

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

April 30, 2015

This is to inform you that on March 31, 2015 the plan actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the plan is in critical and declining status for the plan year beginning January 1, 2015. Federal law requires that you receive this notice.

**Critical Status**

The plan is considered to be in critical and declining status because it has funding problems. More specifically, the plan's actuary determined that the plan was in critical status last year and over the next 9 years, the plan is projected to have an accumulated funding deficiency for the 2017 through 2024 plan years.

**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 first year the Plan has been in critical and declining status.<sup>1</sup> The law permits pension plans in critical 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 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. 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. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2012, and to the additional benefits earned by pensioners who continue working under the Rehabilitation Plan.

**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

<sup>1</sup>The plan was in critical status for the previous three years.

- Recent benefit increases (i.e., those that were adopted or took effect since January 1, 2007).

### **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.

### **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.