



# SOFT DRINK AND BREWERY WORKERS UNION, LOCAL 812 RETIREMENT FUND

445 NORTHERN BOULEVARD ♦ SUITE 30 ♦ GREAT NECK, NY 11021-4804  
(516) 303-1455 ♦ [WWW.TEAMSTERSLOCAL812.COM](http://WWW.TEAMSTERSLOCAL812.COM)



October 25, 2019

## To: Participants, Retirees, Beneficiaries and Contributing Employers

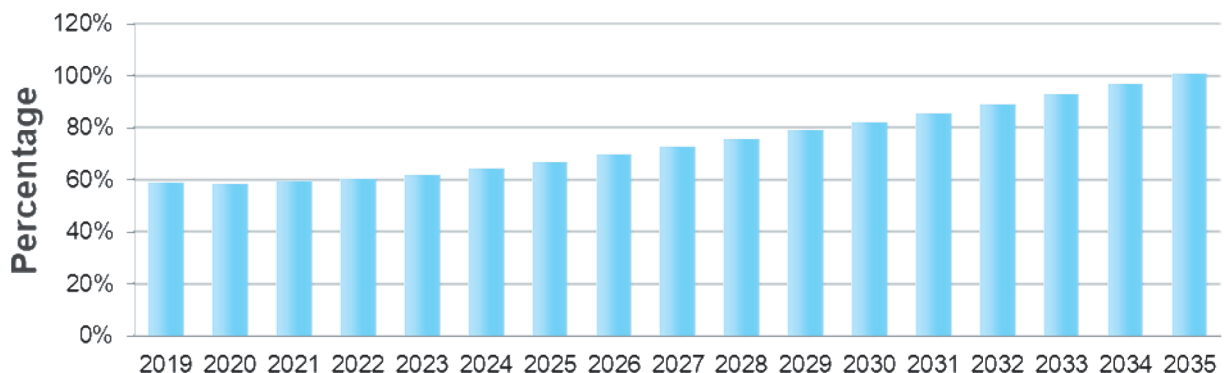
The Pension Protection Act of 2006 (PPA) requires that certain notices be sent each year to all participants, beneficiaries, participating unions, contributing employers and other interested parties regarding the Soft Drink and Brewery Workers Union, Local 812 Retirement Plan's (the "Plan") funding status.

Enclosed you will find the Annual Funding Notice and the Notice of Critical Status. This cover letter briefly describes the purposes of these Notices and provides additional information on the projected funded status of the Plan based on contribution increases required under the current Rehabilitation Plan and other expectations. The Board of Trustees is providing this additional information to give you perspective on the current and projected financial standing of the Plan and a deeper understanding of the path that we project the Plan will take on the way to being fully funded as of 2035. *We will continue to update you each year on the progress that the Plan is making.*

## Projection of Funded Status

The chart below shows the projected funded status of the Plan with the contribution rate increases required under the Rehabilitation Plan (\$0.50 per year for ten years beginning June 1, 2016) and all other assumptions being met during the period. The projected funded status is determined by the Plan's actuaries, who certify that the Plan is properly funded under federal law using a series of commonly-used assumptions such as mortality rates and long-term interest rates that predict future investment performance. One of the most important assumptions is the investment return assumption, which assumes that the Plan's investments will gain +7.5% per year. Please note that the Plan earned approximately +3.3% in the recent Plan year, July 1, 2018 through June 30, 2019. As you can see from the chart, the Plan's funded status is projected to continually improve over the long term. The chart shows that the Plan is projected to be 80% funded as of 2030, 90% funded as of 2033, and **100% funded as of 2035**.

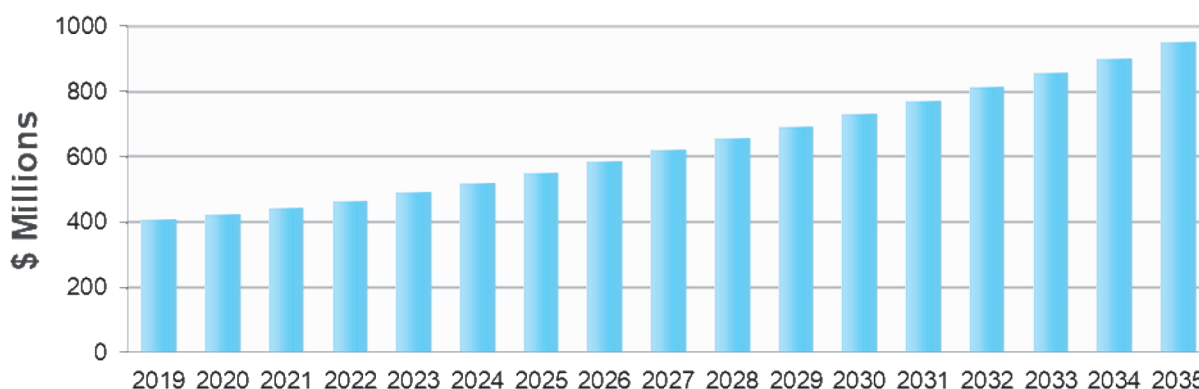
*Funded Percentage as of July 1<sup>st</sup>*



## Projection of Growth In Assets

The chart below shows the growth of the Plan's Assets in each of the years leading to 2035 (the year in which the Plan is projected to be 100% funded). The growth in assets is an important measure of the viability and long-term solvency of the Plan.

*Projected Assets of June 30th*



Please note that projections are not a guarantee of future results and can change if the underlying assumptions change. The projections may be revised based on the actual experience of the Plan, and the results outlined above will change as a result.

## Annual Funding Notice

The Annual Funding Notice provides detailed information about the status of the Plan for the plan year July 1, 2018 through June 30, 2019. It contains historical information concerning the Plan, including various participant counts and investment information. The information contained in the notice is required by the U.S. Department of Labor.

## Notice of Critical Status

The Notice of Critical Status officially conveys the Plan's actuary's certification that our Plan continues to be in critical status as of July 1, 2019, as expected. The notice outlines the steps the Trustees must take to improve the funding status of the Plan and emerge from critical status in a specific time period. The information contained in the notice is required by the U.S. Department of Labor and Internal Revenue Service.

## Additional Information

**No action is required on your part.** The information contained in the notices are for informational purposes only. Pension plans like ours are designed to accumulate contributions and invest them so that sufficient assets are available to pay participant pensions at retirement. The Board of Trustees understands the importance of ensuring that the Plan is funded properly to continue providing benefits for participants.

The Trustees continue to manage the Plan carefully for active participants still earning benefits under the Plan, former participants with vested benefits, and retirees already receiving monthly payments. Pension payments are being made as appropriate and money is being allocated for future pensions. We will continue to work closely with our investment and actuarial consultants to help ensure the Plan's return to a strong funded status.

**Where to Get More Information**

We know some of the technical, required notices about benefits can be difficult to understand. Should you have any questions regarding the notices, please submit them in writing to the Plan Administrator, Soft Drink & Brewery Workers Union, Local 812 Retirement Fund located at 445 Northern Boulevard, Suite 30, Great Neck, NY 11021.

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**ANNUAL FUNDING NOTICE  
FOR  
SOFT DRINK AND BREWERY WORKERS UNION,  
LOCAL 812 RETIREMENT FUND**

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (the “Plan”) and 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 July 1, 2018 and ending June 30, 2019 (“Plan Year”).

How Well Funded Is Your Plan

Under federal law, the Plan must report how well it is funded using a measure called the “funded percentage.” This percentage is obtained by dividing the Plan’s assets by its liabilities on the Valuation Date for the Plan Year. 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, along with a statement of the value of the Plan’s assets and liabilities for the same period.

<b>Funded Percentage</b>			
	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018	July 1, 2016 to June 30, 2017
Valuation Date	July 1, 2018	July 1, 2017	July 1, 2016
Funded Percentage	60.2%	62.9%	65.4%
Value of Assets	\$426,140,710	\$431,225,857	\$436,870,137
Value of Liabilities	\$707,836,934	\$685,528,591	\$667,619,884

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the Plan Year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table:

	June 30, 2019	June 30, 2018	June 30, 2017
Fair Market Value of Assets	\$408,348,436*	\$406,288,487	\$394,110,546

\* Please note that the June 30, 2019 fair market value of assets is based on preliminary information.

### Endangered, Critical, or Critical and Declining Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the 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, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in critical status in the Plan Year beginning July 1, 2018 because there was a projected funding deficiency in the Funding Standard Account within ten years as of July 1, 2018 and the Plan was in critical status for the prior year. In an effort to improve the Plan’s funding situation, the trustees adopted a rehabilitation plan on May 26, 2011, which they subsequently amended on December 1, 2016 to include, amongst other changes, modified contribution rate increases. Based on reasonable assumptions and changes in benefit and contribution rates contained in the rehabilitation plan, the Plan is expected to emerge from critical status by July 1, 2030. The rehabilitation plan contains two Schedules, a Preferred Schedule and a Default Schedule. Contributing employers may, within 180 days following the expiration of a collective bargaining agreement in which the contributing employer adopted either the Preferred or Default Schedule, adopt a new schedule in accordance with the rehabilitation plan. If the contributing employer does not adopt a new schedule within 180 days, the employer will remain on the schedule adopted under the prior collective bargaining agreement.

The Preferred Schedule requires an annual contribution increase starting on the expiration date for collective bargaining agreements that expire on or after June 1, 2011. The contribution increase is to be applied to an employer's existing contribution rate for existing collective bargaining agreements expiring, reopened or renewed in the Plan Year noted. There is no reduction in benefit accruals under the Preferred Schedule. Similarly, no adjustable benefits are eliminated under the Preferred Schedule, though the severance and death benefits, and the Social Security Option, were eliminated for all participants effective October 28, 2010.

The Default Schedule requires a one-time contribution increase, except as may be adjusted by the Trustees pursuant to the Pension Protection Act of 2006, that is to be applied to an employer's existing contribution rate for existing collective bargaining agreements expiring, reopened or renewed in the Plan Year noted. In addition, effective January 1, 2012, there will be a reduction in future benefit accruals for all active participants in the Plan subject to the Default Schedule. Also effective January 1, 2012, the ten-year certain form of benefit and subsidized early retirement benefits for participants who elect early retirement on or after January 1, 2012, will be eliminated for all active participants in the Plan subject to the Default Schedule who are not receiving pension benefits. These benefits will be

eliminated in addition to the severance and death benefits, and the Social Security Option, which were eliminated for all participants effective October 28, 2010.

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 by contacting the plan administrator.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending June 30, 2019, separate notification of that status has been or will be provided.

### Participant Information

The total number of participants in the Plan as of the Plan's Valuation Date was 8,186. Of this number, 2,679 were active participants, 3,195 were retired or separated from service and receiving benefits, and 2,312 were retired or separated from service and entitled 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 the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is for employers to make contributions pursuant to collective bargaining agreements with Local 812, the union that represents the Plan's participants, but in no cases less than those required under federal pension law.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan has a target allocation among asset categories of 8% Domestic Equity, 10% Global Equity, 11% International Equity, 6% Emerging Markets Equity, 10% Absolute Return Fixed Income, 4% Emerging Markets Macro, 15% Global Asset Allocation, 5% Risk Parity, 8% Real Estate, 12% in Hedge Fund of Funds, 6% Private Markets and 5% Private Debt. The majority of Plan assets are invested in liquid investments to ensure that sufficient capital is available for benefit payments.

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\*\*:



<b>Asset Allocations</b>	<b>Percentage</b>
1. Cash (Interest bearing and non-interest bearing)	8.04%
2. U.S. Government securities	0.00%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00%
All other	0.00%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	15.39%
5. Partnership/ joint venture interests	27.33%
6. Real estate (other than employer real property)	0.00%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/ collective trusts	18.53%
10. Value of interest in pooled separate accounts	0.00%
11. Value of interest in 103-12 investment entities	6.54%
12. Value of interest in registered investment companies (e.g., mutual funds)	8.38%
13. Value of funds held in insurance co. general account (unallocated contracts)	0.00%
14. Employer-related investments:	
Employer Securities	0.00%
Employer real property	0.00%
15. Buildings and other property used in plan operation	0.00%
16. Other	15.79%

\*\* Please note that the July 1, 2019 investment allocation percentages are based on preliminary information.

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 Board of Trustees, Local 812 Retirement Fund, at 445 Northern Blvd., Suite 30, Great Neck, NY 11021, or at (516) 303-1455.

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the annual report 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. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator 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. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization could become insolvent. 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. This information will be provided for each year the plan is insolvent.

### 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 the 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 ( $\$35.75 \times 10$ ).

*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 ( $\$17.75 \times 10$ ).

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 the PBGC's website at [www.pbgc.gov/multiemployer](http://www.pbgc.gov/multiemployer). Please contact your employer or plan administrator for specific information about your pension plan or pension benefit.



The PBGC does not have that information. See “Where to Get More Information About Your Plan,” below.

Where to Get More Information

For more information about this notice, you may contact Board of Trustees, Local 812 Retirement Fund, at 445 Northern Blvd., Suite 30, Great Neck, NY 11021, or at (516) 303-1455. For identification purposes, the official plan number is 001 and the plan sponsor’s employer identification number “EIN” is 13-5660090. For more information about the PBGC, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov).

Sincerely,

The Board of Trustees

Date: October 25, 2019

*As required by law, this Annual Funding Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC).*

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## **NOTICE OF CRITICAL STATUS**

### **SOFT DRINK AND BREWERY WORKERS UNION LOCAL 812 RETIREMENT FUND**

**To: All Participants, Beneficiaries, Contributing Employers and Union Representative of the Soft Drink and Brewery Workers Union, Local 812 Retirement Fund**

This is to inform you that on September 27, 2019, the Fund's actuary certified to the U.S. Department of the Treasury and also to the Soft Drink and Brewery Workers Union, Local 812 Retirement Fund (the "Fund"), that the Fund is in critical status for the Plan Year beginning July 1, 2019. Federal law requires that you receive this notice.

#### **INTRODUCTION**

The Pension Protection Act ("Act"), signed into law in 2006, is intended to improve the financial condition of pension funds. The Act introduced several formal safeguards relating to funding, which, in simplest terms, is how much a pension plan has coming in, going out, and in reserve (or "in the bank") for future pension payments. The safeguards are intended to prevent future funding problems and correct those that have already developed.

The Act requires us to test the Fund annually to determine its official funding status. The federal law has adopted specific phrases to classify a fund's status at the time of the report. Funds that are labeled as "endangered," "seriously endangered" or "critical" must notify all fund participants, beneficiaries, unions, and contributing employers of the fund's status, as well as take corrective action to restore the fund's financial health.

#### **CRITICAL STATUS**

The Fund is considered to be in critical status as of July 1, 2019, because it has funding problems. More specifically, the Fund's actuary determined that the Soft Drink & Brewery Workers Union, Local 812 Retirement Plan (the "Plan") is projected to have an accumulated funding deficiency for Plan Year beginning July 1, 2019. What this means is that by June 30, 2020, contributions are not expected to be high enough to meet government standards for funding promised benefits plus those benefits that participants are currently earning.

#### **REHABILITATION PLAN AND 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. This is the tenth year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan to help improve the financial status of these plans. On May 26, 2011, the Trustees adopted a rehabilitation plan which contains two Schedules of recommended contribution increases and reductions in benefits: a Preferred Schedule and a Default Schedule. In an effort to improve the Plan's funding situation, the Trustees subsequently amended the rehabilitation plan on December 1, 2016 to include, amongst other changes, modified contribution rate increases. Contributing employers must adopt a Schedule at the expiration of their current collective bargaining agreements. For collective bargaining agreements that were in effect when the Fund entered critical status, if a contributing employer does not adopt a Schedule within 180 days of the date on which the collective bargaining agreement expired, the Default Schedule will be imposed on that employer.

Both the Preferred Schedule and the Default Schedule require contribution increases, and effective January 1, 2012, the Default Schedule requires a reduction in future benefit accruals and adjustable benefits. On October 28, 2011, you were notified that the Plan reduced and/or eliminated certain adjustable benefits for those participants who are employees of employers who have adopted, or will adopt, the Default Schedule. On October 28, 2010, you were notified that as of October 28, 2010, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. 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 will not reduce the level of a participant's basic benefit payable at normal retirement such as a single life or qualified joint and survivor annuity. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 28, 2010.

### **EMPLOYER SURCHARGE**

The Act requires that all contributing employers pay to the Fund a surcharge to help correct its financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Fund under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding year thereafter in which the Fund is in critical status, until the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan.

### **WHAT'S NEXT**

We understand that legally required notices like this one can create concern about the Fund's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Fund. With the assistance of the Fund's actuary, counsel and other professionals, and working with the contributing employers and the Union, the Trustees have developed a rehabilitation plan that addresses these issues. As a final note, because the Fund is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the funding status of the Fund and any future actions that may be needed.

### **WHERE TO GET MORE INFORMATION**

For more information about this notice or the Fund, please contact the Fund Office in writing at the address listed at the top of this letter. Please note that you have a right to receive a copy of the rehabilitation plan from the Fund after the rehabilitation plan is adopted by the Trustees.

Sincerely,

The Board of Trustees  
Date: October 25, 2019

*As required by law, this Notice of Critical Status is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.*