

## **Notice of Critical Status**

EBSA/PUBLIC DISCLOSURE

### **U.F.C.W. District Union Local Two and Employers Pension Fund (the "Plan")**

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This is to inform you that on December 29, 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 (as defined by the Pension Protection Act of 2006) for the plan year beginning October 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 over the next three Plan years, the Plan is projected to have an accumulated funding deficiency for the Plan year ending September 30, 2015, and fails two of the liquidity tests.

#### **Rehabilitation Plan and Reductions 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. Since the Trustees of the Plan have determined that benefit reductions were necessary, you have already received, in September 2010, a separate notice identifying and explaining the effect of those reductions. Any reduction of adjustable benefits did not reduce the level of a participant's basic benefit payable at normal retirement. These reductions only applied to participants and beneficiaries whose benefit commencement date was on or after January 1, 2011. You should also know that, effective as of January 16, 2010, the Plan was no longer permitted to pay the Plan's level income option while it is in critical status.

#### **Employer Surcharge**

The law requires that all contributing employers pay to the Plan a surcharge until one of the schedules set forth in the 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 the Fund office at 3100 Broadway, Suite 100, Kansas City, Missouri 64111 or call (816) 753-2642. You have a right to receive a copy of the rehabilitation plan, from the Fund office.