DAIRY INDUSTRY
UNION PENSION PLAN FOR PHILADELPHIA AND VICINITY
P.O. BOX 99 • COLLINGSWOOD, NJ 08108

April 29, 2020

Dear Participant:

Enclosed you will find two notices required by federal law. The first notice ("Certification Notice") explains that, effective January 1, 2020, the Dairy Industry-Union Pension Plan of Philadelphia and Vicinity ("Fund") remained in "critical status" under the Pension Protection Act of 2006. The Notice also describes the consequences of that status. The second notice is the Fund's Annual Funding Notice for 2019.

You may recall that the Fund was in critical status in 2011. At that time, The Fund's Board of Trustees – most of whose members have remained on the Board – developed a "rehabilitation plan" that enabled the Fund to emerge from critical status.

Every member of the Board realizes the importance of your pension benefits to you and your family. Please be assured that the Board takes its fiduciary obligations very seriously and we are working to safeguard your pension benefits.

Sincerely,

Board of Trustees
Dairy Industry-Union Pension Plan of Philadelphia and Vicinity

DAIRY.ASP-BENEFITS.COM
MAIN (856) 382-2492 • TOLL-FREE (833) 925-5585 • FAX (856) 382-2401

ANNUAL FUNDING NOTICE

For
Dairy Industry – Union Pension Plan for Philadelphia and Vicinity

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 law. This notice is for the plan year beginning January 1, 2019 and ending December 31, 2019 ("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 Percentage			
	2019	2018	2017
Valuation Date	January 1, 2019	January 1, 2018	January 1, 2017
Funded Percentage	75.0%	75.3%	78.4%
Value of Assets	127,273,173	127,736,518	125,078,065
Value of Liabilities	169,616,913	169,628,324	159,501,439

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.

Fair Market Value of Assets	December 31, 2019	December 31, 2018	December 31, 2017
	130,175,833	118,714,512	131,001,947

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 in critical status in the Plan Year.

If the Plan is in endangered, critical, or critical and declining status for the plan year ending December 31, 2019, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 2,723. Of this number, 797 were current employees, 1,315 were retired and receiving benefits, and 611 were retired or no longer working for the employer and have a right 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 how much money is needed to pay promised benefits. The funding policy of the Plan is to assure that the annual contributions to the Plan will be made in an amount not less than the ERISA minimum funding requirement and to comply with the funding requirements of the Pension Protection Act of 2006.

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 invest the assets of the Plan in a manner consistent with the fiduciary standards of ERISA, namely: (a) investment decisions are made in the sole interest of Plan participants and beneficiaries to provide benefits and to defray the reasonable expenses of administration, and (b) assets are diversified with the goal of minimizing the impact of large losses in individual investments and to achieve a rate of return commensurate with economic conditions, recognizing that the actuarial rate of return for the Plan is 8.0 percent. The Plan has a detailed Investment Policy which the Board of Trustees developed with its investment consultant that implements these goals.

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
1. Interest-bearing cash	
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
Common	
5. Partnership/joint venture interests	10.6%
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	8.7%
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	80.7%
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

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 Dairy Industry – Union Pension Plan, Administrative Service Professionals, Inc. at (856) 382-2422, or 2500 McClellan Avenue, Suite 140, Pennsauken, NJ 08109.

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. 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/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.

Where to Get More Information

For more information about this notice, you may contact Dairy Industry – Union Pension Plan, Administrative Services Professionals, Inc. at (856) 382-2422 or 2500 McClellan Avenue, Suite 140, Pennsauken, NJ 08109. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" are Trustees of the Dairy Industry – Union Pension Plan and 23-6283288.

April 29, 2020

DAIRY INDUSTRY
UNION PENSION PLAN FOR PHILADELPHIA AND VICINITY
P.O. BOX 99 • COLLINGSWOOD, NJ 08108

FEDERAL LAW REQUIRES THAT CONTRIBUTING EMPLOYERS, BARGAINING UNIT REPRESENTATIVES, PARTICIPANTS, AND BENEFICIARIES RECEIVE THIS NOTICE – PLEASE READ.

FEDERAL FUNDING RULES. Beginning on January 1, 2008, the Pension Protection Act of 2006 (the "PPA") imposed new rules aimed at improving the funding of multiemployer defined benefit plans such as the Dairy Industry-Union Pension Fund for Philadelphia & Vicinity (the "Plan" or, the "Fund"). Under prior law, a multiemployer defined benefit plan was required to address a funding problem only when the plan failed to satisfy minimum funding standards for a given plan year. Unlike prior law, the PPA requires a plan's board of trustees to take certain actions to improve the plan's funding when the plan's actuary projects that the plan will have future funding issues.

Recognizing the impact of various economic forces, Congress enacted the Multiemployer Pension Reform Act of 2014 ("MPRA") on December 16, 2014, which has already significantly impacted many multiemployer pension funds across the country. Among other provisions, MPRA allows a plan's trustees to take proactive steps under certain circumstances in order to avoid future funding problems.

THE PLAN'S ACTUARY MUST CERTIFY FUNDING STATUS. Under the PPA, within the first 90 after the beginning of each plan year, a plan's actuary must certify whether the plan is in endangered, seriously endangered, critical or critical and declining status. A plan's board of trustees may elect to have the plan be in critical status for a plan year if the plan will be in critical status within the next five years.

In general, the two most relevant factors used by the Plan's Actuary to determine the Plan's funding status are the ratio of the Plan's assets to its liabilities (the funded percentage of the Plan) and whether the Plan will be able to satisfy the minimum funding standards within prescribed periods of time.

PLAN'S RECENT HISTORY. On March 31, 2017, the Plan's Actuary certified to the U.S. Department of the Treasury and to the Fund's Board of Trustees (the "Board" or the "Trustees") that the Plan was in endangered status for the Plan Year beginning January 1, 2017, because the Plan was less than eighty percent (80%) funded. In addition, the Plan was projected to be in critical status for the Plan Year beginning January 1, 2018, which was within the five-year MPRA period as noted above, because the Plan was projected to have an accumulated funding deficiency (without regard to the amortization extensions) for the 2022 Plan Year. In accordance with MPRA, and after careful consideration, the Trustees voted to elect for the Plan to be in critical status for the Plan Year beginning January 1, 2017 to better address the Plan's current and projected funding problems.

PLAN'S CURRENT STATUS. On March 30, 2020, the Plan's Actuary certified that Plan would remain in critical status but not critical and declining status for the Plan Year beginning January 1, 2020. This is based on the Plan Actuary's determination that the Pension Plan was in critical status last year and has a projected accumulated funding deficiency for the 2028 Plan Year (with regard to the amortization extensions).

WHY HAS THIS HAPPENED? Even though the Board has been proactive in addressing the Plan's funding problem, like most multiemployer pension plans and even many single employer pension plans sponsored by U.S. companies, the Plan was negatively impacted by the 2008 economic downturn, subsequent recession, and fluctuations in the stock and other markets. Industries such as the dairy industry have also been impacted by non-union competition, continued volatility within investment markets, and other residual effects of the 2008 recession.

WHAT ACTION HAS THE BOARD TAKEN TO DATE? The Board has taken numerous steps to rebuff these economic forces. In 2011, the Plan was certified as in critical status and the Board annually increased employer contributions and instituted certain benefit changes to enable the Plan to emerge from critical status. These changes were successful in permitting the Plan to emerge from critical status for a period of time.

REHABILITATION PLAN. When the Plan's Actuary initially certified the Plan in critical status in 2011, the PPA required the Board to develop and implement a "Rehabilitation Plan" designed to improve the Plan's funding. As part of that Rehabilitation Plan, the Board established schedules that increased employer contributions and revised benefit structures in order to bring the Plan out of critical status within the required statutory period. The Rehabilitation Plan established schedules that reduced or eliminated certain benefits and increased employer contributions. These schedules were presented to collective bargaining parties, who were required to agree to a Board-approved schedule.

In 2017, the Trustees adopted a new Rehabilitation Plan designed to improve the Plan's funding status. That Rehabilitation Plan remains in effect.

WHAT DOES THIS MEAN FOR CONTRIBUTING EMPLOYERS? To help improve the funding of a plan that is in critical status, the law requires each contributing employer to pay an automatic surcharge beginning 30 days after the employer is notified that the plan is in critical status. If applicable, the surcharge remains in effect until the employer and the collective bargaining unit have agreed to adopt one of the plan's rehabilitation plan schedules. If applicable, the surcharge for the first year the Plan is in critical status is equal to 5% of the amount an employer is otherwise required to contribute and increases to 10% for each succeeding plan year in which the plan remains in critical status.

Please note that the Fund will not impose a contribution surcharge in 2020. Every employer that contributes to the Fund currently pays $690.38 per participant per month, which satisfies a schedule required by the current Rehabilitation Plan. The $690.38 rate went into effect as of January 1, 2020.

Later this year, the Trustees will review the current Rehabilitation Plan and may update it, if necessary. Teamsters Local No. 463 and the contributing employers will receive adequate notice of any changes to the contribution rate schedules provided in the Rehabilitation Plan in time to take steps to avoid a surcharge.

WHAT DOES THIS MEAN FOR PARTICIPANTS? The Rehabilitation Plan currently in effect does not impact participants who have retired and begun to receive benefits.

While the Plan is in critical status, the PPA prohibits the Plan from paying any benefits in the form of a lump sum or any other payment in excess of the monthly amount payable in the form of a single life annuity (other than certain Social Security supplements, small benefit cash outs, and certain retroactive payments). In addition, vested retirement benefits will continue to be partially guaranteed by the Pension Benefit Guaranty Corporation (the "PBGC"). For example, 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 is $35.75 per month times a participant's years of credited service.

POSSIBLE FUTURE BENEFIT REDUCTIONS. No adjustments or reductions in benefits are contemplated at this time. Depending upon the Plan's investment performance in 2019 and beyond, the financial health of the contributing employers, changes in pension law, increases and/or decreases in the Plan's projected assets and benefit obligations, and other factors, it is possible that the Board (as noted above) will need to update the Rehabilitation Plan to require additional increases in employer contributions and/or reductions in future benefit accruals for participants. If the Board determines that reductions in future benefit accruals are necessary as a result of MPRA or otherwise, participants will receive a separate notice in advance of any reductions, that will identify and explain the effect of those additional reductions, as applicable.

LOOKING AHEAD. The Board is continuously working to develop ways to secure participants' and beneficiaries' benefits well into the future. As a result of the PPA and MPRA, bargaining parties are being asked to work together to improve the funded status of the Plan going forward. Since 2011, as noted above, employers have significantly increased their contributions and participants and beneficiaries have had certain benefits reduced or eliminated. The Trustees may be required to impose similar contribution increases and benefit reductions in the future. The Board will continue to evaluate the Fund's progress and update the Rehabilitation Plan, as necessary.

WHERE TO GET MORE INFORMATION. For more information about this Notice, you may contact the Board of Trustees, Dairy Industry-Union Pension Fund for Philadelphia & Vicinity, PO Box 99 Pennsauken, NJ 08109 or by calling (833) 925-5585. You will have a right to receive a copy of the Rehabilitation Plan when it is completed.

Date: April 29, 2020

cc. United States Department of Labor; Pension Benefit Guaranty Corporation