

# Alaska United Food and Commercial Workers Pension Trust

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April 29, 2009

On April 17, 2009 an election to retain “Green Zone” funded status was filed with the Secretary of the Treasury. It advises that the Board of Trustees has made an election in accordance with a recent law called the “Worker, Retiree and Employer Economic Recovery Act of 2008” (the Recovery Act) to treat the Plan’s Zone Certification status as the same as last year. This is called a “freeze election” in the Act. If a freeze election had not been made for the 2009 plan year, the plan’s zone status as certified by the plan’s actuary for the year would be critical.

## **What is “Zone Certification”?**

A federal law called the Pension Protection Act of 2006 (PPA) requires the Plan’s actuary to certify a “zone” status for the Plan each year beginning 2008. The Plan’s actuary provides a report to the Trustees and the federal government regarding the Plan’s financial status. A plan can be certified “critical,” “seriously endangered,” “endangered” or “neither critical nor endangered.” If the Plan is certified to be critical, seriously endangered or endangered the Board must notify you, and take certain prescribed steps designed to improve the plan’s financial status over a specific time.

## **What does the election under the new law change?**

Ordinarily, the certification by the Plan’s actuary would be the only factor in determining how to report the Plan’s zone status. In light of the financial crisis – and for 2009 only – Congress passed the Recovery Act, which allows the Trustees to disregard the certified status of the Plan for 2009 and designate the Plan’s zone status based on the actuary’s certification for the preceding plan year.

## **Does this affect my benefits?**

The Recovery Act requires that you receive a notice of the Trustees’ election. No action is required on your part. This election does not affect the terms of the Plan, nor any benefit you have earned under the Plan. However, the freeze election made by the Board only applies for the 2009 plan year. If the plan is certified to be in endangered, seriously endangered or critical status for the year beginning January 1, 2010, the Trustees will provide a notice of the plan’s status (either endangered, seriously endangered or critical) and steps will have to be taken to improve the plan’s funded status. These steps may include reductions in future benefit accruals and increases in employer contributions.

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**Notice of Freeze Election**  
**Alaska United Food and Commercial Workers Pension Trust**  
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If the plan is certified to be in critical status for the year following the election year, there are prescribed steps that will have to be taken to improve the plan's funded situation. These will include:

- A surcharge on employer contributions; and
- Suspension of the payment of lump sums and similar accelerated distributions for individuals who begin receiving benefits after notice is provided of the plan's critical status.

It may also include amendments to reduce early retirement benefits or other "adjustable benefits" (as described in the Internal Revenue Code) for such individuals.

**Further information**

If you have any questions concerning this notice, please contact the Administration Office at the phone number or mailing address above.

cc: US Secretary of the Department of Labor  
Pension Benefit Guaranty Corporation

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