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NOTICE OF CRITICAL STATUS FOR THE UFCW PHARMACISTS, CLERKS AND DRUG EMPLOYERS PENSION PLAN

This is to inform you that on March 31, 2026, the Plan actuaries certified to the U.S. Department of the Treasury, and to the Board of Trustees of the UFCW Pharmacists, Clerks and Drug Employers Pension Plan (the “Board of Trustees”), that the UFCW Pharmacists, Clerks and Drug Employers Pension Plan (the “Plan”) is in critical status (“Red Zone”), but not critical and declining status, for the Plan Year beginning January 1, 2025. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status, but not in critical and declining status under the Multiemployer Pension Reform Act of 2014 (the “MPRA”), for the Plan Year beginning January 1, 2026, because it has funding or liquidity problems, or both. More specifically, the Plan’s actuary determined that as of January 1, 2026, a funding deficiency is projected in four years, and a funding deficiency is projected in five years and the present value of vested benefits for non-active participants is more than the present value of vested benefits for active participants and the normal cost, plus interest on unfunded actuarial accrued liability (unit credit basis), is greater than the contributions for the current year. In addition, the Plan was in critical status last year and a funding deficiency is projected in any of the next nine Plan Years or insolvency is projected for the current year or any of the 30 succeeding plan years.

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. 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 May 1, 2024. Also, you should know that whether or not the plan reduces adjustable benefits in the future, effective as of May 1, 2024, the Plan is not permitted to pay lump sum benefits in excess of \$5,000 (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

The Plan offers or offered the following Adjustable Benefits which **MAY** be reduced or eliminated as part of the current or future Rehabilitation Plan that the Plan may adopt. In no event will any change to these Adjustable Benefits be effective for retirements before May 1, 2024.

- Early Retirement Benefit or Retirement-type subsidy
- Disability Retirement Benefit (if not yet in pay status)
- 50% Husband-and-Wife Pension subsidy
- 75% Husband-and-Wife Pension subsidy

Log into ufcwtrust.com to view your personal benefit information.
The Pension Department is available Monday – Friday, 8:00 AM – 5:00 PM at (800) 552-2400 • Fax: (925) 746-7552

UFCW & Employers Trust, LLC

- Social Security Adjustment Option
- Benefit Improvements Made Within the Last 5 Years

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan 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 five percent (5%) surcharge is applicable in the initial critical Plan Year and a ten percent (10%) surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status until the contributing employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan.

Where to Get More Information

For more information about this Notice of Critical Status, you may contact:

Administrator – UFCW Pharmacists, Clerks and Drug Employers Pension Plan
UFCW & Employers Trust, LLC
1000 Burnett Ave, Suite 110
Concord, CA 94520
(800) 552-2400

As required by law, this notice is being provided to all required parties including the PBGC, the U.S. Department of Labor, each Plan Participant and Beneficiary, all labor organizations representing Plan Participants and each employer which is a party to a collective bargaining agreement or other contribution agreement under which the Plan is maintained or which otherwise may be subject to withdrawal liability.