

UFCW & Employers Trust, LLC
P.O. Box 4102
Concord, CA 94524-4102

**NOTICE OF CRITICAL AND DECLINING STATUS
FOR THE
UFCW-NORTHERN CALIFORNIA EMPLOYERS JOINT PENSION PLAN**

This is to inform you that on March 31, 2026, the Plan's actuaries certified to the U.S. Department of the Treasury, and to the Trustees, that the Plan is in critical and declining status for the Plan Year beginning January 1, 2026. Federal law requires that you receive this notice.

Critical and Declining 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 as of January 1, 2026, a funding deficiency was projected in four years. Also, a funding deficiency was 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. Further, the funded percentage is less than 65%.

Further, the Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuaries determined that the Plan continues to be in critical and declining status because:

- (i) insolvency is projected within 15 years;
- (ii) the ratio of inactive to active participants exceeds 2:1 and insolvency is projected within 20 years; and
- (iii) the funded percentage is less than 80%, with insolvency projected within 20 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. 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 the Rehabilitation Plan. The 5% surcharge is payable on work performed on and after May 30, 2010 until December 31, 2010 and the 10% surcharge is payable with respect to periods after that, until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect.

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 will be the third year the Plan has been in critical and declining status. The prior twelve years 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. In October or November of 2011, you were notified that the Rehabilitation Plan reduced or eliminated certain adjustable benefits, generally effective for the Plan Year beginning January 1, 2012.

On April 30, 2010, you were notified that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 2010, 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 (except for the payout of benefits worth less than \$1,000) while it is in critical status. This includes the Social Security Adjustment Option benefit and the Social Security

Adjustment Option with 50% Joint and Survivor benefit for retirement benefits that commence on or after May 1, 2010.

The Rehabilitation Plan is subject to annual review and revision by the Board of Trustees (it was updated December 17, 2015; March 18, 2020; July 7, 2021; and May 3, 2022) depending upon the Plan's financial condition and other factors. The updated Rehabilitation Plan is designed to allow the Plan to forestall insolvency. If the Trustees of the Plan determine 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 will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after May 1, 2010.

Multiemployer Pension Reform Act of 2014 – Critical and Declining Status

The Multiemployer Pension Reform Act of 2014 allows for certain benefit suspensions if a plan is in critical and declining status. A critical status plan is in declining status if it is projected to become insolvent within 15 years (20 years if the inactive to active participant ratio is more than 2 to 1, or if the plan is less than 80 percent funded). As indicated above, the Plan's actuary has determined that this Plan is in critical and declining status for the 2025 Plan Year.

The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries. Please note that the Plan's Board of Trustees have not taken any such action to date. You will receive notification before any changes related to the Plan's funding status are made to your benefits.

Adjustable Benefits

The Plan offers or offered the following adjustable benefits that may be reduced or eliminated as part of the current or future Rehabilitation Plan, depending on the collective bargaining agreement between the union and your employer. In no event will any change to these benefits be effective for retirements before May 1, 2010. Please review the Important Notice of Changes in Your Benefits mailed in October or November 2011, for further detail.

- Early Retirement Benefit
- Special Unreduced Early Retirement Benefit
- Golden Unreduced Early Retirement Benefit
- Disability Retirement Benefit (not yet in pay status)
- 50% Qualified Joint and Survivor subsidy
- 75% Qualified Optional Survivor Annuity
- Surviving Spouse's Benefit (for Retirees who were not married as of retirement)
- Surviving Spouse Benefit subsidy (including Qualified Pre-Retirement Survivor Annuity subsidy)
- Non-Spouse Survivor Benefit

Where to Get More Information

For more information about this notice or to receive a copy of the Rehabilitation Plan, you may contact the Plan Administrator at the following address:

Administrator - UFCW-Northern California Employers Joint Pension Plan
UFCW & Employers Trust, LLC
1000 Burnett Ave, Suite 110
Concord, CA 94520
(800) 552-2400