

OREGON RETAIL EMPLOYEES PENSION TRUST
12205 SW Tualatin Road, Suite 200
(503) 486-2100 or (844) 900-3034

DATE: APRIL 30, 2021

TO: PARTICIPANTS AND BENEFICIARIES
CONTRIBUTING EMPLOYERS
LOCAL UNIONS
PENSION BENEFIT GUARANTY CORPORATION
SECRETARY OF LABOR

FROM: BOARD OF TRUSTEES

NOTICE OF CRITICAL STATUS PENSION PLAN

This is to inform you that on March 31, 2021 the actuary for the Oregon Retail Employees Pension Plan (the “Plan”) certified to the U.S. Department of the Treasury, and to the Board of Trustees, that the Plan is in critical status (the “red zone”) for the Plan Year beginning January 1, 2021. Federal law requires that you receive this notice.

CRITICAL STATUS

The Plan is considered to be in critical status because it has funding problems. The Plan is not projected to have an accumulated funding deficiency for the current plan year or any of the 9 succeeding plan years (when reflecting the Plan’s approved five-year charge base amortization extensions under Internal Revenue Code Section 431(d) effective with the Plan Year beginning January 1, 2013) and is not projected to become insolvent within the next 30 plan years. However, the Board of Trustees has elected to carry-forward the Certification of Status from the Plan Year beginning January 1, 2020, as allowed under Section 9701 of the American Rescue Plan Act of 2021.

Rehabilitation Plan and Possibility of Reduction in Benefits

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 second 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. If the trustees of the plan determine that 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 may only apply to participants and beneficiaries whose benefit commencement date is on or after April 29, 2020. But you should know that whether or not the plan reduces adjustable benefits in the future,

effective as of April 29, 2020, 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) while it is in critical status.

The Rehabilitation Plan was adopted on May 22, 2020. Additional employer contribution amounts used only for improving the Plan's funded status are required under the Rehabilitation Plan in an effort to secure the long term funding of the Plan.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- ☐ Post-retirement death benefits;
- ☐ Sixty-month payment guarantees;
- ☐ Disability benefits (if not yet in pay status);
- ☐ Early retirement benefit or retirement-type subsidy;
- ☐ Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- ☐ Recent benefit increases (i.e., occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the plan, as follows:
- ☐ Cost of Living Adjustments

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, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the rehabilitation plan.

WHERE TO GET MORE INFORMATION

For more information about this Notice, you may contact:

Oregon Retail Employees Pension Trust
12205 SW Tualatin Road, Suite 200
Tualatin, OR 97062
Phone: (503) 486-2100 or (844) 900-3034

You have a right to receive a copy of the rehabilitation plan from the Pension Fund.