

## **Notice of Critical Status for Employers and Local 534 Grocery Employees Pension Fund**

This is to inform you that on March 31, 2015 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, 2015. Federal law requires that you receive this notice.

### **Critical Status**

The plan is considered to be in critical status because it has funding problems. More specifically, the plan's actuary determined that the plan has an accumulated funding deficiency.

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

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring 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. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement so long as the plan does not fall into "critical and declining" status. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after the date of the original critical status notice, or April 30, 2010, so long as the plan does not fall into "critical and declining" status. The Trustees adopted a Rehabilitation Plan on November 11, 2010. The Rehabilitation Plan includes schedules which may reduce adjustable benefits, reduce the benefit accrual rate and include contribution increases designed to enable the plan to emerge from critical status by the end of the Rehabilitation Period which commenced on January 1, 2011. Please note that the Trustees may be required to update the Rehabilitation Plan in the future, depending on plan experience.

### **Adjustable Benefits**

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan or revised Rehabilitation Plan that the pension plan may adopt (the checked boxes may apply):

- Post-retirement death benefits;
- Sixty-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); and
- Any benefit increases occurring in the past five years (but only to the extent that your accrued benefit exceeds the PBGC guarantee and has not commenced as of the date of this notice).

## **Employer Surcharge**

The law requires that all contributing employers pay to the plan a surcharge until a Rehabilitation Plan is adopted 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 Zenith American Solutions, 502 Earth City Expressway, Suite 203, Earth City, MO 63045. Their telephone number is (800) 556-1742. You have a right to receive a copy of the Rehabilitation Plan.