

## NOTICE OF CRITICAL STATUS

For

### NORTHERN MINNESOTA-WISCONSIN AREA RETAIL CLERKS PENSION FUND

For Plan Year January 1, 2015 through December 31, 2015

This is to inform you that on March 31, 2015, the Plan actuary for the Northern Minnesota-Wisconsin Area Retail Clerks Pension Fund ("Plan") certified to the U.S. Department of the Treasury, and also to the Plan's Board of Trustees ("Trustees"), 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 or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan was in critical status last year and within the next ten (10) years, the Plan is projected to have an accumulated funding deficiency.

#### 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 sixth 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. On December 2, 2010, you were notified that the Plan reduced or eliminated adjustable benefits. In addition to the changes in the "adjustable benefits," the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount payable 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. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. 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 Plan may adopt:

- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and-survivor annuity (QJSA); and
- "Pop-up" feature on joint and survivor annuities.

#### 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 five (5%) percent surcharge is applicable in the initial critical year and a ten (10%) percent surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status, until the employer agrees to a collective

bargaining agreement that implements the rehabilitation plan. Since the Plan was in critical status for 2010, the ten (10%) percent surcharge became effective for hours worked after January 1, 2011 and is payable with respect to periods after that, until a negotiated contribution rate that satisfies the rehabilitation plan goes into effect. As of January 1, 2015, all employers have elected the preferred schedule of the Rehabilitation Plan.

Where to Get More Information

For more information about this Notice, you may contact the Plan Administrator, at:

Dana Hanson  
Wilson-McShane Corporation  
2002 London Road, Suite 300  
Duluth, MN 55812  
(218) 728-4231

The rehabilitation plan was adopted by the Trustees on October 27, 2010 with an effective date of November 27, 2010. You have a right to receive a copy of the rehabilitation plan from the Plan. To obtain a copy, please send a written request to the Plan Administrator at the address provided above.

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