

UFCW LOCAL 1262 AND EMPLOYERS PENSION FUND

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IMPORTANT NOTICE OF FUNDING STATUS – PLEASE READ

This is to inform you that the Plan Actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees of the UFCW Local 1262 and Employers Pension Plan, that the Plan continues to be in Critical Status for the plan year beginning January 1, 2015. Federal law requires that you receive this notice.

Critical Status

The Plan is still considered to be in Critical Status because the Plan's Actuary determined that the Plan has not yet emerged from Critical Status in accordance with Section 432(e)(4)(B) of the Internal Revenue Code of 1986, as amended.

Rehabilitation Plan

Federal law requires pension plans in Critical Status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the eighth year the Plan has been in Critical Status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On January 28, 2008, you were notified that as of that date the Plan was not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while the Plan is in Critical Status. The Trustees subsequently amended the Plan to eliminate lump sum benefits for retirements beginning on or after January 28, 2008. In addition, pursuant to the 2009 negotiations, the Trustees amended the Plan to eliminate the following adjustable benefits effective for retirements after September 1, 2009: (a) 60-month payment guarantee feature, and (b) "30 & out" unreduced retirement for those terminating covered service prior to age 55. Additionally, pursuant to the 2012 negotiations, the Trustees amended the Plan such that most employees who were not participants in the Plan as of October 15, 2011, will not accrue a benefit under the Plan. Additionally, pursuant to the 2014 negotiations, the Trustees amended the Plan as follows:

- (i) to reduce future benefit accruals for Pathmark participants effective January 1, 2015;
- (ii) to eliminate disability pensions for participants who did not leave Covered Service due to a disability before January 1, 2015. However, vested participants will be entitled to a deferred vested benefit on their normal retirement date;
- (iii) to eliminate early retirement benefits for all terminated vested participants who did not apply for their early retirement benefit on or before December 31, 2014. These participants may not start their benefits before their normal retirement date;
- (iv) to eliminate early retirement benefits for vested participants who leave Covered Service on or after January 1, 2015 and who do not apply for an early retirement pension benefit within 90 days of leaving Covered Service. These participants may not start their benefits prior to their normal retirement date.

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 (other than a repeal of a recent benefit increase) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after January 28, 2008.

Adjustable Benefits

The Plan offers the following adjustable benefits for participants credited with service on or after January 1, 2015, which may be reduced or eliminated as part of any rehabilitation plan the Trustees may adopt (in addition to the specific reductions to adjustable benefits already implemented as outlined above):

- Early retirement benefits or retirement-type subsidies
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA)

Where to Get More Information

For more information about this Notice, you may contact the Fund Office at 973-778-5800. You have a right to receive a copy of the rehabilitation plan from the plan.

April 2015

Board of Trustees