BAKERY DRIVERS LOCAL 550 AND INDUSTRY

550 HEALTH BENEFIT AND PENSION FUND

99 TULIP AVENUE • SUITE 402 • FLORAL PARK, NY 11001 • (516) 328-0072
FAX (516) 328-0083

February 29, 2016

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

Re: Bakery Drivers Local 550 and Industry Pension Fund
Plan No. 001; EIN 13-6626195

Dear Sir/Madam:

Enclosed is a copy of the Fund's Notice of Critical Status for the year ended October 31, 2015

Sincerely,

Camille Luisi
Fund Administrator

Encl.

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NOTICE OF CRITICAL AND DECLINING STATUS FOR THE BAKERY DRIVERS LOCAL 550 AND INDUSTRY PENSION FUND

This is to inform you that on January 29, 2016, the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Plan's Board of Trustees, that the Plan is in critical and declining status for its plan year beginning November 1, 2015. Federal law requires that you receive this notice.

Critical and Declining 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 sum of the Plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits for active participants; the funded percentage of the Plan is 65% or less; and the Plan is projected to have an accumulated funding deficiency for the current plan year and for each plan year through at least the year beginning November 1, 2021. In addition, the Plan's actuary has determined that the Plan is in critical and declining status because the Plan is projected to become insolvent within 15 years.

Rehabilitation Plan: Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the eighth year the Plan has been in critical status and the second year in critical and declining status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On September 25, 2009, you were notified that the Plan reduced or eliminated certain adjustable benefits. On February 28, 2009, you were notified that as of that date, 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.

With the certification as a critical and declining plan, there are additional benefit adjustments the Trustees are permitted to make to improve the financial health of the plan. The law permits the Trustees, in addition to reducing or eliminating adjustable benefits, to propose suspending accrued benefits for participants, including those in pay status (retirees). There are limits on how much accrued benefits may be suspended and before they can be suspended the law requires the proposed benefit suspension be submitted and approved by the Secretary of the Treasury and be submitted to a vote of the participants, including retirees.

Any reduction of adjustable benefits, as allowed for critical status plans, will not reduce the level of a participant's basic benefit payable at normal retirement. However, reductions in the participant's basic benefit payable at normal retirement may occur if benefits are suspended under the critical and declining status rules. If the Trustees of the Plan propose to suspend portions of accrued benefits, you will be provided with ample notice and the opportunity to vote on the reductions. 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.

Adjustable Benefits: The Plan offers the following adjustable benefits which may be further reduced or eliminated as part of any updated rehabilitation plan the Plan may adopt: post-retirement death benefits; 36- and 60-month payment guarantees; disability benefits (if not yet in pay status); early retirement benefits or retirement-type subsidies; 20-, 25-, 30- and 35-Year Service Pensions; Golden 86 and Golden 91 Pensions; benefit payment options other than a qualified joint and survivor annuity (QJSA); and other similar benefits, rights and features under the Plan, including 13th, 14th and 15th checks.

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. The surcharge ends for an employer once its collective bargaining agreement incorporates one of the options of the Plan's rehabilitation plan.

Where to Get More Information: For more information about this Notice, you may contact Camille Luisi, Fund Manager, 99 Tulip Avenue, Suite 402, Floral Park, New York 11001, (516) 328-0072. You have a right to receive a copy of the rehabilitation plan from the Fund.