

# WVEC LOCAL 863 PENSION PLAN

209 SUMMIT ROAD

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## NOTICE OF ENDANGERED STATUS FOR 2020 PLAN YEAR FOR WVEC LOCAL 863 PENSION FUND

December 23, 2020

To: All Participants, Beneficiaries, Participating Union and Contributing Employers

As you may know, the Pension Protection Act of 2006 (“PPA”) added requirements for measuring the financial health of multiemployer plans such as ours. Starting with the 2008 plan year, the PPA requires that a Pension Fund’s actuary annually determine the Fund’s status under these rules and certify that status to the IRS and the Board of Trustees. If the actuary determines that the Fund is in “endangered” status (“yellow zone”) or “critical” status (“red zone”) for the plan year, the Fund must notify all plan participants, employers and other stakeholders and take corrective action to restore the financial health of the plan.

### **Endangered/Yellow Zone Status for 2020**

This letter will serve as Notice that on November 27, 2020, the Pension Fund’s actuary certified that the Fund is again in “endangered” or yellow zone status for the 2020 Plan Year. This determination was made because, based on the PPA’s funding measures, the funded percentage is less than 80%. “Endangered” is a label that the law requires us to use, but in fact, the Fund is currently meeting its funding goals and is expected to continue to meet these goals into the future due to the Wakefern Food Corporation participation agreement.

### **Funding Improvement Plan for Yellow Zone Plans**

The PPA requires any pension fund in the yellow zone to adopt a Funding Improvement Plan (“FIP”). The FIP, adopted by the Board of Trustees in 2010, is an action plan designed to increase the Plan’s funding percentage and to assure that contributions will be sufficient to meet the minimum required under the law. The anticipated experience and reasonable assumptions, as well as future contribution levels, including those required in participation agreements, are estimated to be sufficient to meet the requirements of the FIP. You have a right to receive a copy of the FIP from the Plan.

## **What's Next?**

The PPA requires that the Plan's funding status be reviewed and certified annually and that notices like this, explaining the outcome of the certification, will be sent each year until our Plan is no longer "endangered" or in the yellow zone. While our goal is to remain on track with the Plan's funding schedule, there are several variables beyond our control, which our advisors monitor, including market volatility and employment.

We understand that legally required notices like this one can create concern about the Plan's future. Be assured that we take our obligation to preserve the financial viability of the Plan very seriously. The Trustees have developed a plan that addresses these issues to improve the Plan's financial condition and help to secure your pensions.

In the event you have questions or would like additional information, you may contact the Board of Trustees, WWEC Local 863 Pension Plan, 209 Summit Road, Mountainside, New Jersey 07092; telephone number: (908) 654-3361.

Sincerely,

The Board of Trustees

cc: US Department of Labor  
US Pension Benefit Guaranty Corporation