

**ANNUAL FUNDING NOTICE**  
**For**  
**BAKERY AND CONFECTIONERY UNION AND INDUSTRY**  
**INTERNATIONAL PENSION FUND**

**April 27, 2012**

This notice includes important funding information about your pension plan (“the Plan”). This notice is for the Plan Year beginning January 1, 2011 and ending December 31, 2011 (referred to hereafter as “2011 Plan Year”).

In addition, as required by federal law, this notice provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency.

**Funded Percentage**

The funded percentage of a plan is a measure of how well that plan is funded. 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 2011 Plan Year and 2 preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2011 Plan Year	2010 Plan Year	2009 Plan Year
Valuation Date	January 1, 2011	January 1, 2010	January 1, 2009
Funded percentage	83.61%	86.51%	76.25%
Value of Assets	\$5,783,782,342	\$5,912,204,401	\$5,266,301,959
Value of Liabilities	\$6,917,940,932	\$6,834,403,548	\$6,906,736,994

**Fair Market Value of Assets**

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, 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 for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2011, the fair market value of the Plan’s assets was \$4,356,857,832. (This is a preliminary number subject to audit). As of December 31, 2010, the fair market value of the Plan’s assets was \$4,844,447,295. As of December 31, 2009, the fair market value of the Plan’s assets was \$4,563,987,116.

**Participant Information**

The total number of participants in the plan as of the Plan’s valuation date was 116,708. Of this number, 32,449 were active participants, 54,470 were retired or separated from service and receiving benefits, and 29,789 were retired or separated from service and entitled to future benefits.

## **Funding & Investment Policies**

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The Plan is funded by contributions made by employers pursuant to collective bargaining agreements with the unions that represent the plan's participants. The funding policy of the Plan is to provide benefits to participants at levels that are expected (based upon reasonable actuarial assumptions) to be sustained from the assets of the Plan, expected income from the investment of those assets, and future employer contributions.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made 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 various types or categories of investment management decisions. In brief summary, the investment policy of the Plan is to maximize investment returns within prudent levels of risk through portfolio diversification across different classes of assets and a variety of asset management styles. With the assistance of an Investment Consultant, the Trustees, acting through an Investment Committee comprised of two Union trustees and two Employer trustees, select professional Investment Managers and/or commingled funds and allocate the assets of the Plan to seek to achieve the stated investment objectives and to control risk. The Trustees establish reasonable guidelines for each asset class and investment account, specifying acceptable and/or prohibited investments, limits on asset and asset class exposures, risk constraints and investment return objectives. The Trustees have also adopted benchmarks for each Manager and each asset class and regularly monitor the performance of each Manager and each commingled fund, as well as their compliance with the Investment Policy.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the 2011 Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	<u>06.28%</u>
2. U.S. government securities	<u>05.48%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	<u>00.00%</u>
All other	<u>07.29%</u>
4. Corporate stocks (other than employer securities):	
Preferred	<u>00.00%</u>
Common	<u>40.93%</u>
5. Partnership/joint venture interests	<u>05.24%</u>
6. Real estate (other than employer real property)	<u>05.36%</u>
7. Value of interest in common/collective trusts	<u>15.14%</u>
8. Value of interest in 103-12 investment entities	<u>01.40%</u>
9. Value of interest in registered investment companies (e.g., mutual funds)	<u>00.44%</u>
10. Other	<u>12.44%</u>

### **Critical or Endangered 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). 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 not in endangered nor critical status in the 2011 Plan Year.

### **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 (i.e., Form 5500) containing 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. Or you may obtain a copy of the Plan’s annual report by making a written request to the plan administrator. The Annual report for the 2011 Plan Year will not be available until mid-October of 2012.

### **Summary of Rules Governing Plans in Reorganization and 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 law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless 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 the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan’s available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, 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 notification of the insolvency 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 as a result of the insolvency, 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 vested benefits are guaranteed. 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 \$500, 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 ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 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 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 pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, 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.

## **Where to Get More Information**

For more information about this notice, you may contact the:

Plan Administrator:  
B&C Union and Industry International Pension Fund  
10401 Connecticut Avenue, Suite 320, Kensington, MD 20895-3960  
(301)468-3742

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6118572. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).