



IMPORTANT NOTICE OF CHANGES TO YOUR PENSION BENEFITS IN THE SOUND RETIREMENT TRUST

July 28, 2016

THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT BENEFIT CHANGES FOR PARTICIPANTS IN THE SOUND RETIREMENT TRUST (“TRUST”) WHO HAVE NOT BEGUN RECEIVING PENSION BENEFITS FROM THE TRUST BY OCTOBER 1, 2016. PLEASE KEEP THIS NOTICE WITH YOUR SUMMARY PLAN DESCRIPTION.

If you stopped working in Covered Employment and began receiving pension benefits before October 1, 2016, your benefits are not affected by the changes described in this Notice.

Because these changes can impact your retirement planning, please read this Notice carefully. Please contact the Trust Office if you have any questions.

In December 2010, the Trustees were required by federal law to adopt a plan to improve the overall funding of the Trust. This plan is called a Rehabilitation Plan. Since then, the Trustees have updated the Rehabilitation Plan, which is also required by federal law. This Notice describes the benefit changes included in the most recently updated Rehabilitation Plan, which was adopted by the Trustees on June 22, 2016. This version reflects the changes to your pension benefits recently agreed to by the major collective bargaining parties to the Trust. These changes are in addition to employer contribution increases that were also agreed to as part of the collective bargaining agreement.

The first two benefit changes (Section A) are effective October 1, 2016 for all participants. The other benefit changes (Section B) generally are effective the first of the month after the new Rehabilitation Plan is adopted by your employer, or the effective date of the collective bargaining or other agreement that applies to you (whichever is later) but no earlier than retirements occurring on or after January 1, 2017.

These new rules modify the number of hours of service you need to earn a year of Credited Service that applies toward benefit eligibility and vesting, limit the ability of participants not actively working to receive benefits before age 65, change the ability of participants to receive partially subsidized early retirement benefits and reduce benefits available if you become disabled.

A. Benefit Changes for all Participants Effective October 1, 2016

Service Requirements. You must earn Credited Service to qualify for a pension benefit under the Trust. Your Credited Service is used to determine your benefit eligibility and whether you are vested in your benefits. The following are changes to the hours requirements for determining your Credited Future Service, which could affect your eligibility for a future benefit and becoming vested in benefits under the Trust.

1. Credited Future Service

Current Rule: You earn one year of Credited Future Service for each Plan Year you work **500** or more hours in Covered Employment. The Plan Year runs from October 1st through September 30th each year. Former participants in the Drug Trust earn partial years of Credited Future Service for each Plan Year in which they work at least 90 hours in Covered Employment.

New Rule: Effective October 1, 2016, you will earn one year of Credited Future Service for each Plan Year you work **750** or more hours of Covered Employment. This rule applies to all Sound Trust participants, including former Drug Trust and Washington Meat Trust participants.

2. One-Year Break-in-Service

You are 100% vested in your pension benefit if you have 5 or more years of Credited Future Service and/or Credited Past Service (collectively “Credited Service”) provided you have at least 1 year of Credited Future Service. If you stop working for a contributing Employer before you are vested, you may lose all of your Credited Service and accrued benefits. This happens if you have five consecutive one-year breaks-in-service.

Current Rule: You have a one-year break-in-service at the end of any Plan Year in which you do not complete at least **435** hours of service in Covered Employment. If you earned a portion of your benefit before October 1, 2008 under the former Drug Trust, the 435-hour threshold is reduced to 90 hours.

New Rule: Effective October 1, 2016, you have a one-year break-in-service at the end of any Plan Year in which you do not complete more than **500** hours of service in a Plan Year. This rule applies to all Sound Trust participants, including former Drug Trust and Washington Meat Trust participants.

B. Other Benefit Changes Effective After New Rehabilitation Plan Applies

Except for the rules below under B.6. for disability pensions, the new rules described below do not apply to benefits that you earned under the Washington Meat Trust through June 30, 2014.

1. Cost-of-Living Adjustment for Pre-August 31, 2003 Accruals

Current Rule: You were entitled to a Cost-of-Living Adjustment (“COLA”) on your benefits earned under this Trust prior to September 1, 2003, unless:

- You were classified as terminated vested participant under the 2010 Rehabilitation Plan; or
- You became a terminated vested participant after October 1, 2009, unless you began payment of your benefit no later than September 1, 2013.

Starting in 2003, there was no longer any COLA for benefits earned on and after September 1, 2003.

New Rule: Effective upon the date that the 2016 Rehabilitation Plan applies to you, the remaining COLA for your benefits earned prior to September 1, 2003 is eliminated unless you begin to receive payment of your pension benefits before January 1, 2017.

2. Early Retirement Changes

The Trust’s normal retirement age is 65, but if you are vested in your retirement benefit, you may elect to retire as early as age 55. If you choose to begin your payments before your normal retirement date, the early retirement pension you will receive will be a reduced monthly benefit payment because your benefit is expected to be paid for a longer period of time.

Current Rule:

There are currently three types of early retirement pensions available under the Trust: a Modified Reduced Pension, a Standard Reduced Pension, and a 55/30 Partly Reduced Pension.

The “Modified Reduced Pension” is not a subsidized benefit. The early retirement factors used to calculate this pension are based on you starting to receive the benefit at an early age that has an equivalent value to the pension you would receive at normal retirement. As a result, the reductions in the Modified Reduced Pension are larger. For ages 64 – 60, your benefit is reduced by 8% per year (2/3 of 1% per month) and for ages < 60, your benefit is reduced by 5% per year (5/12 of 1% per month).

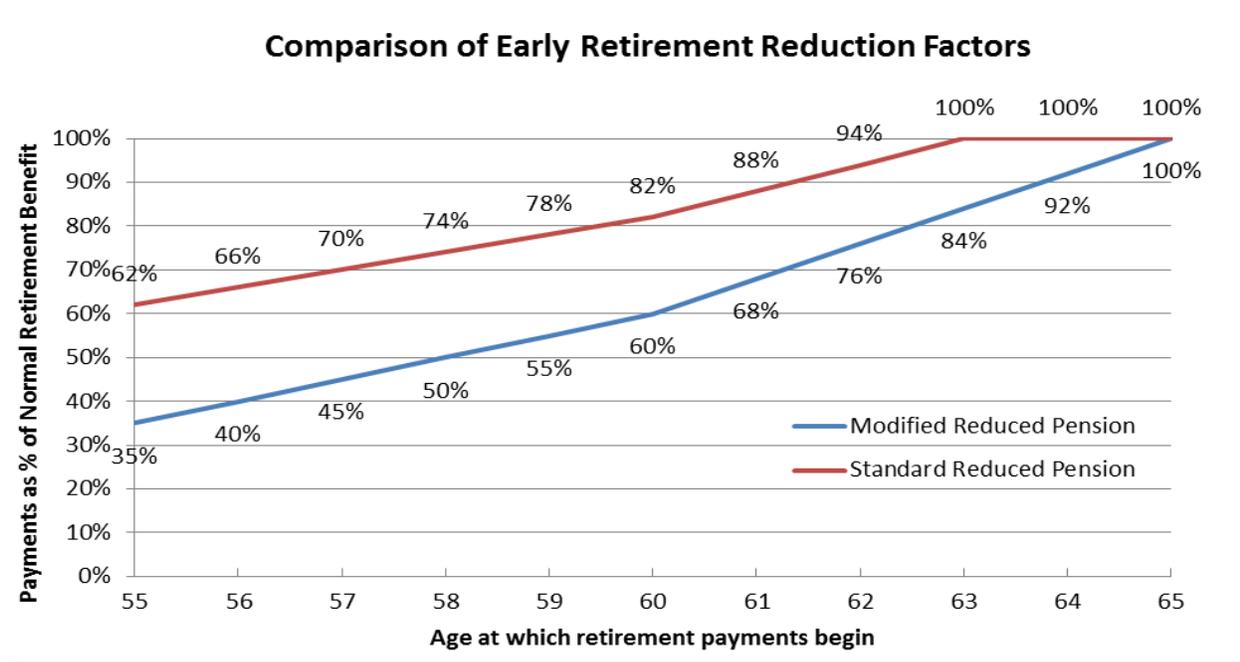
The “Standard Reduced Pension” is a subsidized benefit, meaning that while the benefit is reduced based on your age, it is not reduced as much as the Modified Reduced Pension. For ages 62, 61 and 60, your benefit is reduced by 6% per year (1/2 of 1% per month) and for ages < 60, your benefit is reduced by 4% per year (1/3 of 1% per month).

The “55/30 Partly Reduced Pension” is referred to as a “partly” reduced pension because benefits earned before September 1, 2003 are not reduced at all. Your benefit earned on and after September 1, 2003 is reduced based on your age, but it is reduced using the same factors as the Standard Reduced Pension, which do not reduce your benefit as much as they would if they were to fully account for the early retirement. Starting in 2003, the 55/30 Partly Reduced Pension no longer applied for benefits earned on and after September 1, 2003.

For each of these early retirement benefits, you need at least one year of Credited Future Service and at least 5 years of Credited Service. To qualify for the Standard Reduced Pension, you also need 2 or more consecutive years of Credited Service if the most recent break-in-service occurs after October 1, 2009. To qualify for the 55/30 Partly Reduced Pension on benefits earned prior to September 1, 2003, you also need at least 30 Years of Credited Service (without a permanent break-in-service).

Because the rules have been changed over the years, a portion of your benefit may be payable using the Standard Reduced Pension reduction factors and a portion using the Modified Reduced Pension reduction factors. No reductions apply to the portion of your benefit earned prior to September 1, 2003 if you qualify for the 55/30 Partly Reduced Pension.

The graph below compares the reduction factors for a Standard Reduced Pension and a Modified Reduced Pension. The percentages shown are based on ages at whole years.



New Rule:

Effective upon the date the 2016 Rehabilitation Plan applies to you, there will now only be two early retirement pensions available under the Trust: the Standard Reduced Pension and the Modified Reduced Pension. The remaining 55/30 Partly Reduced Pension, which applied only for benefits earned before September 1, 2003, also will be eliminated as described in section 4. below.

- a. Effective upon the date the 2016 Rehabilitation Plan applies to you, if you start receiving your benefits on or after January 1, 2017, you will be eligible for a **Standard Reduced Pension** if you:
 - Have no break-in-service after October 1, 2016.
 - Or, if you have a break-in-service or you have worked less than 750 covered hours in a Plan Year after October 1, 2016, you then must earn at least 5 consecutive years of Credited Service.
- b. Effective upon the date the 2016 Rehabilitation Plan applies to you, if you start receiving your benefits on or after January 1, 2017, you will be eligible for a **Modified Reduced Pension** if you:
 - Had a break-in-service after October 1, 2016 or worked less than 750 covered hours in a Plan Year, but then returned to covered employment and earned at least 750 covered hours of service during the Plan Year prior to your retirement date or the Plan Year in which you retire.
- c. Effective upon the date the 2016 Rehabilitation Plan applies to you, you will not be eligible to retire early if you have not worked at least 750 covered hours of service during the Plan Year prior to your retirement date, or in the Plan Year you retire. Instead, you will be considered a terminated vested participant and you can only retire at normal retirement age which is age 65.

If you are already a terminated vested participant as of September 30, 2016, this rule becomes effective **October 1, 2016**.

3. Restoration of Early Retirement Eligibility at Reduced Rates

If you are a terminated vested participant who is not eligible to retire early because you did not work at least 750 covered hours of service, but you later earn one year of Credited Service (750 hours), you again can become eligible for a Modified Reduced Pension for the accrued benefits you earned before you became a terminated vested participant. The benefits you earn after

returning to work are eligible for a Standard Reduced Pension that is partially subsidized. If you then fail to work at least 750 covered hours of service in a future Plan Year, early retirement eligibility would be lost on all benefits because you would again become a terminated vested participant.

Example:

George earned a monthly benefit payable at age 65 of \$350 when he quit during the Plan Year beginning in 2017 (“2017 Plan Year”). George only worked 600 hours during each of the 2016 and 2017 Plan Years. George would be considered a terminated vested participant for purposes of his retirement eligibility. He must wait until he reaches age 65 to be able to start receiving his \$350 benefit.

Later, George returns to active service and works 750 hours in the 2019 Plan Year and accrues \$10 in additional benefits. During the 2020 Plan Year, George turns 60 and wants to retire. Since he had at least 750 hours in the 2019 Plan Year, he will be able to retire early in the 2020 Plan Year with a Modified Reduced Pension on his \$350 benefit and with a Standard Reduced Pension on the \$10 he earned after he returned to work. His early retirement monthly benefit would be \$218.20 (60% of \$350, plus 82% of \$10).

4. 55/30 Partly Reduced Pension

Current Benefit Reduction:

Your 55/30 Partly Reduced Pension is equal to: (a) the regular pension benefit you earned before September 1, 2003 (no reduction), plus (b) the regular pension benefit you earned on and after September 1, 2003, reduced by 1/2 of 1% for each month you are younger than 63 (but not younger than 60), and 1/3 of 1% for each month you are younger than age 60. At age 63 or older, there is no reduction.

New Benefit Reduction:

Effective upon the date the 2016 Rehabilitation Plan applies to you, if you start receiving your benefits on or after January 1, 2017, the 55/30 Partly Reduced Pension is no longer available to you. Your entire benefit, including the portion of your benefit earned before September 1, 2003, will be reduced based on the Standard Reduced Pension factors and/or the Modified Reduced Factors (as described previously in sections B.2. and B.3.). There still is no reduction at age 63 or older if you are active in the Plan at the time of your retirement and work at least 750 covered hours in the Plan Year prior to your retirement date or during the Plan Year of your retirement.

Example:

Pat has 30 years of service without any break-in-service and has accrued a monthly benefit of \$1,100 payable at age 65. She is age 55 on December 1, 2016. \$600 of Pat's \$1,100 benefit was earned before September 1, 2003.

If Pat retires on December 1, 2016, her monthly benefit payable as a 55/30 Partly Reduced Pension at age 55 is \$910.00 (100% of \$600, plus 62% of \$500).

If Pat decides to retire on January 1, 2017 at age 55 and one month, her monthly benefit payable as a Standard Reduced Pension would now be \$685.30 (62.3% of \$600, plus 62.3% of \$500).

5. Restoration of Early Retirement Eligibility and More Favorable Standard Reduced Pension Factors

Current Rule:

Currently, if you lost eligibility for the more favorable Standard Reduced Pension as a result of a break-in-service, so are a terminated vested participant, you can earn eligibility for the Standard Reduced Pension back by returning to active employment and completing at least two consecutive years of Credited Service (years with 500 or more hours) following your most recent break-in-service.

New Rule:

Effective upon the date the 2016 Rehabilitation Plan applies to you, you must now complete five or more consecutive years of Credited Service (years with 750 or more hours) following your most recent break-in-service or year that you worked less than 750 covered hours before retiring in order to have your early retirement benefits determined using more favorable Standard Reduced Pension factors for your entire benefit.

If you return to active employment following your most recent break-in-service and earn Credited Service but you earn less than 5 years of 750 hours per year, you will be able to early retire but your pension will be determined using the less favorable Modified Reduced Pension factors on the benefits you earned prior to this break and the more favorable Standard Reduced Pension Factors on the benefits you earned after this break.

If you are already a terminated vested participant as of September 30, 2016, this rule becomes effective **October 1, 2016**.

Example:

Maria terminates employment prior to reaching retirement having earned a monthly benefit of \$1,000 payable at age 65. If she does not return to active employment, then she would not be eligible for early retirement and would become a terminated vested participant. If she returns to work and earns one year of Credited Service, she would again become eligible for early retirement. If she earned \$10 in that year since returning she would be eligible for a Modified Reduced Pension on the \$1,000 and a Standard Reduced Pension on the \$10. If she continues to work for four more years, so has five consecutive Plan Years, she becomes eligible for a Standard Reduced Pension on the full \$1,000 and on whatever she has earned since returning to work.

The tables below compare the difference in monthly early retirement benefits based on returning to work for one year versus five consecutive years:

Return to work for one year:

For retirement age	Benefit earned before returning to work	Modified Reduced Pension factor	Monthly benefit from benefits earned before return to work	Monthly benefit from benefits earned after return to work	Total Monthly Benefit
55	\$1,000	35%	\$350	\$6.20 (\$10 x 62%)	\$356.20
60	\$1,000	60%	\$600	\$8.20 (\$10 x 82%)	\$608.20

Return to work for five consecutive years:

For retirement age	Benefit earned before returning to work	Standard Reduced Pension factor	Monthly benefit from benefits earned before return to work	Monthly benefit from benefits earned after return to work	Total Monthly Benefit
55	\$1,000	62%	\$620	\$31 (\$50 x 62%)	\$651
60	\$1,000	82%	\$820	\$41 (\$50 x 82%)	\$861

6. Early Retirement Reductions for Disability Pensions

Current Rule:

If you are eligible for a disability pension, the amount of your disability pension is determined in the same way as your regular pension, without any reduction for your age, even if you become disabled before your normal retirement date.

New Rule:

Effective upon the date the 2016 Rehabilitation Plan applies to you, but in no event earlier than for disability onset dates occurring on or after January 1, 2017, the base amount of your disability pension will equal your regular pension, but will be reduced based on your age. The reductions will be 6% per year for the first 3 years that you are younger than 63, 4% per year from age 60 to age 47 until the reduction reaches 70%, and if you are younger than age 47, a 70% total reduction to your disability pension will apply. You still will be able to receive a disability pension before your normal retirement date. This new rule also applies to benefits you earned under the Washington Meat Trust prior to July 1, 2014, if any.

Example:

Jim has earned a regular pension benefit of \$1,200 per month payable at age 65. Jim retires on October 1, 2018, at age 55, on a disability pension. Because Jim retired at age 55 with a disability pension benefit, his monthly payment will be adjusted as follows.

For ages...	Jim's reduction is calculated as...	For a reduction of...
60 to 63	3 years x 6% per year	18%
55 to 60	5 years x 4% per month	20%
Jim's reduction at age 55 =		38%

Jim's monthly disability benefit at age 55 equals \$744 (\$1,200 x 62% (38% reduction)).

RIGHTS AND REMEDIES OF PARTICIPANTS

This notice is intended to satisfy the requirements of Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) which is a federal law requiring pension plans to notify you of any future reductions in your benefits. This Notice also serves as a summary of material modifications to the Plan’s Summary Plan Description.

As a participant, you are entitled to certain rights and protections under ERISA. ERISA provides that all participants have certain rights, including the right to:

- Examine, without charge, at the Administrative Office all documents governing the Plan. These include the Rehabilitation Plan/schedules, notices issued in connection with the Rehabilitation Plan, the Plan document and Summary Plan Description (SPD), the Annual Funding Notice, periodic actuarial reports and other financial information and summaries, collective bargaining agreements, and a copy of the latest annual report (Form 5500) filed by the Plan with the U.S. Department of Labor. The Form 5500 is also available at the Public Disclosure Room of the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor 200 Constitution Avenue, NW, Suite N-1513, Washington, DC 20210, 202.693.8673, or on-line at www.efast.dol.gov.
- Obtain, upon written request to the Board of Trustees (Board), copies of documents noted above. There may be a reasonable charge for copies.
- Receive the Annual Funding Notice. This Notice provides information regarding the Plan’s funding levels, assets and liabilities, number of participants and a description of the benefits eligible to be guaranteed by the PBGC and an explanation of the limits on the PBGC guarantee and other information.
- Obtain at no charge a statement telling you whether you have a right to receive a pension at normal retirement age and if so, an estimate of benefits at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will provide an explanation as to the determination. A written request for a statement must be made and the Plan need only provide one statement every 12 months.

Questions: The Trust’s address is: 201 Queen Anne Avenue North, Suite 100, Seattle, Washington 98109-4896. If you have any questions about this notice or want further information about these rules, please contact the Trust Office at 206.282.4500 or 800.225.7620, option 2 then option 3.