



SPRING 2020
APRIL 28, 2020

ANNUAL FUNDING NOTICE

for the

UFCW CONSOLIDATED PENSION PLAN

2019 Plan Year

Introduction

This notice includes important information about the funding status of your 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, 2019 and ending December 31, 2019 (referred to hereafter as “Plan Year”).

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.

Funded Percentages (Beginning of Year)			
Plan Year	2019	2018	2017
Valuation Date	January 1, 2019	January 1, 2018	January 1, 2017
Funded Percentage	86.3%	90.1%	90.8%
Value of Assets	\$4,153,730,956	\$4,225,219,242	\$4,178,660,671
Value of Liabilities	\$4,812,614,292	\$4,684,686,608	\$4,598,657,844

The Values of Assets and Funded Percentage as of January 1, 2017 reflect special rules under the Pension Relief Act of 2010.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They are also “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.

Fair Market Values of Assets (End of Year)			
Plan Year	2019	2018	2017
Year End Date	December 31, 2019	December 31, 2018	December 31, 2017
Value of Assets	\$4,306,370,632 (approx.)	\$3,901,024,572	\$4,175,085,306

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 not in endangered, critical, or critical and declining status (in other words, the Plan was in the “green zone”) in the Plan Year beginning January 1, 2019. The Plan continues to be in the green zone for the Plan Year beginning January 1, 2020. If the Plan had been in endangered, critical, or critical and declining status for the plan year beginning January 1, 2020, separate notification of that status would have been provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date, January 1, 2019, was 226,494. Of this number, 84,920 were current employees, 49,547 were retired and receiving benefits, and 92,027 were retired or no longer working for an employer and have a right to future benefits.

Funding and 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 is described in a Memorandum of Understanding (“MOU”) between The Kroger Co. (“Kroger”) and the fourteen Local Unions of the United Food and Commercial Workers that established the Plan. Under the terms of the MOU, Kroger will, at a minimum, make contributions to the Plan that are sufficient (1) to pay down the unfunded liabilities as of December 31, 2011 over a period of six years (which has already been done), (2) to pay for the cost of benefits to be earned each year in the future, (3) to pay for any future actuarial losses over a period of ten years, and (4) to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974. Other special rules also apply under the MOU, which may increase or decrease the amount of the contribution required from Kroger in any given year, depending on the funding levels of the Plan.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The Plan’s investment policy is to invest in a diversified portfolio of assets that will maximize investment return over the long term within reasonable and prudent levels of risk and maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

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 (End of Year)	Percentage
Stocks	21%
Investment grade debt instruments	5%
High-yield debt instruments	9%
Real estate	5%
Other	60%

Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. An event is generally viewed as material if, for example, it is expected to increase or decrease total Plan assets or total Plan liabilities by five percent or more.

For the plan year ending December 31, 2020, there are no events expected to occur that will have a material effect on plan liabilities or assets.

Pre-Merger Plan Information

Effective December 31, 2011, there was a merger of four UFCW pension plans that resulted in the creation of the UFCW Consolidated Pension Plan. The Consolidated Plan is currently better funded than any of the four plans prior to the merger. As described earlier, the funding policy of the Plan is described in a Memorandum of Understanding (“MOU”) between The Kroger Co. (“Kroger”) and fourteen UFCW Local Unions whose members are covered under the Plan as a result of the merger.

Pre-Merger Plan Information (cont.)

Under the terms of the MOU, Kroger, which is the employer to over 90% of the active participants in the Consolidated Plan, was required to make contributions sufficient to return the Consolidated Plan to the “green zone” for the plan year beginning January 1, 2012 and was also required to pay down the unfunded liabilities of the Consolidated Plan more rapidly than is required by law. Kroger was also allowed to accelerate its required contributions to the Consolidated Plan.

Consistent with this commitment, Kroger accelerated its contribution obligation and made special contributions totaling \$857,886,089 to the Consolidated Plan during 2012. These special contributions covered the cost of benefits to be earned in 2012 and eliminated the unfunded liabilities of the Consolidated Plan. Prior to the special contributions, as of January 1, 2012, the Consolidated Plan was 74.0% funded on a market value of assets basis. After the special contributions, as of December 31, 2012, it was 101.8% funded on a market value of assets basis. Under the MOU, Kroger is required to make contributions to maintain the Consolidated Plan in the “green zone.”

Since 2012, you have received Annual Funding Notices from the Plan under its current name, the UFCW Consolidated Pension Plan. Notices you received with respect to the plan years prior to 2012 were under the prior plan names, as described below.

Former Plan Name, as of December 31, 2011	Short Plan Name	EIN/PN
United Food and Commercial Workers Unions and Employers Pension Plan	Atlanta Plan	58-6101602 / 001
UFCW Unions and Food Employers Pension Plan of Central Ohio	Central Ohio Plan	31-6089168 / 001
Indiana Area UFCW Unions and Retail Food Employers Joint Pension Plan	Indiana Plan	35-6244695 / 001
Northwest Ohio UFCW Union and Employers Joint Pension Fund	NW Ohio Plan	34-0947187 / 001

New Plan Name, effective January 1, 2012	Short Plan Name	EIN/PN
UFCW Consolidated Pension Plan	Consolidated Plan	58-6101602 / 001

Transfers of Plan Assets and Liabilities

As reported in prior year Notices, there were four transfers of assets and liabilities during prior plan years. In general, the transferred assets and liabilities were related to benefits attributable to Kroger under the other plan. The transfers did not have a material impact on the funding condition of the Plan.

Each of the four transfers occurred under the terms of the applicable transfer agreements between the Consolidated Plan and the other plans. The resulting unfunded liabilities transferred into the Consolidated Plan are required to be funded by Kroger under the terms of the applicable contribution agreements between the Consolidated Plan and Kroger, which have similar funding requirements as the MOU described earlier in this notice. Under each of the contribution agreements, Kroger is permitted to accelerate its required contributions to the Consolidated Plan.

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. You may also 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 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 $\$24.75$ ($.75 \times \$33$), or \$35.75. Thus, the participant’s guaranteed monthly benefit is \$357.50 ($\35.75×10).

Benefit Payments Guaranteed by the PBGC (cont.)

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 the 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/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 About Your Plan," below.

Your Right to a Benefit Statement

Under ERISA, as a participant in the UFCW Consolidated Pension Plan, you have the right to obtain a statement telling you whether you have a right to receive a benefit at your Normal Retirement Date (generally age 65) and, if so, what your benefits would be at your Normal Retirement Date if you stop participating in the Plan now. If you do not have a right to a benefit under the Plan, the statement will tell you how many more years you have to work to have a right to a benefit under the Plan. This statement must be requested in writing and is not required to be given more than once a year. The statement must be provided free of charge. Contact information for the UFCW Consolidated Pension Fund Office can be found below.

Where to Get More Information About Your Plan

**Board of Trustees
UFCW Consolidated Pension Fund
1740 Phoenix Parkway
Atlanta, Georgia 30349
(770) 997-9910 or (800) 241-7701**

For identification purposes, the official plan number is 001, the Plan sponsor's name is the Board of Trustees of the UFCW Consolidated Pension Fund, and the Plan sponsor's employer identification number or "EIN" is 58-6101602.

The Benefits of Direct Deposit

The Fund Office of the UFCW Consolidated Pension Fund would like to encourage your participation in the Direct Deposit Banking Program for retirees. Direct deposit is safer than a paper check because nobody can steal it, alter it, or attempt to cash it. Your funds will seamlessly move from one account to another. Over 90% of the retired participants at the UFCW Consolidated Pension Fund have taken advantage of this option to receive their monthly retirement checks automatically via direct deposit into their bank accounts.



We ask that you take advantage of the Direct Deposit Banking Program!

IS DIRECT DEPOSIT SAFE?

- **Yes, it's safe!** You don't have to worry about your check being lost, stolen, or cashed illegally.

IS DIRECT DEPOSIT CONVENIENT?

- **Yes, it's convenient and timesaving!** You don't have to worry about finding time to get to the bank or being forced to go out in bad weather or waiting in line to deposit a check.

IS DIRECT DEPOSIT AUTOMATIC?

- **Yes, it's regular!** Even if you're sick or out of town, your check still goes into your account each month automatically, and you never have to worry about other people handling your check, or about waiting for it to be mailed. Once you sign up there is nothing else left to do.

The Fund Office hopes that will consider participating in the Direct Deposit Banking Program.

If you are interested in having your retirement benefit be automatically deposited into your bank account via direct deposit, please contact the UFCW Consolidated Pension Fund to request a Direct Deposit Form @ 1-800-241-7701 or visit our website to download form @ www.ufcwempfund.org.

The Fund Office Mission Statement

IT IS OUR MISSION

To enhance our continued focus on our Trust Funds and their participants. To consistently exercise the expertise, professionalism and genuine care of our staff to assist our participants in using their benefits at every stage of their lives. To assist the local unions, employers and participants in their dealings with the Trust Funds. To help the Trustees in the exercise of their fiduciary obligations for their benefit plans. To conduct ongoing procedure reviews to maximize efficiency, including consistent internal reviews of claims processing and pension calculations.

UFCW Consolidated Pension Fund
1740 Phoenix Parkway
Atlanta, Georgia 30349



Employer Trustees

Peggy Prescott - (Secretary)
Kroger

Cindy Holmes
Kroger

Jon McPherson
Kroger

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Kevin Garvey
UFCW Local Union 75

Randy Quickel
UFCW Local Union 1059



**Need help with anything? Please contact the Fund Office
at 770-997-9910 or 1-800-241-7701.**

FOR MORE INFORMATION

The Board of Trustees of the UFCW Consolidated Pension Fund is committed to providing retirement security for the participants.

For questions or more information, please contact the Fund Office at:

UFCW CONSOLIDATED PENSION FUND

1740 Phoenix Parkway
Atlanta, GA 30349
Tel: (770) 997-9910 or (800) 241-7701
www.ufcwemprfund.org