

UNITED FOOD AND COMMERCIAL WORKERS UNION AND PARTICIPATING FOOD INDUSTRY EMPLOYERS TRI-STATE PENSION FUND

Employer Trustees

Daniel Dosenbach
Katlin Harkin
Scott Traeger
Joan Williams

WENDELL W. YOUNG, IV, *Chairman*

DANIEL DOSENBACH, *Secretary*

3031 B. WALTON ROAD
PLYMOUTH MEETING, PA 19462

(866) 928-8329 • (610) 941-4282

Fax (610) 941-9347

E-mail: tsfund@ufcwtristatepensionfund.org

www.ufcwtristatepensionfund.org

Union Trustees

Wendell W. Young, IV
Marissa Farina
Thomas Hartle
Michael O'Brien
Mary Owens
Paul Prosser
Stan Zarnoch

IMPORTANT NOTICE OF FUNDING STATUS TO CONTRIBUTING EMPLOYERS AND PARTICIPANTS - PLEASE READ -

FEDERAL FUNDING RULES. Beginning on January 1, 2008, the Pension Protection Act of 2006 (the "PPA") imposed new rules aimed at identifying and improving the funding of defined benefit plans such as the United Food and Commercial Workers Union and Participating Food Industry Employers Tri-State Pension Fund (the "Plan," or the "Fund"). Under the PPA, within the first 90 days of each plan year, the Plan's Actuary must certify whether a plan is endangered, seriously endangered, in critical status, or in critical and declining status. The most relevant factor in evaluating a plan's funding level is if, and how soon, a plan will become insolvent. If the Plan is not at risk of going insolvent imminently, other metrics such as the Plan's funded percentage or other minimum funding standards under the law are considered.

PLAN'S CURRENT STATUS. On March 27, 2025, the Plan's Actuary certified to the U.S. Department of the Treasury and to the Board that the Plan is in Critical status for the 2025 plan year because:

- The Plan is projected to have a funding deficiency within the next four years; and
- The Plan is deemed to be in Critical Status through the Plan Year ending in 2051 due to the Plan's receipt of Special Financial Assistance under the American Rescue Plan Act of 2021.

The Plan is deemed to be in Critical Status through the Plan Year ending in 2051 due to the Plan's receipt of Special Financial Assistance under the American Rescue Plan Act of 2021. **WHY HAS THIS HAPPENED?** Like other pension plans, the Plan was negatively impacted in 2008 by the significant downturn in the stock market, which caused a drop in the value of the Plan's assets. Furthermore, several employers withdrew from the Plan, including Shop-Rite and Super G, or went bankrupt like the Great Atlantic & Pacific Tea Company, Inc., (including Pathmark Stores, Inc. and Super Fresh Food Markets, Inc.), Super Market Service Corp., and Risoldi's Great Value.

WHAT ACTION HAS THE BOARD TAKEN? Between 2000 and 2008, the Board of Trustees for the Plan took a number of steps itself to improve the Plan's funding position. These included both obtaining contribution increases from employers and implementing benefit reductions for employees. Additionally, from 2008 through 2024, the Trustees have adopted PPA Rehabilitation Plans every year setting forth additional contribution and benefit changes to address the Plan's funding issues.

On September 16, 2019 and December 10, 2019, the Trustees adopted plan amendments to suspend the accrual of future benefits under the Plan as of the applicable Freeze Effective Dates for each contributing employer. The applicable Freeze Effective Dates are as follows:

- UFCW Local 1776KS and Acme – as of January 1, 2020;
- UFCW Local 1776KS – as of January 1, 2020
- UFCW Local 1776 F.C.U. – as of January 1, 2020
- UFCW Local 1776 and George's Market at Dreshertown – as of January 1, 2020
- UFCW Local 152 and Murphy's – as of January 1, 2020
- UFCW Local 360 and Murphy's of South Jersey – as of January 1, 2020
- UFCW Local 152 and Acme – as of February 1, 2020
- UFCW Local 152 – as of February 1, 2020

- UFCW Local 360 and Acme – as of October 31, 2021
- UFCW Local 360 – as of October 31, 2021
- UFCW Local 360 and Roebbing Town Foods/Avon Foods – as of October 31, 2021
- UFCW Local 27 and Acme – as of February 28, 2022

On August 20, 2024, the Board of Trustees applied to the Pension Benefit Guaranty Corporation (the “PBGC”) for Special Financial Assistance. This application was approved on October 29, 2024, and the Plan received \$684,360,361 on December 2, 2024. This money does not need to be repaid by the Plan and will be used exclusively to pay benefit payments and administrative expenses for the Plan until it is exhausted. In an effort to ensure these funds last as long as possible, the SFA assets are being invested in high-grade, low-risk investment vehicles, as mandated by law.

WHAT DOES THIS MEAN FOR CONTRIBUTING EMPLOYERS? In 2008-2009, contributing employers had to pay higher contributions to the Plan, called “surcharges” required by the PPA. Thereafter, they made higher contributions as negotiated with the Local Unions, and ultimately contributions negotiated with the Local Unions consistent with the freezing of accruals.

WHAT DOES THIS MEAN FOR PARTICIPANTS? If participants were already retired and receiving benefits as of April 29, 2008, their benefits have not changed. 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 supplements, and certain retroactive payments). Lastly, vested retirement benefits will continue to be partially guaranteed by the PBGC. For example, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11.00 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33.00 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 CHANGES. Depending upon how the stock market performs in 2025 and beyond, the financial health of the contributing employers and any changes in current law, it is possible that additional contributions and/or benefit changes will be required as part of any updated Rehabilitation Plan that is adopted by the Board. If the Board determines that additional benefit reductions are necessary, participants will receive a separate notice in advance of any reductions, which will identify and explain the effect of those additional reductions.

WHERE TO GET MORE INFORMATION. For more information about this Notice, you may contact the Board of Trustees, United Food and Commercial Workers Union and Participating Food Industry Employers Tri-State Pension Fund, 3031B Walton Road, Plymouth Meeting, PA 19462, telephone (866) 928-8329 or (610) 941-4282. When it is completed, you and participants will have a right to receive a copy of the updated Rehabilitation Plan.

Date: April 25, 2025

Board of Trustees