

**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, 2022, and ending December 31, 2022 (“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.

Funded Percentage			
	2022	2021	2020
Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
Funded Percentage	47.7%	48.2%	53.5%
Value of Assets	\$ 119,789,120	\$ 119,261,262	\$ 119,808,370
Value of Liabilities	\$ 251,061,538	\$ 247,205,133	\$ 224,117,752

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 on the following page 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, 2022*	December 31, 2021	December 31, 2020
Fair Market Value of Assets	\$ 103,752,242	\$ 131,953,068	\$ 126,455,212

* 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, 2022 because the Plan was in critical status for the prior Plan Year and has an accumulated funding deficiency in the current year. In an effort to improve the Plan’s funding situation, the Trustees adopted a Rehabilitation Plan on November 26, 2010. 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. Most recently, the Board of Trustees updated the Rehabilitation Plan to provide that the Board of Trustees will apply for Special Financial Assistance (SFA) from the PBGC under the American Rescue Plan Act of 2021 (ARPA) when it is eligible to do so. The Plan is currently on the waiting list to apply for SFA.

The information on the Plan’s funding in this notice does not take into account the SFA the Plan expects to receive. The SFA would be used to improve the financial health of the Plan so that it can continue to pay benefits to participants and beneficiaries. 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, 2023, 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 11,983. Of this number, 1,835 were current employees, 3,615 were retired and receiving benefits, and 6,533 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 Board of Trustees develops and implements the funding policy and monitors 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 Plan 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:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	2.02%
2. U.S. Government securities	1.41%
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	7.67%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	19.43%
5. Partnership/joint venture interests	26.94%
6. Real estate (other than employer real property)	_____
7. Loans (other than to participants)	_____
8. Participant loans	_____
9. Value of interest in common/collective trusts	21.11%
10. Value of interest in pooled separate accounts	1.97%
11. Value of interest in 103-12 investment entities	11.99%
12. Value of interest in registered investment companies (e.g., mutual funds)	_____
13. Value of funds held in insurance co. general account (unallocated contracts)	_____
14. Employer-related investments:	
Employer Securities	_____
Employer real property	_____
15. Buildings and other property used in plan operation	_____
16. Other	7.46%

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

Plan 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.

Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. For the plan year beginning on January 1, 2022 and ending on December 31, 2022, the PBGC published final regulations under the American Rescue Plan Act of 2021 (ARPA) on July 8, 2022 which became effective on August 8, 2022. The ARPA includes a Special Financial Assistance (SFA) program funded by the federal government for certain financially troubled multiemployer pension plans. The Plan is currently on the waiting list to apply for SFA.

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 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."

Summary of Rules Governing Insolvent Plans

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.

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 ($\35.75×10).

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 ($\17.75×10).

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. 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 (410) 683-6500. For identification purposes, the official plan number is 002 and the plan sponsor's name and 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, 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).