

# UNITED FURNITURE WORKERS *Employees Pension Fund*

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## Notice of Critical Status For

### Pension Plan for Employees of United Furniture Workers of America

This is to inform you that on March 31, 2011 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2011. Federal law requires that you receive this notice.

#### Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that over the next three plan years, the plan is projected to have an accumulated funding deficiency for the plan year ending 2013.

#### Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Preferred Schedule in the current Rehabilitation Plan did not alter future accruals or adjustable benefits. If the trustees of the plan determine that further benefit reductions are necessary, or your Employer elects the Default Schedule, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. On April 30, 2010, you were notified that as of April 30, 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. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2010.

#### Adjustable Benefits

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

- 120 month payment guarantees;
- 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);
- Other similar benefits, rights, or features under the plan

#### 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 is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

#### Where to Get More Information

For more information about this Notice, you may contact the Fund Office by telephone at 1-615-889-8860 or by letter at 1910 Air Lane Drive, Nashville, TN 37210. You have a right to receive a copy of the rehabilitation plan from the plan.