April 2012

TO: Participants, Beneficiaries, Contributing Employers and Local Unions

FROM: Board of Trustees of the Retail Clerks Specialty Stores Pension Fund

SUBJECT: Retail Clerks Specialty Stores Pension Fund – Notice of Seriously Endangered Status for the 2012 Plan Year

As you may know, the Pension Protection Act of 2006 (PPA) added requirements for measuring the financial health of multiemployer defined benefit pension plans such as the Retail Clerks Specialty Stores Pension Fund.

Beginning with the 2008 plan year, the PPA began requiring that a pension plan’s actuary determine annually that plan’s status under these rules and to certify that status to the Internal Revenue Service and to the plan’s Board of Trustees (plan sponsor). It is important to note that if a plan’s status for a plan year is either certified as “endangered” or “seriously endangered” (“yellow zone”) or “critical” (“red zone”), the plan’s trustees must notify all plan participants, employers and other stakeholders in writing of this certification, as well as take corrective action to restore the financial health of the plan.

SERIOUSLY ENDANGERED STATUS

On March 30, 2012, the Plan actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Retail Clerks Specialty Stores Pension Fund (the “Plan”) is in “seriously endangered” status for the January 1, 2012 through December 30, 2012 Plan Year. Specifically, the Plan’s actuary has determined that the funded percentage of the Plan is less than 80% and a funding deficiency is projected in seven years.

FUNDING IMPROVEMENT PLAN

PPA requires that any pension plan in the yellow zone adopt a “Funding Improvement Plan” (FIP). The FIP is an action plan designed to improve the plan’s balance of assets and liabilities
(“funding percentage”) and avoid any accumulated funding deficiency. The Trustees must adopt an FIP for the Plan by November 25, 2012.

**WHERE TO GET MORE INFORMATION**

For more information about this Notice, or to receive a copy of the FIP when it is complete, you may contact the Fund Administrator at:

Administrator - Retail Clerks Specialty Stores Pension Fund
UFCW-Employers Benefit Plans of Northern California Group Administration LLC,
1277 Treat Boulevard, 10th Floor
Walnut Creek, CA 94597-8863
(925) 746-7530

cc: United States Department of Labor
United States Pension Benefit Guaranty Corporation