



The Warehouse Employees Union Local No. 730 Pension Trust Fund

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Notice of Critical Status For

Warehouse Employees Union Local No. 730 Pension Trust Fund

This is to inform you that on March 30, 2012 the plan actuary certified to the U.S. Department of the Treasury, and also to the Fund's Board of Trustees, that the plan is in critical status for the plan year beginning January 1, 2012. 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 plan was in critical status last year and that it has not emerged from critical status because it is projected to have an accumulated funding deficiency within the 9 years following the current 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. This is the fourth year the plan has been in critical status. The Trustees adopted a Rehabilitation Plan ("RP") on November 26, 2009. The RP described the actions to be taken by the Plan's Trustees, and the benefit and contribution changes to be bargained by the bargaining parties, to achieve a timely emergence from critical status within the rehabilitation period required by law. As permitted by Section 205 of the Worker Retiree Employer and Recovery Act of 2008, the Trustees have elected to extend the Plan's rehabilitation period by an additional three years.

The Fund is required to update the RP annually. If the Trustees determine that modifications are necessary, they will revise the RP and the benefit and contribution schedules recommended under it. However, a schedule of contribution rates provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement will remain in effect for the duration of that agreement, and benefits earned for the service performed under each bargaining agreement will be determined based on the schedule applicable to that agreement at the time the service is performed.

The Rehabilitation Plan period begins January 1, 2012, at which time scheduled progress will be measured annually to comply with PPA.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. 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 and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status. This is the fourth year the plan has been in critical status. The surcharge ceases to be effective for an employer beginning on the effective date of a collective bargaining agreement adopting one of the RP schedules.

What Does This Mean For Me?

This affects only participants whose benefit payments begin after the date of the original critical status notice in 2009. While the Plan is in critical status, the PPA prohibits the Plan from paying any benefits in the form of a lump sum, or any other payment in excess of the monthly amount payable in the form of a single life annuity (other than certain Social Security level-income options and certain retroactive payments.) This means that after the date of the Fund's initial critical status notice, April 30, 2009, the Fund was no longer able to pay the lump sum benefit provided to certain participants upon disability or pre-retirement death.

Your Normal Retirement Benefits Will Not Change

If your benefit payments started before April 30, 2009, they will not change. Also, the normal pension benefit you have already accrued will not change. In addition, vested retirement benefits are guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"). For example, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. So the PBGC's maximum guarantee is \$35.75 per month times a participant's years of credited service.

Where to Get More Information

For more information about this Notice, you may contact Warehouse Employees Union Local No. 730 at 800-730-2241 or 911 Ridgebrook Road, Sparks, Maryland 21152. You have a right to receive a copy of the rehabilitation plan from the plan.