152 Retail Meat Pension Fund
Critical Status Notice – Pension Protection Act

Dear Data Coordinator:

Enclosed is an Annual Critical Status Notice for the UFCW Local 152 Retail Meat Pension Fund as required under the Pension Protection Act of 2006 (the "PPA").

Should you have any questions, please do not hesitate to contact me at 856-793-2347.

Very truly yours,

Geraldine Strausser

Geraldine Strausser
Fund Manager
Tri-State Administrators, Inc.
UFCW Local 152 Retail Meat Pension Fund
Enclosure
Also sent U. S. Mail

CC: Frank M. Vaccaro, Contract Administrator (w encl.)
Esther Santiago, Pension Manager

UFCW LOCAL 152 RETAIL MEAT PENSION PLAN

IMPORTANT NOTICE OF FUNDING STATUS – PLEASE READ

Notice of Critical Status

NEW FEDERAL FUNDING RULES. Beginning on January 1, 2008, the Pension Protection Act of 2006 (the "PPA") imposed new rules aimed at accelerating the funding of defined benefit plans, such as the United Food and Commercial Workers Union Local 152 Retail Meat Pension Plan (the "Plan"). Under prior law, defined benefit plans were required to address a funding problem only when a plan would not satisfy minimum funding standards for the current year. Unlike prior law, the PPA requires plans to ***accelerate funding*** and to ***anticipate future funding issues based upon projections***. Federal law also requires the Plan's Board of Trustees to send you this notice.

THE PLAN'S ACTUARY MUST CERTIFY FUNDING CATEGORY. Under the PPA, within the first 90 days of each plan year, the Plan's Actuary must certify whether a plan is endangered, seriously endangered or in critical status. In general, the two most relevant factors used by the Plan's Actuary to categorize a plan are the funded percentage of the plan and whether the plan will be unable to satisfy the new minimum funding standards within the next three to seven years without additional contribution income or benefit changes.

PLAN'S CURRENT STATUS. On September 28, 2010, the Plan's Actuary certified to the U.S. Department of the Treasury and to the contributing Employers that the Plan will remain in critical status for the Plan Year beginning **July 1, 2010** because the Plan has an accumulated funding deficiency for the current Plan Year.

WHY HAS THIS HAPPENED? Even though the Board has been proactive in addressing the Plan's funding problem, the PPA established new rules that require faster funding of plans than under prior law. Also, like most multiemployer plans, and even most single employer pension plans sponsored by U.S. companies, the Plan was negatively impacted in 2008 and the beginning of 2009 by the severe downturn in the stock market, which caused a significant drop in the value of the Plan's assets. While the Plan was positively impacted by the subsequent recovery in the market, the recovery was not sufficient to erase the losses sustained during the market downturn. As recent events demonstrate, the economy and the stock market remain unpredictable and these affect the projections which the PPA now requires to determine the Plan's funding status.

WHAT ACTION HAS THE BOARD TAKEN TO DATE? The Board has been concerned about the Plan's funding status for some time, and has taken numerous steps since 2004 to improve the funding status of the Plan, including the implementation of mandatory contribution rate increases pursuant to the following schedule:

Effective Date	Increase
February 1, 2004	20%
February 1, 2005	14%
February 1, 2006	14%
February 1, 2007	14%
February 1, 2008	14%
February 1, 2009	12%
February 1, 2010	12%
February 1, 2011	8%
February 1, 2012	8%
February 1, 2013	8%
February 1, 2014	8%

REHABILITATION PLAN. When the Plan's Actuary initially certified the Plan in critical status in 2008, the PPA required the Board to develop and implement a "Rehabilitation Plan" designed to improve the Plan's funding. As part of the Rehabilitation Plan, the Board established schedules that outlined the increased Employer contributions and included revised benefit structures that were designed to bring the Plan out of critical status within the statutory period. The schedules outline the acceptable alternatives that were presented to the parties for collective bargaining. In collective bargaining, the contributing Employers and the Local Unions were required to agree to a schedule established by the Board.

NEW EMPLOYER CONTRIBUTIONS. Under the PPA, each Employer was required to pay a surcharge of 5% of the contributions otherwise required under the applicable collective bargaining agreement or other agreements pursuant to which the employer contributed for the remainder of the **2008/2009** Plan Year. In addition, the surcharge was increased to 10% for the **2009/2010** Plan Year (beginning July 1, 2009) and will remain in effect until the Local Unions and the Employers adopt an acceptable schedule under the Rehabilitation Plan.

WHAT DOES THIS MEAN FOR ME? Participants who were already retired and receiving benefits as of October 24, 2008 will not experience a change in the benefits they receive. This affects only participants whose benefit payments begin after October 24, 2008. While the Plan is in critical status, the PPA <u>prohibits</u> the Plan from paying any benefits in the form of a lump sum, or any other payment in excess of the monthly amount payable in the form of a single life annuity (other than certain Social Security level-income options, and certain retroactive payments). *This means that after the date of the initial Notice of Critical Status (October 24, 2008), the Fund could no longer provide the $1,000 post-retirement death benefit (for Retail Meat participants) or the $2,000 post-retirement death benefit (for IPH participants) in the form of a lump sum benefit.*

YOUR NORMAL RETIREMENT BENEFITS WILL NOT CHANGE. If your benefit payments have already started, they will not change. Also, ***the normal pension benefit you have already accrued will not change.*** In addition, vested retirement benefits will continue to be partially guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC"). For example, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee is $35.75 per month times a participant's years of credited service.

POSSIBLE FUTURE BENEFIT REDUCTIONS. Depending upon how the stock market performs in the future, it is possible that additional contributions and/or benefit changes will be required as part of any revised Rehabilitation Plan that is adopted by the Board. *A Rehabilitation Plan may require certain **"adjustable benefits"** to be reduced for participants and beneficiaries whose pensions had not started prior to October 24, 2008.* "Adjustable benefits" are benefits over and above the normal pension paid at normal retirement age, and include benefits such as post-retirement death benefits, disability (if not yet in pay status), and early retirement benefits or retirement-type subsidies. It also includes any form of payment other than the joint and 50% surviving spouse annuity (or single life annuity for unmarried participants). If the Board determines that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the reductions.

LOOKING AHEAD. We are continuously working hard to develop ways to secure the Plan's benefits well into the future. As a result of the PPA, Employers and covered employees are being asked to work together to improve the funded status of the Plan. As noted above, Employers have increased their contributions significantly. Similarly, new retirees will be required to forego certain optional forms of payment. As required by law, the Board adopted a Rehabilitation Plan on May 20, 2009 and adopted the First Annual Update to the Rehabilitation Plan on May 20, 2010, with alternative schedules for the bargaining parties' next negotiations. The goal is that even if the market performs consistent with the Board's expectations, all of these actions will improve the funded status of the Plan.

WHERE TO GET MORE INFORMATION. For more information regarding this Notice, you may contact Board of Trustees, United Food and Commercial Workers Local 152 Retail Meat Pension Plan, 815 East Gate Drive, Suite 103, Mt. Laurel, NJ 08054, telephone (800) 555-4959. You have the right to receive a copy of the First Annual Update to the Rehabilitation Plan.

Date: October 25, 2010 **Board of Trustees**