Minneapolis Retail Meat Cutters and Food Handlers Pension Plan
Notice of Critical Status

Date Issued: June 2020

The Pension Protection Act of 2006 (the Act), signed into law in 2006 and extended by the Multiemployer Pension Reform Act of 2014 ("MPRA") is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. The Act establishes benchmarks for measuring a plan's funding, and uses formal labels for such benchmarks. Plans that are in "endangered" status (sometimes called the *"Yellow Zone"*) or "critical" status (sometimes called the *"Red Zone"*) must notify all plan participants, beneficiaries, contributing employers, and collective bargaining parties of the plan's status, as well as take corrective action to improve or restore the plan's financial health.

Plan's Status – Critical

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, on May 29, 2020 the plan actuary for the Minneapolis Retail Meat Cutters and Food Handlers Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and also to the Board of Trustees (the Plan sponsor), that the Plan is in critical status as of March 1, 2020.

Specifically, the Plan's actuary has estimated that the Plan has a projected credit balance deficiency in the Plan year ending February 28, 2029.

Also, as required by the Multiemployer Pension Reform Act of 2014, the Plan was certified as not being in critical and declining status.

Federal law requires that you receive this notice.

Rehabilitation Plan

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.

The Trustees adopted a Rehabilitation Plan on June 22, 2018 containing a Preferred Schedule and Default Schedule. The Preferred Schedule includes the elimination of future benefit accruals for service worked after February 28, 2019, the elimination of the Thirty (30) Year Retirement benefit for all participants who have not accrued thirty or more Years of Credited Service on or before February 28, 2019, and a series of 10 annual contribution rate increases (2.8% each of the next three years beginning March 1, 2018 and 3.0% for each of the subsequent seven years). All participating employers have agreed to this Schedule.

The Trustees annually review the Rehabilitation Plan and if they determine that further benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. Unless the Plan is in critical and declining status, any reduction of benefits will not reduce the level of a participant's basic benefit payable at normal retirement, and the reductions may only apply to participants and beneficiaries whose pension commencement date is after June 28, 2018.

Adjustable Benefits

The plan offers the following adjustable benefits which may be further reduced or eliminated as part of any future updates of the Rehabilitation Plan that the Plan may adopt:

- 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);

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. A 10% surcharge is applicable for the 2020 Plan Year after the current collective bargaining agreement expires, until the employer agrees to a new collective bargaining agreement that meets the requirements of the Rehabilitation Plan.

What's Next

The Trustees adopted a Rehabilitation Plan in 2018. If the Trustees determine that an update is required, any necessary changes will be communicated to all affected individuals and/or parties. However please note that since the Plan's financial condition generally changes with changes in the economy, the Act requires that the Plan's funding status be reviewed and certified annually, which means that you will receive a notice like this each year until the Plan is no longer in the red zone.

We understand that legally required notices like this one can create concern about the Plan's future. While the "critical" label is required to be used by federal law, the fact is that we have been working with our actuaries and consultants for some time now to address these funding issues. Please be aware that improving the Plan's funded status is a top priority and we are committed to taking any actions necessary to ensure your benefits will be there when you retire.

Where to Get More Information

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

Pension Department
Wilson-McShane Corporation
3001 Metro Drive, Suite 500
Bloomington, MN 55425
(952) 854-0795
mrmc@wilson-mcshane.com

You have a right to receive a copy of the rehabilitation plan from the plan.

This Notice is being provided as required under the Pension Protection Act of 2006, which requires that certain information regarding the Plan's funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.