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United Food & Commercial Workers International Union

LOCAL 1546 PENSION FUND

EBSA/PUBLIC DISCLOSURE

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**UFCW 1546 Pension Fund
Notice of Plan Status**

December 2012

Participants, Beneficiaries, Participating Union, and Contributing Employers:

The Pension Protection Act (PPA or Act), signed into law in 2006, 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 all pension plans be tested annually to determine how well they are funded. The Act established formal benchmarks for measuring a plan's funding. Plans that are in either critical ("Red Zone") or endangered ("Yellow Zone") status as defined by the Act must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to restore the plan's financial health.

Plan's Status – Yellow Zone

On November 29, 2012, the Plan's actuary certified that, based on PPA funding measures, the Plan was categorized as being in the Yellow Zone for the 2012 Plan Year, since the Plan's funded percentage is projected to be less than 80%. Last year, the Plan was certified as endangered. As a result the Trustees were required to develop a Funding Improvement Plan (FIP).

Funding Improvement Plan

Yellow Zone status represents an early warning to focus on correcting problems before they lead to more serious trouble. Since the Plan was in seriously endangered status for the Plan Year that began September 1, 2010, the Trustees adopted a Funding Improvement Plan on July 27, 2011. The FIP consists of two schedules and is designed to improve the Plan's funded percentage over time. The Alternative Schedule includes annual contribution rate increases to an ultimate amount of \$183 per month as of November 1, 2015. The Default Schedule includes a 37% reduction in the accrual rates. The Funding Improvement Period will begin on September 1, 2013.

What's Next

Once the Funding Improvement Plan is implemented through the CBAs, any necessary changes will be communicated to all affected individuals and/or parties. In addition, please note that since the Plan's financial condition will continue to change as changes occur in both the markets and the economy generally, the Act requires that the Plan's funding status be reviewed and certified annually. Thus, you will receive a notice like this each year until the Plan is no longer in endangered status.

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

For more information about this Notice or the Pension Plan in general, please contact the Pension Plan's Managing Director, Mr. Robert Waters, at UFCW Local 1546 Pension Fund, 1649 W. Adams Street, 3rd Floor, Chicago, Illinois 60612.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.

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