UFCW & Employers Trust, LLC
P.O. Box 4102
Concord, CA 94524-4102

April 2025

To: Participants of the UFCW Pharmacists, Clerks & Drug Employers Pension Plan
From: The Board of Trustees
Re: Pension Plan Notices

Enclosed are three important notices regarding the UFCW- Pharmacists, Clerks & Drug Employers Pension Plan (the "Plan"): (1) the Plan's Annual Funding Notice for the 2024 Plan Year; (2) a Notice of Endangered Status regarding the Plan's funded status for the 2025 Plan Year; and (3) an informational notice detailing the availability of Pension Estimates online or in paper form upon request.

This letter provides a brief explanation of these notices and discusses the steps we are taking to ensure the security of your pension benefits.

Annual Funding Notice - 2024 Plan Year

The first notice is the Annual Funding Notice for the 2024 Plan Year. The Annual Funding Notice provides important financial information about the Plan including descriptions of the Trustees' funding and investment policies and the allocation of the Plan's investments. Federal law also requires that the Annual Funding Notice include certain information that is not applicable to this Plan, such as a description of the rules for plans that are insolvent or are in reorganization.

Much of the information in the Annual Funding Notice is a snapshot of the Plan's financial status as of the beginning of 2024, and therefore does not reflect changes that have occurred since that time. For example, the section titled "Funded Percentage" provides information as of January 1, 2024, well over a year ago.

Please note the section titled "Endangered, Critical, or Critical and Declining Status." This section refers to the classifications created by the Pension Protection Act of 2006 (PPA), as amended, for assessing the financial health of pension plans. If a plan is classified as either "critical" (red zone) or "endangered" (yellow zone), it must take steps to improve its financial health by meeting certain financial goals within a specified period. When a plan is neither critical nor endangered, the plan is commonly referred to as being in the "green zone," signifying that the plan's funding status has met certain funding thresholds established by Federal law. The Plan was considered to be in critical status, but not in critical and declining status under the Multiemployer Pension Reform Act of 2014 (the "MPRA"), for the Plan Year beginning January 1, 2024.

Notice of Critical Status - 2025 Plan Year

The second notice is the Critical Status Notice for the 2025 Plan Year. As mentioned above, the PPA created new funding classifications for pension plans, with the most seriously affected plans being classified as "critical status." The actuaries for this Plan have certified the Plan to be in "critical status" (red zone) for the Plan Year beginning January 1, 2025. Being in critical status does not mean that a plan is insolvent or even close to insolvent. Rather, when a plan first enters critical status, its Board of Trustees must adopt a "Rehabilitation Plan" designed to improve the plan's financial health and to allow it to emerge from critical status.

Please note that PPA requires that the Plan's funding status be reviewed and certified annually and notices like this one will be sent each year if the Plan is in the red zone. There are several variables beyond our control, which our advisors will monitor closely, including market volatility and changes in participants and/or amount of contributions from employers. These factors could affect the Plan's status and the Trustees' corrective actions in the future.

Pension Estimate Availability Notice

If you are interested in finding out more about your retirement benefits and would like to receive a Pension Estimate this notice details how to view your Pension Estimate online or how to request a Pension Estimate from the Trust Fund office. If you have any questions regarding the attached notices, please contact the Plan Administrator at 1000 Burnett Avenue, Suite 110, Concord, CA 94520, or call 1-800-552-2400.

Mail: P. O. Box 4102 · Concord, CA 94524-4102
Telephone: (800) 552-2400 · Facsimile: (925) 746-7552
www.ufcwtrust.com

April 2025

ANNUAL FUNDING NOTICE
For the
UFCW PHARMACISTS, CLERKS AND DRUG EMPLOYERS PENSION PLAN

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, 2024, and ending December 31, 2024.

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.

	2024 Plan Year	2023 Plan Year	2022 Plan Year
Valuation Date	January 1, 2024	January 1, 2023	January 1, 2022
Funded percentage	88.7%	88.8%	91.1 %
Value of Assets	$190,211,383	$186,770,356	$187,735,050
Value of Liabilities	$214,436,393	$210,413,280	$206,077,488

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 below 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, 2024	December 31, 2023	December 31, 2022
Fair Market Value of Assets	$183,425,931	$178,220,408	$170,859,592

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 considered to be in critical status, but not in critical and declining status under the Multiemployer Pension Reform Act of 2014 (the "MPRA"), for the Plan Year beginning January 1, 2024, because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that as of January 1, 2024, a funding deficiency is projected in five years and the present value of vested benefits for non-active participants is more than the present value of vested benefits for active participants and the normal cost, plus interest on unfunded actuarial accrued liability (unit credit basis), is greater than the contributions for the current year.

Participant Information

The total number of Participants covered by the Plan on the last day of the Plan Year and the last day of the two preceding Plan Years is shown in the chart below:

Participants	2024 Plan Year	2023 Plan Year	2022 Plan Year
1. Active	2,775	3,211	3,531
2. Retired or separated from service and receiving benefits	2,203	2,156	2,028
3. Retired or separated from service with a right to future benefits	4,891	4,780	4,735
4. Total (1+2+3)	9,869	10,147	10,294

Average Return on Plan Assets for the 2024 Plan Year

The average return on Plan Assets during the Plan Year, at the end of the year, was estimated to be 8.65%.

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 consists of the following:

- maintaining a funding standard account pursuant to Internal Revenue Code section 431(b);
- monitoring the balance in the funding standard account and the Plan's funded status as reflected in the annual valuation report prepared by an enrolled actuary retained by the Plan;
- implementing funding measures mandated by Code section 432; and
- maintaining an investment policy that establishes an investment program that over the long term is expected to generate returns that equal or exceed the Plan's actuarial assumed rate of return.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to achieve the best possible return commensurate with safety and preservation of capital. For this purpose, the total net annual return shall take account of earnings and both realized and unrealized gains and losses and shall be related to market value of assets. The Trustees will accept low to medium level of risk in the Plan’s investments. The manner in which the Investment Policy is to be carried out and the accountability of the investment managers in seeking to achieve the investment objectives is consistent with the fiduciary provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and prudent man rule standards expressed therein.

Under 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 percentages of total assets:

Asset Allocations	Percentage
Corporate stocks (other than employer securities): Common	8.93%
Real estate (other than employer real property)	12.24%
Value of interest in common/ collective trusts	8.14%
Value of interest in registered investment companies (e.g., mutual funds)	62.10%
Other	8.59%

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 administrator at the following address:

Administrator – UFCW Pharmacists, Clerks and Drug Employers Pension Plan
UFCW & Employers Trust, LLC
1000 Burnett Ave, Suite 110
Concord, CA 94520
(800) 552-2400

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

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 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 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 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 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/prac/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 Plan administrator at the following address:

Administrator – UFCW Pharmacists, Clerks and Drug Employers Pension Plan
UFCW & Employers Trust, LLC
1000 Burnett Ave, Suite 110
Concord, CA 94520
(800) 552-2400

For identification purposes, the official Plan number is 001 and the Plan's employer identification number or "EIN" is 94-2518312.

Mail: P. O. Box 4102 · Concord, CA 94524-4102
Telephone: (800) 552-2400 · Facsimile: (925) 746-7552
www.ufcwtrust.com

NOTICE OF CRITICAL STATUS FOR THE UFCW PHARMACISTS, CLERKS AND DRUG EMPLOYERS PENSION PLAN

This is to inform you that on March 31, 2025, the Plan actuaries certified to the U.S. Department of the Treasury, and to the Board of Trustees of the UFCW Pharmacists, Clerks and Drug Employers Pension Plan (the "Board of Trustees"), that the UFCW Pharmacists, Clerks and Drug Employers Pension Plan (the "Plan") is in critical status ("Red Zone"), but not critical and declining status, for the Plan Year beginning January 1, 2024. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status, but not in critical and declining status under the Multiemployer Pension Reform Act of 2014 (the "MPRA"), for the Plan Year beginning January 1, 2025, because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that as of January 1, 2025, the Plan was in critical status last year and a funding deficiency is projected in any of the next nine Plan Years.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that 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. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after May 1, 2024. Also, you should know that whether or not the plan reduces adjustable benefits in the future, effective as of May 1, 2024, the Plan is not permitted to pay lump sum benefits in excess of $5,000 (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

The Plan offers or offered the following Adjustable Benefits which **MAY** be reduced or eliminated as part of the current or future Rehabilitation Plan that the Plan may adopt. In no event will any change to these Adjustable Benefits be effective for retirements before May 1, 2024.

- Early Retirement Benefit or Retirement-type subsidy
- Disability Retirement Benefit (if not yet in pay status)
- 50% Husband-and-Wife Pension subsidy
- 75% Husband-and-Wife Pension subsidy
- Social Security Adjustment Option
- Benefit Improvements Made Within the Last 5 Years

Employer Surcharge

The law requires that all contributing employers pay a surcharge to the Plan 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 five percent (5%) surcharge is applicable in the initial critical Plan Year and a ten percent (10%) surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status until the contributing employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The 5% surcharge applies for hours of work in Covered Employment (i.e., work for which contributions to this Plan are due) commencing on and after that date which is 30 days from the date of this Notice until December 31, 2024. The 10% surcharge goes into effect for hours of work in Covered Employment on and after January 1, 2025 and remains in effect until such time as the collective bargaining agreements are updated to reflect the contribution increases required by the Rehabilitation Plan.

Where to Get More Information

For more information about this Notice of Critical Status, you may contact:

Administrator – UFCW Pharmacists, Clerks and Drug Employers Pension Plan
UFCW & Employers Trust, LLC
1000 Burnett Ave, Suite 110
Concord, CA 94520
(800) 552-2400

As required by law, this notice is being provided to all required parties including the PBGC, the U.S. Department of Labor, each Plan Participant and Beneficiary, all labor organizations representing Plan Participants and each employer which is a party to a collective bargaining agreement or other contribution agreement under which the Plan is maintained or which otherwise may be subject to withdrawal liability.

UFCWTRUST
Working For Your Benefit

Mail: P. O. Box 4102 · Concord, CA 94524-4102
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www.ufcwtrust.com

April 2025

UFCW-Pharmacists, Clerks and Drug Employers Pension Fund
Pension Estimate Availability Notice

Dear Member:

The Trust Fund Office would like to take this opportunity to remind you that Pension Estimates are available upon request. Pension Estimates can provide you with useful information needed to help plan your retirement. The statement will show the estimated value of the benefit you have earned under the UFCW-Pharmacists, Clerks and Drug Employers Pension Fund - based on the most currently available information - payable on or after your Normal Retirement Date.

If you are interested in finding out more about your retirement benefits and would like to receive a Pension Estimate, please contact the Pension Department at 1-800-552-2400. You can also view your Pension information by logging onto the Trust Fund's website at ufcwtrust.com.

This service is just another way the UFCW Trust Pension Department is committed to "Working for Your Benefit."

Sincerely,

Pension Department