

**United Food and Commercial Workers
and
Food Employers Labor Relations Association**

Severance Plan



*A Program of the FELRA and
UFCW VEBA Fund*

**Summary Plan Description
August 2016**

The Administrative Manager:

- Receives participating Employer contributions
 - Keeps eligibility records
 - Processes claims
- Provides information about the Fund

**The Administrative Manager is
Associated Administrators, LLC**

Website

www.associated-admin.com

Participant Services

(800) 638-2972

Fund Office

911 Ridgebrook Road
Sparks, MD 21152-9451
(410) 683-6500

4301 Garden City Dr. Suite 201
Landover, MD 20785-6102
(301) 459-3020 or (800) 638-2971

Hours: 8:30 a.m. to 4:30 p.m., Monday through Friday

To All Participants:

This booklet contains a summary of your rights and benefits under the United Food and Commercial Workers and Food Employers Labor Relations Association Severance Fund (the “Fund” or the “Severance Fund”). On July 1, 2000, the UFCW and FELRA Severance Fund merged into the Food Employers Labor Relations Association and United Food and Commercial Workers VEBA Fund (“VEBA Fund”). The Severance Fund is now a benefit program of the VEBA Fund. The Plan document applicable to the Severance Fund is the UFCW and FELRA Severance Plan (“the Plan”).

While this Summary Plan Description (“SPD”) replaces and supersedes any prior SPD, it cannot cover in detail every provision of the Plan or how the Plan might work in every situation for every Participant. Therefore, in the event of any discrepancy between this SPD and the provisions of the Plan Document, the Plan Document will govern. Full details concerning the Plan are stated in the Plan Document, which is available from the Fund Office. If you have trouble understanding any part of this material, call or write the Fund Office. You will be notified, in writing, of any material modifications (changes) to this SPD, as required by federal law.

Your Employer pays for the benefit provided under the Plan. Nothing is deducted from your paycheck to pay for this benefit.

The provisions of this document are subject to amendment, interpretation and termination by the Board of Trustees and to the rules, regulations and procedures of the Plan in effect at the time of a claim. The Board of Trustees has the power to make rules about your eligibility for benefits and the level of benefits available. The Trustees may amend the rules, benefit levels, or any other aspect of Fund coverage at any time. The Trustees also have the power to interpret, apply, and construe the provisions of the Plan and to make factual determinations regarding its construction, interpretation, and application. Any decision made by the Board of Trustees is binding

upon Employers, Employees, Participants, Beneficiaries, and all other persons who may be involved in or affected by the Plan.

The Trustees delegate authority to professionals who help them manage the Plan:

- An **Administrative Manager** (also referred to as the “Fund Office” in this book) receives Employer contributions, keeps eligibility records, pays claims, and assists Plan Participants with their benefits.
- An **investment manager** invests the Fund’s assets to achieve a reasonable rate of investment return.
- **Fund Counsel** provides legal advice.
- An independent **certified public accountant** audits the Fund each year.
- A committee to assist in the administration of the Severance Fund comprised of five persons appointed by the VEBA Fund’s Union Trustees and five persons appointed by the Employer Trustees who may be, but are not required to be, Trustees of the VEBA Fund.

This document does not constitute a guarantee of eligibility for benefits under the Plan. You should contact the Fund Office to verify your eligibility and coverage under the Plan. Please remember that no one other than the Fund Office can verify your coverage. Do not rely upon any statement regarding coverage or benefits under the Plan made by your Employer, Shop Steward Agent, or other Union agent.

It is extremely important that you keep the Fund Office informed of any change in address or change in Beneficiary. This is your obligation and you could lose benefits if you fail to do so. The importance of a current, correct address on file in the Fund Office cannot be overstated. It is the **ONLY** way the Trustees can keep in

touch with you regarding Plan changes and other developments affecting your interests under the Plan.

Also, please remember that you may have separate Beneficiary designations for each benefit available under the Food Employers and Labor Relations Association and United Food and Commercial Workers VEBA Fund. Your Beneficiary designation for life insurance under the VEBA Fund, for example, is separate from your Beneficiary designation for death benefits under the Severance Plan.

Please read this booklet carefully. If you have questions about the Plan, contact the Fund Office at this address and phone number:

Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152-9451
(410) 683-6500

Sincerely,

Board of Trustees

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FACTS ABOUT THE FUND

Fund and Plan Name

The United Food and Commercial Workers (“UFCW”) and Food Employers Labor Relations Association (“FELRA”) Severance Fund (the “Fund” or “Severance Fund”) is a benefit program of the FELRA and UFCW VEBA Fund. The Plan document applicable to the Fund is the UFCW and FELRA Severance Plan (the “Plan” or “Severance Plan”).

Plan Sponsor

Board of Trustees
FELRA and UFCW VEBA Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
Phone (410) 683-6500.

Type of Plan

The Severance Fund is an employee welfare benefit plan designed to provide severance benefits.

Type of Administration

Contract Administration – The Board of Trustees has contracted with Associated Administrators, LLC to provide administrative management services.

Name of Plan Administrator

The Plan Administrator is the Board of Trustees of the FELRA and UFCW VEBA Fund. The Board consists of members appointed by both the Unions and the Employers. A committee of an equal number of members appointed by the Unions and by the Employers assists in the administration of the Severance Fund.

Employer Identification Number

52-1036978

Plan Number

501

Collective Bargaining Agreements

The Fund is maintained under Collective Bargaining Agreements that are available for inspection at the Fund Office. Copies of the Collective Bargaining Agreements may be obtained upon written request to the local Union or Plan Administrator. There will be a reasonable charge for the copies.

Contributions to the Plan

The Severance Fund is supported by contributions made by Employers, to the extent required under Collective Bargaining Agreements. There are no Employee contributions to the Severance Fund. The Unions that participate in the Fund also make contributions, to the extent required under participation agreements between the Unions and the VEBA Fund. The Fund Office will provide you, upon written request, with information regarding whether your employer is a participating Employer in the Fund and if so, the Employer's address.

Funding Medium

All assets are held in trust by the Board of Trustees of the FELRA & UFCW VEBA Fund. Insurance premiums are paid by the Fund and insurance companies may pay part of the benefits. Benefits are also partially paid from the accumulated assets of the Fund. Assets are held and managed by PNC Bank, NA.

Plan Amendments or Termination

The Board of Trustees intends to continue the benefits described in this booklet. However, the Trustees reserve the right to amend or terminate this Fund, or any part of it, at any time. In the event the Fund terminates, your rights to benefits will be governed by the terms of the Plan documents and applicable law.

Administrative Manager

The Board of Trustees employs a third-party administrator to maintain Participant records, process claims, and answer your questions about the Plan. The Administrative Manager is:

Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152-9451
(410) 683-6500

Agent for Service of Legal Process

Associated Administrators, LLC, or any Trustee at this address:
FELRA and UFCW VEBA Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
(410) 683-6500

Basic Financial Operations

The basic financial records of the FELRA & UFCW VEBA Fund are maintained on a fiscal year basis ending December 31. The Board of Trustees meets regularly with advisers to review Employer contributions, investment income, and VEBA Fund expenses. These reviews are carried out to ensure that the financial operations of the VEBA Fund are sound and that benefits can be paid and the requirements of ERISA are met. Financial operations are audited annually by an independent certified public accountant.

Plan Year

The Fund's fiscal year is January 1 to December 31.

**FELRA AND UFCW VEBA FUND
BOARD OF TRUSTEES**

Union Trustees

Secretary:

Mark Federici, President
UFCW Local 400
8400 Corporate Drive, Suite 200
Landover, MD 20785

Michael Boyle
UFCW Local 400
8400 Corporate Drive, Suite 200
Landover, MD 20785

Jason Chorpenning
UFCW Local 27
21 West Road – Second Floor
Towson, MD 21204

Eric Masten, Secretary-Treasurer
UFCW Local 27
21 West Road – Second Floor
Towson, MD 21204

Employer Trustees

Chairman:

Jason Paradis
Stop and Shop Supermarkets
1385 Hancock Street
Quincy, MA 02169

Stacey Brown
Safeway, Inc.
4551 Forbes Blvd.
Lanham, MD 20706

Daniel Dosenbach, Vice President
Human Resources & Labor Relations
New Albertson's Inc.
75 Valley Stream Parkway
Malvern, PA 19355

David White, Vice President
Giant Food, LLC
8301 Professional Place Suite 115
Landover, MD 20785

UFCW AND FELRA SEVERANCE FUND COMMITTEE

Union Committee Members

Thomas Hipkins, Chairman
UFCW Local 27
21 West Road, Second Floor
Towson, MD 21204

Jessica Hack
UFCW Local 27
21 West Road, Second Floor
Towson, MD 21204

Nelson Hill
UFCW Local 27
21 West Road, Second Floor
Towson, MD 21204

Lavoris "Micki" Harris
UFCW Local 400
8400 Corporate Drive, Ste. 200
Landover, MD 20785

Christopher Hoffmann
UFCW Local 400
8400 Corporate Drive, Ste. 200
Landover, MD 20785

Employer Committee Members

Jason Paradis
Stop & Shop Supermarkets
1385 Hancock Street
Quincy, MA 02169

Stacey Brown
Safeway, Inc.
4551 Forbes Boulevard
Lanham, MD 20706

Lucy Madert
Safeway, Inc.
4551 Forbes Boulevard
Lanham, MD 20706

Walter Meisen
Giant Food, LLC
8301 Professional Place Ste. 115
Landover, MD 20785

Daniel Dosenbach
New Albertson's Inc.
75 Valley Stream Parkway
Malvern, PA 19355

DEFINITIONS

The following terms have special meanings that will help you to understand your benefits. When they are used, defined terms are capitalized to indicate that they have specific definitions that you should check. Please refer to these definitions as you read this document.

Administrative Manager. The company responsible for receiving Employer contributions, keeping eligibility records, paying claims, and providing information to you about the Fund. The company is Associated Administrators, LLC and also may be referred to as the “Fund Office” in this booklet.

Beneficiary. A person or an entity you designate who may become entitled to receive a benefit on your behalf under the terms of the Plan.

Collective Bargaining Agreement. The agreement or agreements between an Employer and a Union that identifies the classes of the Employer’s Employees who are eligible to participate in the Plan.

Death Benefit. The amount payable to your Beneficiary under the Plan if you die before your Severance from Service Date.

Effective Date. The date your Employer was first obligated to make a contribution to the Fund on your behalf.

Employee. Any person covered by a Collective Bargaining Agreement in a position that is eligible for participation in the Fund, and any employee of a participating Union for whom the Union has agreed to provide eligibility for severance benefits. Employees do not include self-employed persons or independent contractors.

Employer. An employer that participates in the Fund pursuant to a Collective Bargaining Agreement with a Union. The term “Employer” also includes a Union in its role as an employer of its Employees who participate in the Fund under a participation agreement.

ERISA. The Employee Retirement Income Security Act of 1974, and regulations thereunder, as amended from time to time.

Fund. The United Food and Commercial Workers (“UFCW”) and Food Employers Labor Relations Association (“FELRA”) Severance Fund, a benefit program of the FELRA & UFCW VEBA Fund under the FELRA & UFCW Active Health and Welfare Plan.

Future Service Credit. Service credit you receive under the Plan for periods of employment with an Employer after the Employer’s Effective Date.

Participant. Any Employee or former Employee who meets the requirements for participation under the Plan. “You” and “Your” refers to the Participant in this document.

Period of Severance. The period beginning with your Severance from Service Date and ending with the date you again perform a Service Hour with an Employer.

Plan. The Plan document of the United Food and Commercial Workers and Food Employers Labor Relations Association Severance Plan.

Prior Service Credit. Service credit you receive under the Plan for periods of employment with an Employer prior to the Employer’s Effective Date. Employees of certain Employers are not eligible for Prior Service Credit.

Service Credited. The sum of your Prior Service Credit and Future Service Credit under the Plan, rounded to the highest full month.

Effective on and after January 1, 2014, Participants employed by Giant or Safeway will earn no additional Service Credit under the Plan.

Service Hour. A Service Hour is each hour of service for which you are paid or entitled to payment by an Employer for time worked, and for time not worked but paid either directly or indirectly by the Employer, such as vacation, holiday, illness, jury duty, military duty, or leave of absence, and each hour of service for which back pay has been awarded or agreed to by the Employer. It does not include time during which you received workers' compensation or unemployment compensation.

Severance from Service Date. Effective July 17, 2015, Your Severance from Service Date is the earlier of:

- (a) The date your employment with all Employers terminates; or
- (b) If you are covered by a Collective Bargaining Agreement between your Employer and the Union, the earlier of: (i) the three-year anniversary of your approved leave of absence from employment because of: sickness; accident; pregnancy; or military reserve or National Guard training; or (ii) the expiration of your leave of absence under the Collective Bargaining Agreement applicable to you; or
- (c) If you are not covered by a Collective Bargaining Agreement between your Employer and the Union, the six month anniversary of your leave of absence (unless you have a right to reemployment with an Employer under law or contract, in

which case your Severance From Service Date will be the last date of your leave of absence if you do not immediately return to employment for an Employer).

Whether you have experienced a termination of employment for purposes of determining your Severance from Service Date will be based on whether the facts and circumstances indicate that you and/or your Employer reasonably expected that you would perform no further services for the Employer. If you file a formal grievance relating to your termination, your Severance From Service Date will not occur until the earlier of: (i) the completion of the grievance process, provided the grievance process upholds your termination; (ii) the date you withdraw your grievance; or (iii) six months after your termination date that is the subject of the grievance, unless you provide written evidence to the Fund that arbitration has been filed relating to the grievance, in which case the applicable date will be the date the arbitration is concluded (by settlement or a decision of the arbitrator).

Union. The United Food and Commercial Workers, AFL-CIO, Locals 27 and 400, or their successors resulting from combination, consolidation, or merger.

PARTICIPATION

The Severance Plan began on January 1, 1980. You became a Participant on that date if:

- 1) You were then employed by an Employer on that date; and
- 2) Your Employer was obligated to make contributions to this Fund on your behalf, under a Collective Bargaining Agreement or under a participation agreement, on that date.

If you were hired by an Employer after January 1, 1980, but before March 26, 2000, you became a Participant retroactive to your date of hire, after you completed any required probationary period under a Collective Bargaining Agreement, provided that your Employer was obligated to make contributions or provide eligibility for you under a Collective Bargaining Agreement or participation agreement.

Generally, if you were first hired by an Employer on or after March 26, 2000, you are not eligible to participate in the Fund. There are certain exceptions to this rule. If you were hired on or after March 26, 2000, please check your Collective Bargaining Agreement or Participation Agreement to see whether you are eligible for severance benefits. If you work for an employer who became an Employer after January 1, 1980, you became a Participant on the date your Employer first became obligated to make contributions or provide eligibility, on your behalf under a Collective Bargaining Agreement or participation agreement. A list of participating Employers and Unions is on page 43.

A Note on Contributions

Before March 26, 2000, Employers made contributions as called for under their Collective Bargaining Agreements or participation agreements on behalf of Participants. These contributions were

made hourly at the levels specified in those Agreements. Effective March 26, 2000, certain Employers no longer are required to make regular contributions on behalf of their Employees under their Collective Bargaining Agreements or participation agreements. Instead, these Employers have agreed to continue crediting service under the Plan and to provide contributions to the extent necessary to maintain benefits. To calculate a Participant's severance benefit, the Fund uses the contribution rate (as specified in the Collective Bargaining Agreement) at which a Participant is eligible to earn additional benefits, and multiplies that contribution level by the hours worked, as if the contribution was actually made on the Participant's behalf.

Note for Employees of Acme Markets, Inc.:

Effective June 1, 2014, the Fund transferred to Acme Markets, Inc. ("Acme") the obligation to pay severance benefits to Participants whose last Employer as of May 31, 2014 was Acme. Severance benefits for these individuals now are the responsibility of Acme and these individuals no longer are Participants under the Severance Plan, effective June 1, 2014. Therefore, if your last Employer as of May 31, 2014 was Acme, you must apply to receive severance benefits from Acme's severance plan upon your severance from service.

EARNED SEVERANCE BENEFIT

Your Earned Severance Benefit is the total amount of your benefit, based on the total money credited to you under the Plan. It is the sum of:

- a) Your Prior Service Credit Benefit, if any, plus
- b) Your Future Service Credit Benefit, plus
- c) A Cash Bonus.

The Cash Bonus does not apply to former Participants of the UFCW Local 117 and FELRA Severance Plan who become Participants of this Fund before September 1, 1983.

Prior Service Credit Benefit

If you became a Participant within 90 days of your Employer's Effective Date, you are entitled to a Prior Service Credit Benefit. *If you became a Participant more than 90 days after your Employer's Effective Date, you will not receive a Prior Service Credit Benefit.* Your Prior Service Credit is based on the number of years and months (rounded to the next highest month) from your most recent hire date to your Employer's Effective Date of participation in the Severance Plan. Your Prior Service Credit will either be full-time or part-time. However, if your Employer's hourly contribution rate for you on your last day of work was \$0.10, you will be limited to a maximum of 10 years of Prior Service Credit, regardless of how many years you actually worked for your Employer before your Employer's Effective Date.

If you were working for an Employer who, on its Effective Date, was a participating Employer under the FELRA and UFCW Pension Plan, your credited service in the FELRA and UFCW Pension Fund as of the Employer's Effective Date will become your Prior Service Credit in this Fund.

To calculate your Prior Service Credit Benefit, your Prior Service Credit is multiplied by a Prior Service Credit Benefit Rate, which is determined based on the highest hourly contribution rate required to be contributed to the Fund on your behalf.

Highest Hourly Contribution Level for Which You Are Eligible	Full-Time Benefit Rate	Part-Time Benefit Rate
\$0.10	\$100/year	\$50.00/year
\$0.15	\$133/year	\$66.50/year
\$0.25	\$200/year	\$100.00/year
\$0.35	\$250/year	\$125.00/year

Let’s look at an example. You were hired on January 1, 1980 and terminated on December 31, 2013. Your Employer’s Effective Date was January 1, 1985. Since the highest hourly contribution level for which you were eligible was \$0.35 an hour, your Prior Service Credit Benefit rate is \$250 for full-time work and \$125 for part-time work. You worked part-time until January 1, 1982 and full-time after that.

- 2 years part-time (from 1-1-80 to 12-31-81) x \$125 = \$250
- 3 years full-time (from 1-1-82 to 1-1-85) x \$250 = \$750

Thus, your Prior Service Credit Benefit is \$1,000.

For Former Participants of the UFCW Local 117 and FELRA Severance Plan who became Participants in the Fund before September 1, 1983, the following Prior Service Credit Benefit rates are applicable, beginning six months after the indicated contribution rate became effective, but in no event earlier than September 1, 1983:

Contribution Level for Which You Are Eligible	Full-Time Benefit Rate	Part-Time Benefit Rate
\$0.10	\$125/year	\$62.50/year
\$0.15	\$140/year	\$70.00/year
\$0.25	\$220/year	\$110.00/year
\$0.35	\$275/year	\$137.50/year

Future Service Credit Benefit

After you become a Participant, your Employer contributes a specific rate for each straight time hour you work up to 40 hours per week in accordance with the Collective Bargaining Agreement that applies to you. If the Collective Bargaining Agreement or other agreement that provides for your eligibility for benefits does not require a contribution on your behalf, you are eligible for an assumed “contribution level” based on your Employer and your hire date, as determined by the Collective Bargaining Agreement between your Union and your Employer, or if your Employer is a Union, by the applicable participation agreement with the Fund. Your Future Service Credit Benefit will equal the total of contributions made to the Fund on your behalf by your Employer, or that would have been made to the Fund on your behalf by your Employer if the assumed contribution level determined by the Collective Bargaining Agreement between your Union and your Employer were applicable, multiplied by the number of eligible hours you worked. To calculate your Future Service Credit Benefit, multiply your annual straight time hours by the applicable contribution level.

For example, suppose you worked 160 hours a month from January 1994 – December 2013, and your Employer’s hourly contribution rate was \$0.35. Upon your Severance from Service Date, your Future Service Credit Benefit would equal \$13,440.00 ($\$0.35 \times 38,400$ hours).

Please note that the employer contribution rate used above is for example purposes only. Please refer to your Collective Bargaining Agreement for the contribution rate that applies to you.

Future Service Credit for Participation in Excess of 20 Years

If you have more than 20 years of Service Credited with your Employer and you incur a Severance from Service Date on or after January 1, 1993, you will be credited with an additional contribution equal to the total of the contributions that would have been made on your behalf for your Service Credited in excess of 20 years, at the contribution rate applicable under your Collective Bargaining Agreement. In other words, if you worked 24 years and your last four years were at the \$0.35 contribution rate, your last four years of Future Service Credit would be calculated at a \$0.70 contribution rate.

If, however, your Employer stops participating in the Fund, or there is a 50% decrease in the number of your Employer’s Employees, you may not be entitled to receive the full excess benefit described in the preceding paragraph. If you think this restriction may be applicable to you, please contact the Fund Office for more information.

Effective On and After January 1, 2014 – No Service Credit For Participants Employed, or Previously Employed, By Giant or Safeway

Effective on and after January 1, 2014, Participants employed by Giant or Safeway will earn no Future Service Credit under the

Plan. The Service Credit you already have earned prior to January 1, 2014 will not be affected by this change.

Cash Bonus

Participants, other than former Participants of the UFCW Local 117 & FELRA Severance Plan who became Participants under this Plan as of September 1, 1983, are entitled to a Cash Bonus. The amount of your Cash Bonus is calculated like the cash value of the individual life insurance policy payable on your behalf under the Plan. It may be the total of several calculations, depending on any changes that may take place during your participation. Changes might occur because:

- a) Your status changed from full-time to part-time or vice versa;
or
- b) There was an increase in your contribution rate.

The calculation of your Cash Bonus also depends on:

- a) Your age when you first became a Participant in the Plan (called your “initial coverage age”); and
- b) Your age when your life insurance amount increases (called your “increase age”); and
- c) The length of time you participate in the Plan at each level of insurance coverage (called your “period of coverage” or “POC”).

The amount of life insurance payable on your behalf under the Plan is based on the assumed hourly contribution rate applicable to you at the time of your death.

Contribution Rate at Death	Full-Time Benefit	Part-Time Benefit
\$0.10	\$5,000	\$2,500
\$0.15	\$5,000	\$2,500
\$0.25	\$5,000	\$2,500
\$0.35	\$10,000	\$5,000

When your assumed contribution rate changes, the Fund Office calculates your Cash Bonus benefit at each different contribution rate and different age. These calculations are then added together to determine your Cash Bonus amount.

For Example:

You become covered by the Plan on January 1, 2000 at age 40 and your hourly contribution rate at that time was less than \$0.35 per hour. You are full-time. Consequently, the life insurance amount payable on your behalf is \$5,000. In January 2003 (when you are 43), your life insurance amount is increased by \$5,000 because your hourly contribution rate increased to \$0.35 per hour. You terminate service at age 55.

During your participation, you have:

- a) An initial coverage age of 40 for \$5,000 of insurance and a POC of 15 years at that level; and
- b) An increased coverage age of 43 for an additional \$5,000 and a POC of 12 years for that additional \$5,000 benefit.

Using the Cash Bonus Tables, located on pages 41 and 42, you can determine your Cash Bonus by plugging in your period of coverage and your coverage age. Multiply the intersecting number by 1/1000 of your life insurance coverage to determine the amount of your Cash Bonus.

In the example:

- Initial coverage age is 40.
- POC is 15 years.
- Insurance is \$5,000.
- Your Cash bonus = $\$250.27 \times 5 (\$5,000 \times 1/1000) = \$1,251.35$

- Increased coverage age is 43.
- POC is 12 years.
- Insurance is \$5,000.

Your Cash Bonus of $\$212.79 \times 5 (\$5,000 \times 1/1,000) = \$1,063.95$

Cash Bonus Part of Earned Severance Benefit = $\$2,315.30$
($\$1,251.35 + \$1,063.95 = \$2,315.30$)

If your service has been both full-time and part-time, the calculation of your Cash Bonus requires that the amount be first figured as though all service had been full-time and then as though all service had been part-time. The full-time amount is multiplied by your years of full-time service divided by total years of service. The part-time amount is multiplied by your years of part-time service divided by total years of service. The results are then added together to determine and equal your Cash Bonus.

If you are transferred to employment to which a lower assumed hourly contribution rate applies, the amount of your Cash Bonus will be the sum of your cash bonus calculated on your transfer date, and an additional Cash Bonus calculated based on your new assumed hourly contribution rate.

PAYABLE SEVERANCE BENEFIT

Your Payable Severance Benefit is the benefit you will receive after your Severance from Service Date. If you have 10 years or more of Service Credited, you will receive the full amount of your Earned Severance Benefit. If your total period of Service Credited is less than 10 years, your Payable Severance Benefit will be based on your years of Service Credited according to the following vesting schedule.

Years of Service Credited	Payable Benefit Percentage of Earned Severance Benefit
Less than 1 year	0%
1 year but less than 2 years	10%
2 years but less than 3 years	20%
3 years but less than 4 years	30%
4 years but less than 5 years	40%
5 years but less than 6 years	50%
6 years but less than 7 years	60%
7 years but less than 8 years	70%
8 years but less than 9 years	80%
9 years but less than 10 years	90%
10 years or more	100%

However, under federal law, your Payable Severance Benefit cannot be more than double your last annual salary.

Calculating Your Payable Severance Benefit

Example: You were hired January 1, 1980 at age 35, worked part-time until January 1982, and full-time until December 31, 2013. Your Employer's Effective Date was January 1, 1985 and you became a Participant on that same date at age 40. Your Prior Service Credit equals three years full-time and two years part-time. You worked 160 hours per month every month between January 1, 1985 and December 31, 2013. The contribution level for which you were eligible was 10 cents per hour effective January 1, 1985, 15 cents effective January 4, 1986, 25 cents effective January 3, 1987, and 35 cents effective January 2, 1988.

<u>Prior Service Credit</u>	<u>Future Service Credit</u>	<u>Cash Bonus</u>
3 Yrs. FT x \$250 = \$ 750	10¢ x 160 hrs. x 12 mos. = \$ 192	\$3,535.45
2 Yrs. PT x \$125 = <u>\$ 250</u>	15¢ x 160 hrs. x 12 mos. = \$ 288	
= \$1,000	25¢ x 160 hrs. x 12 mos. = \$ 480	
	35¢ x 160 hrs. x 144 mos. = \$ 8,064	
	70¢ x 160 hrs. x 168 mos. = <u>\$18,816*</u>	
	Total Future Service = \$27,840	

* For years of participation over 20

Earned Severance Benefit = \$ 1,000.00	Prior Service Credit
	27,840.00
	<u>3,535.45</u>
\$32,375.45	Earned Severance Benefit

Your Payable Severance Benefit is 100% of your Earned Severance Benefit since you have more than 10 years of Service Credited.

Additional 10% for Severance from Service on or After March 26, 2000

If your Employer agreed to fund an additional benefit under its Collective Bargaining Agreement and your Severance from Service Date is on or after March 26, 2000, your final severance calculation will be increased by 10%.

Example: In the previous example, the \$32,375.45 Earned Severance Benefit would be increased by \$3,237.55, bringing your total **Earned Severance Benefit to \$35,613.00.**

Severance Benefits Are Taxable under Federal Law

Severance benefits are taxable income under the law. You must indicate on your application for benefits the amount you wish to have withheld from your earned Severance Benefit for federal taxes. You should consult a tax advisor if you have any questions about the taxation of your severance benefit.

DEATH BENEFIT

If you die while actively employed by an Employer in employment covered by the Plan, the Fund will pay to your Beneficiary the greater of:

- a) Your Payable Severance Benefit; or
- b) The amount shown in the chart below.

The Death Benefit will be payable no earlier than four months after your death and no later than the latest of:

- 1) The last day of the calendar year in which the four-month waiting period expires; or
- 2) The 15th day of the third calendar month following the expiration of the four-month waiting period.

A Beneficiary's right to receive a Death Benefit under the Plan will be forfeited if the Benefit is not paid by the latest date described above.

For all Participants, *other than former Participants in the UFCW Local 117 and FELRA Severance Plan*, who became Participants under this Plan as of September 1, 1983, the amount payable to your Beneficiary will not be less than:

Contribution Level for Which You Are Eligible at Your Death	Full-Time Death Benefit	Part-Time Death Benefit
\$0.10	\$ 5,000	\$2,500
\$0.15	\$ 5,000	\$2,500
\$0.25	\$ 5,000	\$2,500
\$0.35	\$10,000	\$5,000

You can designate or change your Beneficiary by completing a Severance Beneficiary Registration form.

A Beneficiary also may be designated in an entered court order, provided that such order contains a clear designation of rights. The designation will become effective only when it is received by the Fund, and will be effective only if the Fund has not made payment or taken other action before the designation was entered. A Beneficiary designation in a court order, meeting the above requirements, will supersede any prior or subsequent conflicting Beneficiary designation that is filed with the Fund Office.

Waiver of Rights

A Beneficiary may waive his or her rights as a Beneficiary under the Plan in an entered court order, provided that such order contains a clear waiver of rights. The waiver will become effective only when it is received by the Fund and will be effective only if the Fund has not made payment or taken other action before the waiver was entered. A waiver in a court order meeting the above requirements will supersede any prior conflicting Beneficiary designation that has been filed with the Fund Office. If a court order meeting the above requirements contains a waiver of rights by the Beneficiary on file with the Fund Office, and you subsequently die without naming a new Beneficiary, then the Fund will pay the Death Benefit as if you died without naming a Beneficiary. The Trustees will be the sole judges of the effectiveness of the designation, change, or waiver of a Beneficiary pursuant to this section.

The portion of the Death Benefit reflected on the above chart, or 50% of that portion if you are age 70 or older when you die, is insured by Voya Financial, 20 Washington Avenue South, Minneapolis, MN 55401. Voya Financial pays proceeds of the insured portion of the Death Benefit and the Fund Office pays

proceeds of the remaining portion, if any, to the Beneficiary. If there is more than one Beneficiary, each receives an equal share, unless you have requested another method in writing. To receive proceeds, a Beneficiary must be living on the earlier of the following dates:

- The date Voya Financial receives proof of your death; or
- The 10th day after your death.

If a Participant dies without designating a Beneficiary, or was not survived by his/her Beneficiary, payment shall be made in the following order of priority on or before the latest permissible Payment Date, in a single lump sum: to the Participant's spouse, to the Participant's surviving child(ren) (in equal shares), to the Participant's surviving parents (in equal shares), to the Participant's surviving brothers and sisters (in equal shares), or to the Participant's estate.

CANCELLATION OF SERVICE CREDITED

If you experience a Severance from Service Date, your Service Credited will be cancelled upon the earlier of:

- 1) The date you receive your Payable Severance Benefit; or
- 2) The expiration of the payment period described in the “Form of Payment” section of this SPD.

If you experience a Severance from Service Date and subsequently become re-employed by an Employer, you will be treated as a newly hired Employee under the Plan and your eligibility to participate will be determined based on the provisions of the Collective Bargaining Agreement between your Employer and the Union.

Remember, if you are treated as a new Giant or Safeway Employee on or after March 26, 2000, you are not eligible to participate again in the Fund. All other Employees should look at their Collective Bargaining Agreements to determine their eligibility to participate.

No period of time will be included as Service Credited for which benefits were previously paid to you under this Plan, nor will service used for vesting be counted for more than one Period of Severance.

FORM OF PAYMENT

When you experience a Severance from Service Date, you are entitled to receive your Payable Severance Benefit in a lump sum cash payment. The benefit is payable to you after the Fund Office receives a complete application for benefits.

You will receive your benefit no earlier than four months after your Severance from Service Date, and your benefit must be paid no later than the latest of:

- 1) The last day of the calendar year in which the four-month waiting period expires; or
- 2) The 15th day of the third calendar month following the expiration of the four-month waiting period.

Here are some examples of how this rule works:

Severance from Service Date:	You Can Receive Your Benefit on or After:	You <i>Must</i> Receive Your Benefit by this Date or it Is Forfeited:
January 15, 2015	May 15, 2015	December 31, 2015
April 1, 2015	August 1, 2015	December 31, 2015
June 22, 2015	October 22, 2015	January 15, 2016
July 10, 2015	November 10, 2015	February 15, 2016
August 13, 2015	December 13, 2015	March 15, 2016
October 20, 2015	February 20, 2016	December 31, 2016

Anti-Alienation:

Generally, your Payable Severance Benefit may not be alienated or assigned. This means that your Payable Severance Benefit may not be sold, used as collateral for a loan, given away, or otherwise transferred to somebody else. In addition, your creditors may not attach, garnish, or otherwise interfere with your Payable

Severance Benefit. However, the Trustees may honor the terms of a domestic relations order that assigns all or a portion of your Severance Benefit to your spouse, former spouse, child or other dependent. If you think this applies to you, please contact the Fund Office for more information.

Repaying the Fund / Overpayment of Benefits

If the VEBA Fund, of which the Severance Fund is a program of benefits, pays benefits in error, such as when the VEBA Fund pays you, your dependents, or your Beneficiaries more benefits than you, your dependents, or your Beneficiaries are entitled to, you and/or your dependents and Beneficiaries are required to reimburse the VEBA Fund in full and the VEBA Fund shall be entitled to recover any such benefits. You and/or your dependents and Beneficiaries also will be required to pay interest on the overpaid benefits at the rate determined by the Trustees from time to time from the date you receive the overpaid benefit through the date that the VEBA Fund is paid the full amount owed.

The VEBA Fund has a constructive trust, lien and/or an equitable lien by agreement in favor of the VEBA Fund on any overpaid benefits received by you, your dependent, your Beneficiary or a representative of you or your dependent or Beneficiary (including an attorney) that is due to the VEBA Fund under this Section, and any such amount is deemed to be held in trust by you or your dependent or Beneficiary for the benefit of the VEBA Fund until paid to the VEBA Fund. By accepting benefits from the VEBA Fund, you and your dependent and Beneficiary consent and agree that a constructive trust, lien and/or equitable lien by agreement exists in favor of the VEBA Fund with regard to the overpayment, and in accordance with that constructive trust, lien, and/or equitable lien by agreement, you and your dependent and Beneficiary agree to cooperate with the VEBA Fund in reimbursing it for all of its costs and expenses related to the collection of those benefits.

Any refusal by you or your dependent or Beneficiary to reimburse the VEBA Fund for an overpaid amount will be considered a breach of your agreement with the VEBA Fund that the VEBA Fund will provide the benefits available under the Plan and you will comply with the rules of the VEBA Fund. Further, by accepting benefits from the VEBA Fund, you and your dependent and Beneficiary affirmatively waive any defenses you may have in any action by the VEBA Fund to recover overpaid amounts or amounts due under any other rule of the Plan, including but not limited to a statute of limitations defense or a preemption defense, to the extent permissible under applicable law.

If you or your dependent or Beneficiary refuse to reimburse the VEBA Fund for any overpaid amount, the VEBA Fund has the right to recover the full amount by any and all methods which include, but are not necessarily limited to, offsetting the amounts paid against your and/or any of your dependents' or Beneficiaries' future benefit payments under the VEBA Fund. For example, if the overpayment was made to you as the VEBA Fund participant, the VEBA Fund may offset the future benefits payable by the VEBA Fund to you, on your behalf, or to any of your dependents or Beneficiaries. If the overpayment or advancement was made to or on behalf of your dependent, the VEBA Fund may offset the future benefits payable by the VEBA Fund to you and any of your dependents or Beneficiaries.

The VEBA Fund also may recover any overpaid or advanced benefit by pursuing legal action against the party to whom the benefits were paid. If the VEBA Fund is required to pursue legal action against you or your dependent or Beneficiary to obtain repayment of the benefits advanced by the VEBA Fund, you or your dependent or Beneficiary shall pay all costs and expenses, including attorneys' fees and costs, incurred by the VEBA Fund in connection with the collection of any amounts owed the VEBA Fund or the enforcement of any of the VEBA Fund's rights to

reimbursement. In the event of legal action, you or your dependent or Beneficiary shall also be required to pay interest at the rate determined by the Trustees from time to time from the date you become obligated to repay the VEBA Fund through the date that the VEBA Fund is paid the full amount owed. The VEBA Fund has the right to file suit against you in any state or federal court that has jurisdiction over the VEBA Fund's claim.

HOW TO FILE A CLAIM

To ensure that you will receive your Payable Severance Benefit before the deadlines described in the Form of Payment Section on page 30, you should apply to receive your Payable Severance Benefit as soon as your Severance from Service Date occurs.

You must apply to receive your Payable Severance Benefit using the Fund's application form. The Fund will not distribute your Payable Severance Benefit to you if it has not received your application. **If you do not timely submit an application for your Payable Severance Benefit, no benefit will be payable to you by the Fund. Further, your right to receive your Payable Severance Benefit under the Plan will be forfeited if the benefit is not paid by the deadline as described on page 30.**

If you do not timely apply for your severance benefits, the Trustees may make whatever elections are necessary to pay your severance benefits in the absence of an application, including paying your benefits to your Beneficiary.

HOW TO APPEAL A DECISION ON YOUR CLAIM

If you receive an adverse benefit determination, either in whole or in part, with regard to a claim for benefits under this Plan, the Fund will advise you of the denial within 90 days of the date your application is received by the Fund Office. If an extension of time is required, you will be notified in writing before the end of such 90-day period of the reason for delay, and the date the Fund expects to issue a final decision. A decision will be made with respect to your claim no more than 180 days from the date your claim is first filed with the Fund Office.

Your claim denial will contain the following information:

- a) The specific reason for the denial;
- b) Reference to the provision of the Plan or the rule on which the denial is based;
- c) A description of any additional materials you would need to perfect your claim and an explanation of why the Fund Office needs this material;
- d) The steps you must take if you want to have your denied claim reviewed by the Board of Trustees, including the amount of time you have to do this.
- e) A statement of your right to bring a lawsuit under ERISA if your claim is denied on appeal.

If you receive an adverse benefit determination, you (or your authorized representative) may appeal the decision by writing a letter to the Board of Trustees within 60 days after receiving the determination letter. You must include in your written appeal your reason for appealing and any additional information that supports your claim. You may receive, upon request and free of

charge, reasonable access to copies of any documents relevant to your claim. You may submit issues and comments in writing, and documents, relating to your claim.

You may name a representative to act on your behalf. To do so, you must notify the Fund in writing of the representative's name, address, and telephone number. You may, at your own expense, have a legal representative at any stage of these review procedures. Regardless of the outcome of your appeal, the Board of Trustees will not be responsible for paying any legal expenses which you incur during the course of your appeal.

The Board of Trustees, in making its decisions on claims on appeal, will apply the terms of the Plan and any applicable guidelines, rules, and schedules, and will periodically verify that benefit determinations are made in accordance with such documents, and where appropriate, applied consistently with respect to similarly situated claimants.

The Board of Trustees will take into account all information you submit in making its decision. A decision on your appeal will be made at the next regularly scheduled Board of Trustees meeting, unless your appeal is received less than 30 days before the meeting. In that case, the decision will be made at the second Board of Trustees meeting, unless special circumstances require an extension of time. In that case, a decision will be made no later than the third Board of Trustees meeting following the Fund Office's receipt of your appeal. If the Board of Trustees requires an extension of time, you will receive a notice describing the reason for the delay and an expected date of decision.

The Board of Trustees will send you a notice of its decision within five days of the date the decision is made. If the Board of Trustees denies your appeal, the notice will contain the following information:

- a) The specific reason for the denial;
- b) Reference to the provision of the Plan or the rule on which the denial is based;
- c) A statement of your right to bring a lawsuit under ERISA;
- d) A statement that you are entitled, upon request and free of charge, to reasonable access to and copies of all documents relevant to your claim.

If your claim is denied, in whole or in part, you are not required to appeal the decision. However, before you can file suit under Section 502(a) of the Employee Retirement Income Security Act (“ERISA”) on your claim for benefits, you must exhaust your administrative remedies by appealing the denial to the Board of Trustees. Failure to exhaust these administrative remedies will result in the loss of your right to file suit. If you wish to file suit for a denial of a claim for benefits, you must do so within three years of the date the Trustees denied your appeal. For all other actions, you must file suit within three years of the date on which the violation of Plan terms is alleged to have occurred. Additionally, if you wish to file suit against the Plan or the Trustees, you must file suit in the United States District Court for the District of Maryland. These rules apply to you, your spouse, dependent, alternate payee or Beneficiary, and any provider who provided services to you or your spouse, dependent or beneficiary. The above paragraph applies to all litigation against the Fund including litigation in which the Fund is named as a third party defendant.

Where to Send Your Appeal

You must send your request for review (appeal) to:

UFCW & FELRA Severance Fund
911 Ridgebrook Road
Sparks, MD 21152-9451

YOUR RIGHTS UNDER ERISA

As a Participant of the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Board of Trustees complies fully with this law and encourages you to first seek assistance from the Fund Office when you have questions or problems that involve the Plan.

ERISA provides that all plan participants shall be entitled to:

Receive Information about Your Plan and Benefits

Examine, without charge, at the Plan Administrator’s office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and Collective Bargaining Agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and Collective Bargaining Agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan’s annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes

duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored in whole or in part you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay the court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

PARTICIPATING EMPLOYERS AND UNIONS

Basics/Food-a-Rama (SuperValu)

Chessie Federal Credit Union

Giant Food, LLC

Safeway Inc.

Staff, UFCW Local 27

Staff, UFCW Local 400

Wepeco Federal Credit Union

