

BAKERY DRIVERS AND SALESMEN LOCAL 194 AND INDUSTRY PENSION FUND



February 28, 2014

Notice of Critical Status For The

Bakery Drivers and Salesmen Local 194 and Industry Pension Fund

For the Plan Year Beginning on November 1, 2013

This is to inform you that on January 29, 2014 the plan's actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the plan remains in "Critical" status for the plan year beginning November 1, 2013. You are receiving this notice because federal law requires the Board of Trustees to send this notice to all bargaining parties and participants.

Critical Status

The plan is considered to be in "Critical" status because it has funding problems, liquidity problems, or both. More specifically, the plan's actuary determined that over the next five plan years, the plan is projected to have an accumulated funding deficiency in five years.

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 third year the plan has been in "Critical" status. The Board of Trustees previously adopted the rehabilitation plan, effective March 27, 2012 ("Rehabilitation Plan"). The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Pursuant to the Notice of Reduction of Adjustable Benefits sent to you on March 28, 2012 you were notified that the plan reduced or eliminated adjustable benefits. Pursuant to the initial Critical Status Notice, dated February 16, 2012, you were notified that as of February 28, 2012, the plan is not permitted to pay lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity (other than certain retroactive payments and certain *de minimis* amounts) while it is in "Critical" status. If the Board of Trustees of the plan determines 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, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions only apply to participants and beneficiaries whose benefit commencement date is on or after June 1, 2012.

Adjustable Benefits

Adjustable benefits are benefits over and above the normal pension paid at normal retirement age. The plan offers the following list of adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Board of Trustees adopts. Several of these benefits have already been eliminated pursuant to the Rehabilitation Plan.

- X Post-retirement death benefits
- X Sixty-month payment guarantees
- X Disability benefits (if not yet in pay status)
- X Early retirement benefits or retirement-type subsidies such as the deferred vested pension or an additional year of pension credit due to a layoff on account of a plant shutdown
- X Benefit payment options (other than a joint and 50% survivor annuity) such as the joint and 75% survivor annuity, pre-retirement surviving spouse's benefit, "pop-up" death benefit and social security bridge benefit
- X Recent benefit increases (i.e., occurring in past 5 years)

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 or other agreements pursuant to which the employer contributes. With some exceptions, a 5% surcharge is applicable in the initial critical year beginning on March 17, 2012 and a 10% surcharge is applicable on November 1, 2012 and on each succeeding plan year thereafter in which the plan is in "Critical" status.

Where to Get More Information

For more information about this notice, you may contact Mr. Anthony Sidoti, Fund Manager, by telephone at (732) 297-0194, by facsimile at (732) 297-0944 or by mail at 2003 Rt. 130, Suite E, North Brunswick, NJ 08902. You have a right to receive a copy of the Rehabilitation Plan.

Date: February, 2013

Board of Trustees

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