



Minneapolis Food Distributing Industry Pension Plan

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To: Participants and Beneficiaries
All Contributing Employers
Participating Unions

The Pension Protection Act (PPA), signed into law in 2006, is intended to improve the financial condition of pension plans. The PPA 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.

Many of the PPA's safeguard provisions relate to funding, which, in simplest terms, is how much a plan has coming in, going out, and what is in reserve for the future. The safeguards are intended to create more discipline to prevent avoidable funding problems.

Starting with the 2008 plan year, the PPA requires that the Minneapolis Food Distributing Industry Pension Plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal labels, were established. Plans that are in endangered status (the Yellow Zone) or critical status (the Red Zone) must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to improve or restore the plan's financial health.

Recognizing that the value of the assets, and therefore the funding, of almost all pension plan has declined due to the impact of the current economic crisis, Congress passed the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) which allows multiemployer plan trustees to keep their plan in its 2008 plan year's zone status for one more year, regardless of the plan's actual funded status for the 2009 plan year.

Plan's Status – Yellow Zone

In accordance with section 204 of WRERA, the Trustees have elected to "freeze" the Plan's Zone status. As the Plan was categorized as being endangered, or in the Yellow Zone, for the 2008 Plan Year, because the Plan was less than 80% funded, the Plan is also categorized as being in the Yellow Zone for the 2009 Plan Year.

Funding Improvement Plan

Yellow Zone status is like an early warning to focus on correcting problems to head off more serious trouble. To comply with the PPA, the Trustees were required to adopt a Funding Improvement Plan designed to improve the Plan's funded position. Last year, the Trustees adopted a Funding Improvement Plan by confirming the current contributions and benefit accrual level would be sufficient to improve the Plan's funded percentage and eventually move the Plan into the Green Zone. Had WRERA not been enacted, the Trustees would have been required to update the Funding Improvement Plan this year; however, having elected the zone status freeze, they will not be required to do so.

What's Next

Please note that, since the Plan's financial condition generally changes with changes in the economy, the PPA requires that the Plan's funding status be reviewed and certified annually. Consequently, you will receive a notice like this each year until the Pension Plan is no longer in the Yellow Zone.

We understand that legally required notices like this one can create concern about the Plan's future. While the "endangered" label is required to be used by federal law, the fact is that we have been working with our actuaries and consultants for some time now to address these funding issues. Please be aware that improving the Plan's funded status is a top priority.

This Notice is being provided as required under the Pension Protection Act of 2006, which requires that certain information regarding the Plan's funding status be disclosed to individuals and parties interested in the Plan. As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of the Department of Labor.