

# Bar & Restaurant and On-Sale Pension Fund

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2011 MAY -4 PM 4:19

## Notice of Critical Status For Bar and Restaurant and On-Sale Pension Plan

This is to inform you that on March 31, 2011 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan will be in critical status for the plan year beginning January 1, 2011. Federal law requires that you receive this notice.

### Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2014 plan year.

### Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. In 2010, the Trustees adopted a Rehabilitation Plan, which reduced the benefit rate for Pension Credits earned after December 31, 2010 from \$9.00 to \$4.20, and increased the employer contribution rate to \$0.35 effective for hours of service earned upon the later of December 31, 2010 or the expiration of the Collective Bargaining Agreement in effect on March 31, 2010. The goal of the Rehabilitation Plan is to improve the Plan's funded percentage and eventually move into the Green Zone.

### Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation beginning 30 days after the date on which this notice was provided to the employer. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year, which in the Plan's case was for service hours on or after May 31, 2010 and before January 1, 2011. Effective for hours of service earned on or after January 1, 2011, the surcharge is 10% applicable for each succeeding plan year thereafter in which the plan is in critical status or until the Collective Bargaining Agreements are amended to incorporate a contribution schedule that contains terms consistent with the Rehabilitation Plan.

### Where to Get More Information

For more information about this Notice, you may contact Wilson-McShane Corporation at (952) 854-0795 or 3001 Metro Drive, Suite 500, Bloomington, MN 55425.