NOTICE OF CRITICAL AND DECLINING STATUS
For
BAKERY AND CONFECTIONERY UNION AND INDUSTRY INTERNATIONAL PENSION FUND

April 30, 2019

This is to inform you that on March 31, 2019 the plan actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the plan remains in critical and declining status for the plan year beginning January 1, 2019. Federal law requires that you receive this notice.

Critical and Declining Status

The plan is considered to be in critical status because it has funding problems. More specifically, the plan's actuary determined that the plan was in critical status last year and the plan has an accumulated funding deficiency as of December 31, 2018. Also, as required by the Multiemployer Pension Reform Act of 2014, the Plan was certified as being in critical and declining status because the plan is in critical status and the actuary determined that the plan is projected to become insolvent within 11 years from January 1, 2019, based upon a specific set of assumptions, including the assumption that all employers that negotiated a rehabilitation plan schedule remain on that schedule.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the fifth year the Plan has been in critical and declining status.[1] The law permits pension plans in critical and declining status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On November 14, 2012, you were notified that the Plan reduced or eliminated certain adjustable benefits. On April 27, 2012, you were notified that as of April 30, 2012, the Plan is not permitted to pay lump sum benefits (or any other benefits in excess of the monthly amount paid under a single life annuity) while it is in critical status, unless the lump sum is less than $5,000. The trustees review the Rehabilitation Plan annually, and have most recently adopted an update to the Rehabilitation Plan effective November 30, 2017, and revised it further on January 30, 2019. These changes did not include any additional benefit changes to the Plan. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- 36-month payment guarantee (including 36-month payment to beneficiaries of an unmarried participant);
- Disability benefits (if not yet in pay status);
- Early retirement benefits;
- Subsidized early retirement benefits, such as the Plan CC, Golden 80 and Golden 90 pensions;
- All benefit payment options other than a qualified joint-and-survivor annuity (QJSA), such as the Social Security option; 10-year certain; subsidized joint-and-survivor benefits; and pop-up joint-and-survivor benefits; and
- Benefit increases that were adopted or took effect since January 1, 2007.

[1] The plan was in critical status for the three years prior to being in critical and declining status.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. A 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status, until the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The 5% surcharge was payable on hours worked on and after June 1, 2012 until December 31, 2012, and the 10% surcharge is payable with respect to hours worked on and after January 1, 2013, until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect.

Benefit Suspension and Partition

Under MPRA, a plan that has been determined to be in critical and declining status and is projected to become insolvent may adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is in critical and declining status for the 2019 plan year, the plan sponsor is eligible to apply to Treasury for approval of benefit suspensions and, if necessary, to PBGC for a partition.

Where to Get More Information

For more information about this Notice, you may contact:

Plan Administrator
B&C Union and Industry International Pension Fund
10401 Connecticut Avenue, Suite 320, Kensington, MD 20895-3960
(301) 468-3742.

As required by law, this notice is being provided to all required parties including the Pension Benefit Guaranty Corporation (PBGC), the U.S. Department of Labor, each Plan Participant and Beneficiary, the Union and each of the Contributing Employers.