

UNITED FOOD AND COMMERCIAL WORKERS UNION LOCAL 152 RETAIL MEAT PENSION FUND

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October 28, 2014

Dear Participants and Beneficiaries:

This package includes the following two notices that the United Food and Commercial Workers Local 152 Retail Meat Pension Fund (the "Pension Fund") is required by law to send to all Pension Fund participants and beneficiaries: (i) the Annual Funding Notice, and (ii) the Notice of Critical Status.

The Annual Funding Notice provides detailed information about the status of the Pension Fund, looking backward at the plan year just completed, July 1, 2013 through June 30, 2014, including its funding status as defined by the Pension Protection Act of 2006 (the "PPA"). One of the changes that was implemented by the PPA was the creation of zones to identify the funding status of multiemployer pension plans. For the July 1, 2013 through June 30, 2014 plan year, the Pension Fund was again certified in the red zone; that is, it was certified as being in critical status.

The second notice is the Notice of Critical Status, which is the notice describing the Pension Fund's funding status under the PPA. The PPA requires that the Pension Fund's funding status be certified annually during the early part of the plan year. The 2014 certification is based on the value of the Pension Fund's assets at the end of July 1, 2013 through June 30, 2014 plan year. As the enclosed Notice of Critical Status states, the Pension Fund's actuary has certified that the Pension Fund is in the red zone, that is, it was certified as being in critical status for the 2014 plan year. This is the same zone that applied to the Pension Fund for each plan year since the 2008 plan year.

The Pension Fund's Board of Trustees is working with the Pension Fund's actuary and other Pension Fund professionals in order to continue to proactively address the long-term health of the Pension Fund.

Sincerely,

Board of Trustees

ANNUAL FUNDING NOTICE

For UFCW Local 152 Retail Meat Pension Fund

Introduction

This notice includes important information about the funding status of your pension plan (the "Plan") and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. The Plan's plan year begins each year on July 1 and ends the following year on June 30 ("Plan Year"). This notice is for the Plan Year beginning July 1, 2013 and ending June 30, 2014.

How Well Funded Is Your Plan

Under federal law, the Plan must report how well it is funded by using a measure called the "funded percentage." This percentage is obtained by dividing the Plan's assets by its liabilities on July 1 of the respective Plan Year (the "Valuation Date"). In general, the higher the percentage, the better funded the Plan. Your Plan's funded percentage for the Plan Year and each of the two preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
	2013	2012	2011
Valuation Date	July 1, 2013	July 1, 2012	July 1, 2011
Funded Percentage	65.3%	64.7%	58.5%
Value of Assets	\$308,637,867	\$305,057,683	\$274,227,670
Value of Liabilities	\$472,421,993	\$471,723,872	\$468,780,449

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the Plan Year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the Plan Year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of the Plan's funded status as of the Valuation Date. The fair market value of the Plan's assets as of the last day of the Plan Year and each of the two preceding Plan Years is shown in the following table:

	June 30, 2014	June 30, 2013	June 30, 2012
Fair Market Value of Assets	\$311,140,709*	\$288,984,207	\$272,247,287

* This amount is preliminary and unaudited.

Critical or Endangered Status

Under federal pension law, a pension plan generally will be considered to be in "endangered" status if, at the beginning of its plan year, the funded percentage of the pension plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the pension plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the pension plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in critical status in the Plan Year ending June 30, 2014 because the Plan is projected to have an accumulated funding deficiency within the next four years. In an effort to improve the Plan's funding situation, the trustees adopted a Rehabilitation Plan ("RP") on May 20, 2009. As required by applicable law, the RP was updated on May 20, 2010, May 20, 2011, May 20, 2012, May 20, 2013, and May 20, 2014. The Fifth Annual Update to the RP adopted by the Plan's Board of Trustees (the "Trustees") on May 20, 2014 describes the actions to be taken by the Trustees, and the benefit and contribution changes to be bargained by the bargaining parties, to achieve a timely emergence from critical status. The Trustees will continue to update the RP as required by law.

The Fund's Rehabilitation Period may extend beyond 20 years if necessary to forestall possible insolvency. You may obtain a copy of the Plan's funding improvement or rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan administrator.

If the Plan is in endangered or critical status for the Plan Year ending June 30, 2015, separate notification of that status has or will be provided.

Participant Information

The total number of participants in the Plan as of July 1, 2014 was 11,698. Of this number, 2,600 were active participants, 4,921 were retired or separated from service and receiving benefits, and 4,177 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to fund the Plan through a combination of contributions received from contributing employers and investment income generated by the Plan's investments. The funding level is designed to comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended and the Internal Revenue Code of 1986, as amended. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by contributing employers for federal income tax purposes. The Trustees develop and implement the funding policy and monitor the funding level with the assistance of the Plan's enrolled actuary and the Plan's investment advisor.

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions.

The investment policy of the Plan has been adopted by the Trustees with the advice of the Plan's investment consultant. It is intended to generate returns that equal or exceed the Plan's actuarially assumed rate of return of 8 percent and to control risk. Based on the advice of the investment consultant, the Trustees have diversified the Plan's investments with allocations to a number of different asset classes.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	2.54%
2. U.S. Government securities	10.80%
3. Corporate debt instruments (other than employer securities):	
All other	18.37%
4. Corporate stocks (other than employer securities):	
Common	44.53%
5. Real estate (other than employer real property)	10.23%
6. Other – Commingled Funds	13.53%
Total Investments	100.00%

Right to Request a Copy of the Annual Report

A pension plan is required to file an annual report called the Form 5500 that contains financial and other information about the Plan with the U.S. Department of Labor. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. For 2009 and subsequent Plan Years, you may obtain an electronic copy of the Plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the Plan administrator. Individual information, such as the amount of your accrued benefit under the Plan, is not contained in the annual report. If you are seeking information regarding your benefits under the Plan, contact the Plan administrator identified below under "Where To Get More Information."

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The plan administrator is required by law to include a summary of these rules in the annual funding notice. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must

apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus .75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact Local 152 Retail Meat Pension Fund, 27 Roland Avenue, Suite 100, Mount Laurel, NJ 08054, at (856) 793-1590. For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is 23-6209656. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.

October 28, 2014

UFCW LOCAL 152 RETAIL MEAT PENSION PLAN

IMPORTANT NOTICE OF FUNDING STATUS – PLEASE READ

Notice of Critical Status

NEW FEDERAL FUNDING RULES. Beginning on January 1, 2008, the Pension Protection Act of 2006 (the "PPA") imposed new rules aimed at accelerating the funding of defined benefit plans, such as the United Food and Commercial Workers Union Local 152 Retail Meat Pension Plan (the "Plan"). Under prior law, defined benefit plans were required to address a funding problem only when a plan would not satisfy minimum funding standards for the current year. Unlike prior law, the PPA requires plans to *accelerate funding* and to *anticipate future funding issues based upon projections*. Federal law also requires the Plan's Board of Trustees (the "Board") to send you this notice.

THE PLAN ACTUARY MUST CERTIFY THE PLAN'S FUNDING CATEGORY. Under the PPA, within the first 90 days of each plan year, the Plan's Actuary must certify whether the Plan is endangered, seriously endangered or in critical status. In general, the two most relevant factors used by the Plan's Actuary to categorize the Plan are its funded percentage and whether the Plan will be unable to satisfy the new minimum funding standards within the next three to seven years without additional contribution income or benefit changes.

PLAN'S CURRENT STATUS. On September 26, 2014, the Plan's Actuary certified to the U.S. Department of the Treasury and to the contributing employers (the "Employers") that the Plan will remain in critical status for the plan year beginning July 1, 2014 because the Plan has an accumulated funding deficiency for the current plan year. This is the seventh consecutive year that the Plan has been certified as being in critical status.

WHY HAS THIS HAPPENED? Even though the Board has been proactive in addressing the Plan's funding problem, the PPA established new rules that require faster funding of plans than under prior law. Also, like most multiemployer plans, and even most single employer pension plans sponsored by U.S. companies, the Plan was negatively impacted in 2008 and the beginning of 2009 by the severe downturn in the stock market, which caused a significant drop in the value of the Plan's assets. While the Plan has been positively impacted by the subsequent recovery in the market over the past few years, the recovery was not sufficient to erase the losses sustained during the market downturn. In addition, some contributing Employers filed for bankruptcy or went out of business. As recent events demonstrate, the economy and the stock market remain unpredictable and these components affect the projections which the PPA now requires to determine the Plan's funding status.

WHAT ACTION HAS THE BOARD TAKEN TO DATE? The Board has been concerned about the Plan's funded status for some time, and has taken numerous steps since 2004 to improve the funding status of the Plan, including the implementation of mandatory contribution rate increases pursuant to the following schedule:

<u>Effective Date</u>	<u>Increase</u>
February 1, 2004	20%
February 1, 2005	14%
February 1, 2006	14%
February 1, 2007	14%
February 1, 2008	14%
February 1, 2009	12%
February 1, 2010	12%
February 1, 2011	8%
February 1, 2012	8%
February 1, 2013	8%
February 1, 2014	8%
February 1, 2015 onward	3.2%

REHABILITATION PLAN. When the Plan's Actuary initially certified the Plan in critical status in 2008, the PPA required the Board to develop and implement a "Rehabilitation Plan" designed to improve the Plan's funding. The Board first adopted a Rehabilitation Plan on May 20, 2009. As part of the Rehabilitation Plan, the Board established schedules that outlined the increased Employer contributions and included revised benefit structures that were designed to bring the Plan out of critical status within the Rehabilitation Period consistent with applicable law. The schedules outline the acceptable alternatives that were presented to the

parties for collective bargaining. In collective bargaining, the contributing Employers and the Local Unions were required to agree to a schedule established by the Board. As required by applicable law, the Rehabilitation Plan was subsequently updated on May 20, 2010, May 20, 2011, May 20, 2012, May 20, 2013, and May 20, 2014 and will continue to be updated annually to reflect the Plan's experience to that date and, if necessary, to update prospective contributions or benefits.

NEW EMPLOYER CONTRIBUTIONS. Under the PPA, each Employer was required to pay a surcharge of 5% of the contributions otherwise required under the applicable collective bargaining agreement or other agreements pursuant to which the Employer contributed beginning December 1, 2008 through the remainder of the 2008/2009 plan year. In addition, the surcharge was increased to 10% for the 2009/2010 plan year (beginning July 1, 2009) and will remain in effect until the Local Unions and the Employers adopt an acceptable schedule under the Rehabilitation Plan.

WHAT DOES THIS MEAN FOR ME? Participants who were already retired and receiving benefits as of October 24, 2008 will not experience a change in the benefits they receive. This affects only participants whose benefit payments begin after October 24, 2008. While the Plan is in critical status, the PPA *prohibits* the Plan from paying any benefits in the form of a lump sum, or any other payment in excess of the monthly amount payable in the form of a single life annuity (other than certain Social Security level-income options, and certain retroactive payments). This means that after the date of the initial Notice of Critical Status (October 24, 2008), the Fund could no longer provide the \$1,000 post-retirement death benefit (for Retail Meat participants) or the \$2,000 post-retirement death benefit (for IPH participants) in the form of a lump sum benefit. In addition, no disability benefits will be provided to any participants who become disabled after November 27, 2014 if their Employer adopted the Alternative Schedule Using an Extended Rehabilitation Period or the Benefit Schedule for Employers Demonstrating Severe Ongoing Financial Distress under the Rehabilitation Plan.

YOUR NORMAL RETIREMENT BENEFITS WILL NOT CHANGE. If your benefit payments have already started, *they will not change*. Also, *the normal pension benefit you have already accrued will not change*. In addition, vested retirement benefits will continue to be partially guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC"). For example, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee is \$35.75 per month times a participant's years of credited service.

POSSIBLE FUTURE BENEFIT REDUCTIONS. Depending upon how the stock market performs in the future and the success of Employers, it is possible that additional contributions and/or benefit changes will be required as part of any revised Rehabilitation Plan that is adopted by the Board. The Rehabilitation Plan already reduces certain "*adjustable benefits*" for participants and beneficiaries whose pensions had not started prior to October 24, 2008. "Adjustable benefits" are benefits over and above the normal pension paid at normal retirement age, and include benefits such as post-retirement death benefits, disability (for certain participants, if not in pay status as of November 27, 2014, as described above), and early retirement benefits or retirement-type subsidies. It also includes any form of payment other than the joint and 50% surviving spouse annuity (or single life annuity for unmarried participants).

LOOKING AHEAD. We are continuously working hard to develop ways to secure the Plan's benefits well into the future. As a result of the PPA, Employers and covered employees are being asked to work together to improve the funded status of the Plan. As noted above, Employers have increased their contributions significantly. Similarly, new retirees will be required to forego certain optional forms of payment. In the year ahead, as in previous years, the Board may revise the Rehabilitation Plan with alternative schedules for the bargaining parties' next negotiations. The goal is that even if the market performs consistent with the Board's expectations, all of these actions will improve the funded status of the Plan going forward.

WHERE TO GET MORE INFORMATION. For more information regarding this Notice, you may contact Board of Trustees, United Food and Commercial Workers Local 152 Retail Meat Pension Plan, 27 Roland Avenue, Suite 100, Mt. Laurel, NJ 08054, telephone (800) 555-4959. You have a right to receive a copy of the Fifth Update to the Rehabilitation Plan.

Date: October 28, 2014

Board of Trustees