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Dear Participants, Employers and Store Managers: The Board of Trustees of the Minneapolis Retail Meat Cutters & Food Handlers Pension Plans would like to provide the following ***Frequently Asked Questions*** about the Legacy Pension Plan and the new Variable Annuity Pension Plan. Should you have further questions, please don't hesitate to contact the Fund Office at (952) 851-5797 or toll free (844) 468-5917.

Q. Why are the Trustees changing our pension plan?

A. In 2000, our pension plan—which we're now calling the "Legacy Plan"—was nearly fully funded—meaning it had enough money to pay benefits for all then-current and future retirees. However, after the 2001 and 2008 stock market crashes, the value of the plan's investment dropped substantially.

Further, since 2009, the number of active participants in the Legacy Plan has decreased by over 55% and the number of non-active to active participants has increased by over 300%. This means there are far fewer Legacy Plan participants for whom employers are making pension contributions. These fewer contributions are supporting more retirees and non-active members who are entitled to a Legacy Plan benefit.

Labor and management worked cooperatively together to increase contributions to the Legacy Plan, reduce benefit obligations and create an effective investment program, but the Legacy Plan never came close to being fully funded again.

As of the 2018 Fund valuation, the Legacy Plan has $576 million in assets—more than double what it had in 2009. However, the Legacy Plan is only 75.5% funded, with $195 million in unfunded liability. Unfunded liability is the amount a pension plan doesn't have on hand to pay already-earned benefits for current plan participants.

The changes we're making to the Legacy Plan and the introduction of our new Variable Annuity Pension Plan (the VAPP), are designed to improve the benefit security of the Legacy Plan and ensure promised lifetime benefits for active participants and retirees.

Q. Will the Legacy Plan run out of money?

A. The recently negotiated employer contribution increases and changes to the Legacy Plan are projected (though not guaranteed) to provide it with enough money to pay earned benefits to current members and retirees.

Q. How will the Legacy Plan change?

A. The Legacy Plan will change in the following ways:

- Starting March 1, 2019, members will no longer accumulate benefits under the Legacy Plan.

- No new participants can enter the Legacy Plan after December 31, 2018.

- Members who are not fully vested in (that is, who don't yet have a right to) their pension benefit as of February 28, 2019 will continue earning Vesting Service to become vested in their Legacy Plan benefit, if they continue working for a contributing employer.

- Vested members will receive their Legacy Plan benefit at retirement, based on their benefit earned as of February 28, 2019.

- The Trustees approved a Rehabilitation Plan designed to improve the Legacy Plan's financial health. Contributing employers will increase Legacy Plan contributions to help ensure enough money to pay benefits. Increased contributions, which began in March 2018, are as follows:

    - **For SUPERVALU:** 2.8% annually for the next three years; 3% annually in years 4 and 5 of the collective bargaining agreement. This is an approximately 15% increase in weekly employer contributions

    - **For independents:** 2.8% annually for the next two or three years, depending on each collective bargaining agreement.

  Additional contribution increases for SUPERVALU and independent employers: Beyond the current bargaining agreements, the Rehabilitation Plan calls for an increase in employer contributions of 3.0% per year in later years. The actual increase will be subject to collective bargaining and plan needs at the time of the next bargaining cycle.

- Starting March 1, 2019, the 30-Year Service Pension Benefit will be eliminated:

    - Members **with** 30 years of service as of February 28, 2019 will not be affected by the change.

    - Members **without** 30 years of service as of February 28, 2019 cannot retire under the 30-Year Service Pension Benefit. However, they can retire from the Legacy Plan at age 62, without a benefit reduction.

- Members can still retire from the Legacy Plan as early as age 52 if they have at least 15 years of Credited Service. For these members, benefits will be reduced 6% per year for each year the member retires before normal retirement age.

Employer contribution increases and the Legacy Plan's projected investment returns are expected to pay off the Plan's unfunded liability over 20 years. **Overall, the goal of Legacy Plan changes is to improve retirement benefit security and ensure promised lifetime benefits for active members and retirees.**

Q. I have 30 years of service credit. Do I have to retire by February 28, 2019 to receive the 30-Year Service Pension Benefit?

A. No. If you have 30 years of service credit by February 28, 2019, you can retire any time thereafter and receive the 30-Year Service Pension Benefit.

Q. How can I find out if I will qualify for the 30-Year Service Pension Benefit?

A. To find out if you will qualify for the 30-Year Service Pension Benefit, contact Wilson-McShane, the Plan administrator, at 952-851-5797.

Q. What happens to the benefit I've earned under the Legacy Plan when I retire?
A. Provided you meet the Plan's vesting requirement, the benefit you earn under the Legacy Plan as of February 28, 2019 will be payable to you at retirement, in addition to the benefit you can earn under the VAPP.

Q. What is the Legacy Plan's vesting requirement? The VAPP's vesting requirement?

A. You need five years of Vesting Service to become vested in a benefit from the Legacy Plan and the VAPP. A year of Vesting Service is a Plan Year in which you earn at least 1,000 hours of service. Your service under the Legacy Plan or the VAPP will count toward becoming vested in a benefit under each plan.

Q. How does the new VAPP compare with the Legacy Plan?

A. Below is a summary of how the two plans compare.

	MRMC Pension Plan ("Legacy Plan")	**Variable Annuity Pension Plan (VAPP)**
Effective Date	Frozen as of February 28, 2019—no additional benefits will be earned after this date	You start earning benefits January 1, 2019
Benefit Accrual Rate (continued on next page)	All members: $35.00 per year of service (different benefit accrual rates apply for service earned before May 2, 2010)	Employees of SUPERVALU: ➢ $26.25 per year of service effective January 1, 2019 ➢ $28.75 per year of service effective January 1, 2020

	MRMC Pension Plan ("Legacy Plan")	Variable Annuity Pension Plan (VAPP)
Benefit Accrual Rate (continued)		➢ $32.50 per year of service effective January 1, 2021 ➢ $35.00 per year of service effective January 1, 2022 Employees of Independents: ➢ $20.00 per year of service
Benefit Accrual Adjustments	None	Adjusts up or down, based on Plan's investment performance
Vesting Service and Credited Service	➢ Vesting Service: One year of service in which you work 1,000 or more hours ➢ Credited Service: One year of service in which you work 2,000 or more hours Credited Service between 1,000 and 2,000 hours is prorated Vesting Service and Credited Service continue to be earned under the VAPP	➢ Same as Legacy Plan ➢ Vesting Service under Legacy Plan counts toward Vesting Service under the VAPP ➢ "Benefit Accrual Service" replaces "Credited Service," and is defined in the same way as Credited Service
Normal Retirement Age	Age 62	Age 65
30-Year Service Pension Benefit	➢ Employees with 30 years of Credited Service as of February 28, 2019 are eligible ➢ Eliminated after February 28, 2019 for all others	No
Early Retirement Pension	➢ Age 52 or older with 15 years of Credited Service ➢ Benefit reduced 6% per year from retirement date to normal retirement age (age 62)	➢ Age 52 or older with 15 years of Benefit Accrual Service ➢ Benefit reduced 6% per year for the first 10 years and 3.6% per year for each additional year from retirement date to normal retirement age (age 65)
Disability Pension	➢ 15 or more years of Credited Service ➢ No age requirement	Same as Legacy Plan
Death Benefit	➢ At least five years of Vesting Service ➢ No age requirement ➢ Paid as a 50% joint & survivor annuity	Same as Legacy Plan
Forms of Retirement Benefits	➢ Single life only annuity ➢ 50% joint & survivor annuity ➢ 75% joint & survivor annuity	➢ Same payment options as Legacy Plan ➢ Fixed or variable annuity available—one-time election at retirement
Eligibility	Employees with service through February 28, 2019	Eligible classifications of employees, starting January 1, 2019
Investment Earnings Assumption	7.5%	5.5% ("hurdle rate")
Insured by the Pension Benefit Guaranty Corporation	Yes	Yes
Regulated by the Pension Protection Act of 2006	Yes	No

Q. Can my benefit under the VAPP be protected if investment performance declines?

A. The union and employers negotiated a pre-funded "Stabilization Reserve" under the VAPP. The Reserve can help protect benefits from decreasing when investments perform under the hurdle rate. There's a 3% benefit limit increase annually. Earnings above 3% help fund the Stabilization Reserve.

Note: Benefit protection cannot be guaranteed because use of the Stabilization Reserve depends on the Reserve's size, the VAPP's funding circumstances and decisions to be made by the Trustees on how to use the Reserve.

Q. Why is the VAPP hurdle rate 5.5%?

A. Under IRS rules, the hurdle rate (that is, the rate of investment return used to determine whether benefits will be increased or decreased) must be reasonable and within a prescribed range to avoid additional regulations being imposed on the Plan by the IRS. The 5.5% rate falls within this acceptable range and was agreed to during bargaining.

Q. Is there a lower limit for the rate of investment return under the VAPP if the rate of return is below 5.5%?

A. No. There is no lower limit for the rate of investment return under the VAPP if the rate of return is below 5.5%. However, the Trustees expect that the Stabilization Reserve can be used to help minimize or avoid a decrease in benefits if investment earnings are lower than the VAPP's 5.5% hurdle rate.

Q. How do the Legacy Plan and VAPP work together?

A. The Legacy Plan and the VAPP work together in that, at retirement, you will receive a benefit from both plans, if you are vested in both plans. If so, you will be paid a benefit that you earned under the Legacy Plan through February 28, 2019, and a benefit you earned under the VAPP starting January 1, 2019 through your retirement date.

Q. What do I need to do to start earning a benefit under the VAPP?

A. You do not need to take any action to start earning a benefit under the VAPP. You will begin earning a benefit automatically under the VAPP starting January 1, 2019 as long as you are working for a contributing employer in a position that requires contributions to the VAPP.

Q. How will my VAPP benefit be paid to me when I retire?

A. When you retire, you will have the same benefit payment options as you do under the Legacy Plan: Single life only annuity, 50% joint & survivor annuity, and 75% joint & survivor annuity. You will also make a **one-time election** to continue with the VAPP's benefit adjustments annually during retirement **or** fix the benefit at the payment amount you start receiving at retirement. **This election can't be changed after you begin receiving your benefit.** This is a very important decision; additional information will be provided to you before you must make your election.

Q. Can I choose to have my Legacy Plan benefit be paid as a variable benefit, like under the VAPP?

A. No. The Legacy Plan is wholly separate from the VAPP and operates separately from the VAPP. The Legacy Plan provides a fixed benefit at retirement—you cannot elect to have it paid as a variable benefit. The Legacy Plan benefit payment restriction is based on IRS requirements and the importance of providing you with a fixed, predictable benefit you will earn under that Plan as of February 28, 2019.

Q. What happens to my VAPP benefit if I leave the Plan with a vested benefit *before* I'm eligible to retire?

A. If you leave the VAPP with a vested benefit before you are eligible to retire, your VAPP benefit will continue to be adjusted annually while you are waiting to receive it. Once you are eligible to receive your benefit (and you elect to receive it), you will make a one-time and non-changeable election to continue having it adjusted annually (based on investment performance) or to have it fixed for your lifetime.