

**United Food and Commercial Workers Unions  
and Participating Employers  
Pension Fund**

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**ANNUAL FUNDING NOTICE**

For

**UNITED FOOD AND COMMERCIAL WORKERS UNIONS  
AND PARTICIPATING EMPLOYERS PENSION FUND**

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (the “Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2018 and ending December 31, 2018 (“Plan Year”).

**How Well Funded Is Your Plan**

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the “funded percentage.” The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also states the value of the Plan’s assets and liabilities for the same period.

<b>Funded Percentage</b>			
	2018	2017	2016
Valuation Date	January 1, 2018	January 1, 2017	January 1, 2016
Funded Percentage	58.9%	60.7%	59.9%
Value of Assets	\$ 118,931,463	\$ 118,036,150	\$ 115,991,108
Value of Liabilities	\$ 202,075,314	\$ 194,523,879	\$ 193,542,432

As required by law, the value of liabilities above reflects the Plan’s 7.75% assumed rate of investment return.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are “actuarial values.” Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more

predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan’s assets for each of the two preceding plan years.

	December 31, 2018*	December 31, 2017	December 31, 2016
Fair Market Value of Assets	\$ 110,133,331	\$ 120,413,338	\$ 109,381,243

\* Estimated based on preliminary unaudited information

#### Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in “endangered” status if its funded percentage is less than 80 percent. A plan is in “critical” status if the funded percentage is less than 65 percent (other factors may also apply). A plan is in “critical and declining” status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. 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.

The Plan was in critical status in the Plan Year ending December 31, 2018 because the Plan was in critical status for the prior Plan Year and is expected to have an accumulated funding deficiency in the Plan Year or any of the nine succeeding plan years. In an effort to improve the Plan’s funding situation, the Trustees adopted a Rehabilitation Plan on November 26, 2010 and updated the Rehabilitation Plan most recently in 2018, to assist the Plan in emerging from critical status at a later time or to forestall possible Plan insolvency. The Rehabilitation Plan describes the actions to be taken by the Plan’s Trustees, and the benefit and contribution changes to be bargained by the bargaining parties to emerge from critical status or forestall possible insolvency. The Plan’s Board of Trustees will update the Rehabilitation Plan as required by law. You may get a copy of the Plan’s Rehabilitation Plan, any update to such plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may get this information by contacting the plan administrator.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending December 31, 2019, separate notification of that status has or will be provided.

#### Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 12,739. Of this number, 3,687 were current employees, 2,956 were retired and receiving benefits, and 6,096 were retired or no longer working for the employer and have a right to future benefits.

#### Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to fund the Plan through a combination of contributions received from contributing employers and investment income generated by the Plan’s investments. The funding level is designed to comply with requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding

levels and also include maximum limits on the contributions that may be deducted by contributing employers for federal income tax purposes. The Plan’s Trustees develop and implement the funding policy and monitor the funding level with the assistance of the Plan’s enrolled actuary and the Plan’s investment consultant.

Pension plans also have investment policies. These generally are written guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan has been adopted by the Board of Trustees with the advice of the Plan’s investment consultant. It is intended to (1) generate net of fee returns in excess of the Plan’s actuarial assumed rate of return within an acceptable level of volatility; (2) maintain sufficient fund benefit payments; and (3) preserve the principal value of the Plan.

Based on the advice of the investment consultant, the Trustees have diversified the Plan’s investments with allocations to a number of different asset classes. In accordance with the Plan’s investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are the preliminary, unaudited percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Cash (Interest bearing and non-interest bearing)	2.36%
2. U.S. Government securities	1.47%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00%
All other	7.41%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	21.53%
5. Partnership/joint venture interests	0.00%
6. Real estate (other than employer real property)	5.92%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trusts	14.73%
10. Value of interest in pooled separate accounts	11.06%
11. Value of interest in 103-12 investment entities	8.67%
12. Value of interest in registered investment companies (e.g., mutual funds)	6.78%
13. Value of funds held in insurance co. general account (unallocated contracts)	0.00%
14. Employer-related investments:	
Employer Securities	0.00%
Employer real property	0.00%
15. Buildings and other property used in plan operation	
16. Other	20.00%

For information about the Plan’s investment in any of the following types of investments – common/collective trusts, pooled separate accounts, or 103-12 investment entities – contact the Fund at UFCW Unions and Participating Employers Pension Fund, Attention: AFN Notice, 8400 Corporate Drive, Suite 430, Landover, MD 20785-2361, or by telephone at (866) 552-5071.

#### Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the “Form 5500.” These reports contain financial and other information. You may obtain an electronic copy of your Plan’s annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling (202) 693-

8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

The Plan is required to include the following information about the rules that apply to insolvent plans, and the PBGC guarantee. That does not mean that these rules will ever apply to the Plan. Whether these rules will ever apply depends on many factors.

#### Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

#### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$600/10$ ), which equals \$60. The guaranteed amount for a \$60 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to

receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under a plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at [www.pbgc.gov/multiemployer](http://www.pbgc.gov/multiemployer). Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information," below.

#### Where to Get More Information

For more information about this notice, you may contact the Fund Office at 911 Ridgebrook Road, Sparks, MD 21152-9451. The Fund Office telephone number is (866) 552-5071. For identification purposes, the official plan number is 002 and the plan sponsor's employer identification number or "EIN" is 52-6117495. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at (800) 400-7242 (TTY/TDD users may call the Federal relay service toll free at (800) 877-8339 and ask to be connected to (800) 400-7242).