Northern Minnesota-Wisconsin Area Retail Clerks Pension Fund

NOTICE OF PLAN STATUS

2019 MAY -6 AM 10: 10

April 2019

To Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The US Congress enacted the Pension Protection Act (the "PPA") of 2006 and also the Multiemployer Pension Reform Act of 2014 ("MPRA"), in part, to improve the financial condition of pension plans by ensuring that pension plans have the assets necessary to fund pension benefits when participants retire. The PPA implemented several safeguards aimed at improving plan funding levels as well as notification requirements to share more information about a plan's "financial health" with participants and others related to the plan.

Many of PPA's safeguard provisions relate to funding, which, in simplest terms, is how much money a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, PPA requires that a pension plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal classifications ("zone status"), were established. Plans that are in "endangered," "seriously endangered", or "critical" status must notify all plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the plan's financial health.

PPA's zone status rules were modified by MPRA, enacted on December 16, 2014. MPRA, among other changes, added a new zone status called "critical and declining". Additional measures to improve funding shortfalls are available to "critical and declining" plans

Plan's Status – Critical Status

Because the Plan is projected to enter critical status within the next five years due to a projected credit balance deficiency in the Plan year ended December 31, 2024, the Trustees, as allowed under MPRA, have elected to enter critical status early. This does not mean that the Pension Plan will have a problem paying benefits to current pensioners and beneficiaries in the near future. It means that, if corrective action is not taken, the Fund may have a problem paying benefits in the future.

Rehabilitation Plan and Possibility of Reduction in Benefits

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 adjustable benefits of the Plan were previously reduced or eliminated under the 2010 Rehabilitation Plan. 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. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. Reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2019. But you should know that effective May 1, 2019, 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.