

# UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND EMPLOYERS MIDWEST PENSION FUND

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May, 2006

## Notice to the Participants and Other Interested Parties of the United Food and Commercial Workers Unions and Employers Midwest Pension Fund

This Notice is issued pursuant to section 204(h) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). It contains an explanation of an important change that has been made to the Plan for the United Food and Commercial Workers Unions and Employers Midwest Pension Fund (the "Pension Fund"). The maximum amount of Future Credited Service that you may earn in a calendar year can be no higher than 1,600 hours after December 31, 2005. The change may affect the amount of your accrued pension benefit when you retire based on service after December 31, 2005.

As Trustees of your Pension Fund, one of our most important responsibilities is ensuring the financial stability of the Fund. We carefully monitor the Pension Fund assets and contributions and their investment to provide adequate funding to pay benefits to current and future retirees. When the Fund assets do not grow as much as expected, we must sometimes make adjustments to the Plan.

**Explanation for Notice.** The Pension Fund is a multi-employer defined benefit pension plan subject to ERISA and is administered by a Board of Trustees. Effective January 1, 2006, under a new Plan amendment adopted by the Board of Trustees, the maximum amount of Future Credited Service you may earn in a calendar year is one year. Therefore, starting with 2006, hours of Covered Employment greater than 1,600 hours in a year will not result in a higher benefit for that year. The new amendment affects section 4.3(e) of the Plan document.

**Description of the Prior Plan Provision and New Amendment.** Credited Service is used to determine the amount of your pension benefit. Credited Service is service you earn based on the number of hours you work in Covered Employment in a calendar year. Covered Employment includes hours that you work for which your Employer contributes to the Pension Fund on your behalf.

**Summary of Prior Plan Provision.** You earn one year of Future Credited Service for each calendar year after 1975 in which you work 1,600 or more hours in Covered Employment. You earn a partial year of Future Credited Service for each calendar year in which you work at least 400 but less than 1,600 hours in Covered Employment. A partial year of Future Credited Service is determined by dividing your hours of Covered Employment by 1,600.

For calendar years after 1987, you receive more than one year of Future Credited Service for a calendar year if your hourly contribution rate was 52¢ or higher and you worked more than 1,600 hours. The amount of Future Credited Service earned during that period is determined by dividing the total hours of Covered Employment during that calendar year by 1,600 hours.

**Summary of Change Under New Amendment.** Effective on and after January 1, 2006, the new amendment eliminates the section of the Plan described above that allows you to accrue more than one year of Future Credited Service in one calendar year. The new amendment does not affect any Future Credited Service that you accrued prior to January 1, 2006.

**Examples Illustrating the Effect of the New Amendment on Your Pension Benefit.** The new amendment described above will affect the amount of your accrued pension benefit when you retire as described below:

**Example 1.** Assume you have an hourly contribution rate of 52¢ or greater and you expect to accrue 1,600 or fewer hours of Covered Employment each calendar year. The amount of your pension benefit would not change due to the new amendment. You would earn the same amount of Future Credited Service under either the pre-amendment accrual or the post-amendment accrual.

**Example 2.** Assume you have an hourly contribution rate that is less than 52¢. The amount of your pension benefit would not change due to the new amendment.

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Address Service Requested  
Pension Plan Change Effective 01/01/06

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**Example 3.** Assume you have an hourly contribution rate of 52¢ or greater and you expect to accrue over 1,600 hours of Covered Employment each calendar year. Due to the new amendment, a higher pension benefit will not result for hours of Covered Employment in excess of 1,600 in one year. For instance, if you expect to accrue 2,000 hours of Covered Employment during the 2006 calendar year, you would have accrued 1.25 years of Future Credited Service under the pre-amendment provision compared to accruing 1.0 year of Future Credited Service under the post-amendment provision. Currently, the monthly pension rate at Normal Retirement Age for each year of Credited Service earned is \$48, if you have a contribution rate of 52¢. Consequently, if you retire at Normal Retirement Age in 2007 after the amendment has been in effect for one year, you will not accrue the additional .25 year of Future Credited Service. As a result, your pension benefit will not reflect the additional \$12 per month that would have been payable under the pre-amendment provision, i.e., 400 additional hours divided by 1,600 hours x \$48. Accordingly, if you only accrue 1,800 hours of Covered Employment in a year under the same facts as above, your pension benefit will not reflect the additional \$6.00 per month that would have been payable under the pre-amendment provision.

We will continue to monitor the Pension Fund to ensure that we provide the best benefits possible given the available resources. If you have questions on this notification or your benefits in general, please contact the Benefits Fund Office.

Sincerely,  
Board of Trustees