

## WASHINGTON MEAT INDUSTRY PENSION TRUST

### NOTICE OF CRITICAL STATUS

**TO:** All Participants, Beneficiaries, Participating Local Unions,  
and Contributing Employers

**FROM:** Board of Trustees  
Washington Meat Industry Pension Trust

**DATE:** October 26, 2009

The Pension Protection Act of 2006 (PPA) requires the Board of Trustees to annually evaluate the funded status of your Pension Plan. Pension plans that are in critical status must notify all participants, beneficiaries, unions, and contributing employers of that status. A rehabilitation plan that is designed, over time, to strengthen the Plan's financial foundation must also be adopted.

This will notify you that the Trust's actuary on September 28, 2009 certified to the U.S. Department of Treasury and to the Board of Trustees that the Plan is in critical status for the plan year beginning July 1, 2009. Federal law requires that you receive this notice.

#### **Critical Status**

The Plan is considered to be in critical status because it has funding problems. More specifically, the Plan's actuary has determined that over the next three plan years, the Plan is projected to have an accumulated funding deficiency for the 2012 plan year; the plan is projected to have an accumulated funding deficiency for the 2013 plan year and the present value of non-forfeitable benefits for inactive participants is greater than the present value of non-forfeitable benefits of active participants and the normal cost plus interest of unfunded benefit liabilities exceeds reasonably anticipated employer contributions for the current plan year; and the plan is projected to have an accumulated funding deficiency in five years and a funded percentage of less than sixty-five percent.

#### **Rehabilitation Plan and Possibility of Reduction of Benefits**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan.

As part of the rehabilitation plan, the PPA allows the plan to reduce or eliminate benefits called "adjustable benefits." If the Board of Trustees determines that it is necessary to reduce or eliminate adjustable benefits, you will receive a separate notice in the future identifying and explaining the effect of these changes. Any reduction of adjustable benefits (other than the repeal of a benefit increase granted within the last 60 months) will not reduce the level of a participant's basic benefit payable at normal retirement (which is age 65 under the Plan).

Other than repeal of benefit increases made in the last 60 months, reductions to adjustable benefits generally will only apply to you if your benefit commencement date (pension effective date) is on or after the date of this notice. You should also know that whether or not the Plan reduces adjustable benefits in the future, federal law prevents the Plan from paying lump-sum benefits (or any other payment in excess of the amount payable under the normal single life annuity) after the actuary has certified a Plan as critical.

### **Adjustable Benefits**

The Plan's "adjustable benefits" are those that under the PPA are subject to reduction or elimination as part of the rehabilitation plan. These include:

1. Minimum payment guarantees (such as two-year and five-year guarantees);
2. Disability benefits;
3. Early retirement or retirement-type subsidies including pensions based on the Rule of 85 or 30 years of service;
4. Death benefits (except for a 50% pre-retirement survivor annuity for a surviving spouse);
5. Post-retirement death benefits;
6. Benefit payment options or features other than the qualified joint and survivor annuity, such as any reversion option or contingent annuitant option; and
7. Benefit increases that would not be eligible for a guarantee under ERISA section 4022A on the first day of the critical year (July 1, 2009) because increases were adopted or, if later, took effect less than 60 months before July 1, 2009.

### **Employer Surcharges**

The PPA requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial health. The amount of the surcharge is equal to the percentage of the amount an employer is otherwise required to contribute to the Plan under the collective bargaining agreement. During the first year that a plan is in critical status, the percentage is 5% of required contributions. In subsequent plan years, it is 10% of required contributions. This surcharge does not apply to employers who agree to a negotiated contribution rate that contains a rehabilitation plan schedule adopted by the Board of Trustees. The surcharge will apply beginning with hours that are reportable for December 2009. Employers will receive additional information from the Trust Office.

### **Where to Get More Information**

A rehabilitation plan has not been adopted yet. For more information about this notice, you may contact Zenith Administrators by telephone at 206-282-4500 or 1-800-225-7620. When a rehabilitation plan is adopted by the Board of Trustees, you have a right to receive a copy.