

# **Minneapolis Retail Meat Cutters and Food Handlers Pension and Health and Welfare Funds**

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## **Notice of Endangered Status For Minneapolis Retail Meat Cutters & Food Handlers Pension Plan**

This notice, which federal law requires, includes important information about the funding level of the Minneapolis Retail Meat Cutters & Food Handlers Pension Plan ("Fund"), Plan Number 001, Employer Identification Number 41-0905139 (Plan and Plan Sponsor). In 2006 the Pension Protection Act ("PPA") was enacted. Beginning with the 2008 Plan Year, that law requires the annual certification of the Plan's funding status as critical, endangered or neither, generally referred to as red, yellow or green, respectively.

For the Plan Year beginning on March 1, 2008, the Fund's actuary certified that the Plan was in the yellow zone. The Plan was considered to be in the yellow zone because the funded percentage was 77.5% on March 1, 2008 and projected funding deficiencies starting at the end of the 2015-16 Plan Year. The funded percentage is the percentage of earned benefits that could be funded with existing Plan Assets. A projected funding deficiency is a sign that the anticipated liabilities of the Fund are outpacing its assets.

On May 29, 2009, the Fund's actuary certified the Plan's funding status as red for the plan year beginning on March 1, 2009. The Plan is considered to be in the red zone because the funded percentage was 67.3% on March 1, 2009 and projected funding deficiencies starting at the end of the 2011-12 plan year. The results became worse in the past year largely as a result of the current crisis in the financial markets. Federal law requires pension plans in the red zone to adopt a rehabilitation plan aimed at restoring the financial health of the Plan.

### **Worker, Retiree, and Employer Recovery Act of 2008 (WRERA)**

Section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) allows the Board of Trustees to freeze the PPA funding status from the prior year, so that Fund will be treated as though it were certified yellow for the 2009-10 plan year. The opportunity to freeze the prior year's status under the WRERA is intended to allow plan fiduciaries time to assess and react to the effects of the current financial crisis on plan funding. An election to freeze the PPA funding status does not restrict the Board of Trustees' ability to improve the Plan's funding status. The Board is, in fact, considering alternatives to accomplish this.

The Board of Trustees elected, effective June 28, 2009, to freeze the 2008 certification of yellow for the Plan Year beginning on March 1, 2009. The Trustees also have the option to wait until next year to update the funding improvement plan established last year. It is the intent of the Trustees, however, not to wait to consider additional changes. You will receive future notices regarding this effort. The Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal.

The decision to freeze the PPA funding status applies only for the 2009-10 plan year. If the Plan is certified to be in the yellow or red zone for the following plan year, the Board of Trustees will provide notice of the Plan's status on or before May 29, 2010 and additional steps will then be required to improve the Plan's funding, which may include additional increases in contributions and/or reductions in benefits.

### **Funding Improvement Plan Update**

This year only, the Trustees have the option whether to update the schedules noted in last year's funding improvement plan or to wait until next year to make updates. The updates would respond to the recent losses and would put the Plan back on schedule to achieve a funded ratio of 85.4% by March 1, 2023 (this is three years later than originally required because WREERA provided for a three-year extension). The plan must also meet the Federal minimum funding requirements during the funding improvement plan period.

### **Future Experience and Possible Adjustments**

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 7.50% in the 2009-10 plan year or later, a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

### **Where to Get More Information**

You have a right to receive a copy of the funding improvement plan once it has been formally approved by the bargaining parties. It should be completed by January 24, 2010. To receive a copy, you may contact the Board of Trustees of Minneapolis Retail Meat Cutters & Food Handlers Pension Plan at 3001 Metro Drive, Suite 500, Bloomington, MN 55425-1412 or by telephone at (952) 854-0795.