



IMPORTANT NOTICE OF CHANGES TO YOUR SOUND RETIREMENT TRUST PENSION BENEFITS

MAY 20, 2013

THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT RETIREMENT BENEFIT CHANGES FOR PARTICIPANTS AND BENEFICIARIES IN THE SOUND RETIREMENT TRUST (fka “RETAIL CLERKS PENSION TRUST”) (“PLAN”) WHO DID NOT BEGIN RECEIVING RETIREMENT BENEFITS ON OR BEFORE DECEMBER 1, 2010.

If you stopped working in Covered Employment and began receiving retirement benefits on or before December 1, 2010, your benefits are not affected by the changes described in this Notice.

KEY CHANGES

- Changes have been made to the formula for determining monthly payments if you stop working for a year or more and then retire early (between the ages of 55 and 65) that may reduce your monthly retirement payments. (See section entitled, “Early Retirement Subsidies for Terminated Vested Participants” on p. 2)
- The cost-of-living adjustment (“COLA”) for benefits earned before September 1, 2003 has been eliminated if you stop working for a year or more in Covered Employment at any time after October 1, 2009. (See section entitled, “Elimination of Cost-of-Living Adjustments for Terminated Vested Participants” on p. 5)
- You can restore your original early retirement benefits (but not the COLA) by returning to Covered Employment for a period of two years. (See section entitled, “Restoration of Early Retirement Subsidy for Former Terminated Vested Participants” on p. 5)
- Participants who, as of December 16, 2010, were at least age 54 and had 30 years or more of service are eligible to restore their early retirement subsidy without returning to Covered Employment. To take advantage of this opportunity, your retirement application must be received by September 30, 2013 and your retirement must be effective before or on September 1, 2013. (See section entitled, “Special Retirement Window for Certain Terminated Vested Participants with 30 Years of Credited Service as of December 16, 2010” on p. 7)

WHY ADDITIONAL REHABILITATION PLAN CHANGES?

In December 2010, the Trustees were required by federal law to adopt a “Rehabilitation Plan” to address the Plan’s “critical” funded status.

The 2010 Rehabilitation Plan called for increases in employer contributions, reductions in early retirement subsidies, and elimination of cost-of-living adjustments (“COLAs”) for certain participants. Those changes were described in the “Important Notice of Plan Changes” dated December 16, 2010, available on the Trust website.

You received a notice on January 28, 2013 that the Plan continues to be in critical funded status. Federal law requires the Trustees to review the Rehabilitation Plan annually, and update it as needed.

This Notice describes additional changes.

These changes are described in further detail below. If after reading through this Notice you have any questions about how your benefits may be affected, please contact the Trust Office at 206.282.4500 or 800.225.7620.

EARLY RETIREMENT SUBSIDIES FOR TERMINATED VESTED PARTICIPANTS

The Plan'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, however, you will receive a reduced monthly benefit payment.

CURRENT eligibility for early retirement subsidies

There are three early retirement pensions available under the Plan. Your eligibility depends on your age and service when you retire, and whether you are a former Drug Plan participant. It also depends on whether you were considered an active participant under the 2010 Rehabilitation Plan. You were considered to be an active participant under the 2010 Rehabilitation Plan if you earned 435 or more hours in **Covered Employment** in the **Plan Year** that began in 2009 or you worked in Covered Employment between October 1, 2010 and December 16, 2010, and you did not retire by December 1, 2010.

If you were considered an active participant under the 2010 Rehabilitation Plan and you retire before age 65, you are eligible for either a Standard Reduced Pension or a 55/30 Partly Reduced Pension.

STANDARD REDUCED PENSION	55/30 PARTLY REDUCED PENSION
<i>If you are considered an active participant under the 2010 Rehabilitation Plan and you:</i>	
<ul style="list-style-type: none"> ▪ Retire before age 65, and ▪ Have fewer than 30 years of service 	<ul style="list-style-type: none"> ▪ Are not a former Drug Plan participant, ▪ Retire on or after age 55, and ▪ Have 30 or more years of service
<i>Your early retirement benefit is calculated as follows:</i>	
Your retirement benefit is reduced by ½ of 1% for each month you are at least age 60 but younger than age 63, and 1/3 of 1% for each month you are younger than age 60.	The part of your benefit you earned before September 1, 2003 is not reduced. Benefits earned on or after September 1, 2003 are reduced by ½ of 1% for each month you are at least age 60 but younger than age 63, and 1/3 of 1% for each month you are younger than age 60.

If you were not considered to be an active participant under the 2010 Rehabilitation Plan, your monthly early retirement benefits were reduced by the Rehabilitation Plan implemented December of 2010. Instead of a Standard Reduced Pension or a 55/30 Partly Reduced Pension, you are eligible only for a Modified Reduced Pension, as described below:

IMPORTANT TERMS

Covered Employment.

Employment with an employer that contributes to the Plan, or for which employer contributions are required to the Plan subject to a collective bargaining agreement, as further described in your Summary Plan Description.

One-Year Break in Service. You incur a One-Year Break in Service at the end of any Plan Year in which you fail to 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 Plan, the 435-hour threshold is reduced to 90 hours.

Plan Year. Each Plan Year begins October 1 and ends September 30.

Vested. You become vested in your Plan benefit once you complete five (5) years of service. You earn a year of service in each Plan Year that you complete at least 500 hours of service in Covered Employment.

Active Participant. You were considered to be an active participant under the 2010 Rehabilitation Plan if you didn't have a One-Year Break in Service in the Plan Year that began in 2009, or you worked in Covered Employment between October 1, 2010 and December 16, 2010, and you did not retire by December 1, 2010.

MODIFIED REDUCED PENSION

If you are NOT considered an active participant under the 2010 Rehabilitation Plan and you:

Retire before age 65

Your early retirement benefit is calculated as follows:

Your retirement benefit is reduced by 2/3 of 1% for each month you are at least age 60 but younger than age 65, and 5/12 of 1% for each month you are younger than age 60.

NEW eligibility rules for early retirement subsidies on or after October 1, 2013

The Modified Reduced Pension is being extended to a broader group of participants effective October 1, 2013.

Beginning October 1, 2013, benefits you earn before you incur a **One-Year Break in Service** will be paid as a Modified Reduced Pension if you are currently or you later become a **Terminated Vested Participant**, unless:

- You begin your early retirement benefit payments no later than September 1, 2013, or
- You return to Covered Employment and earn 500 hours in Covered Employment in each of two (2) consecutive Plan Years. (See section entitled “Restoration of Early Retirement Subsidy for Former Terminated Vested Participants” below)

Terminated Vested Participant.

For purposes of this Notice, you are a Terminated Vested Participant if, after October 1, 2009, while vested in your Plan benefit and before beginning benefit payments, you incur at least one One-Year Break in Service.

The chart below reflects the rules for all participants with early retirement effective dates on and after October 1, 2013.

STANDARD REDUCED PENSION	55/30 PARTLY REDUCED PENSION	MODIFIED REDUCED PENSION
<i>If on your early retirement effective date, you:</i>		
Are <u>not</u> a Terminated Vested Participant or have earned 500 hours in Covered Employment in two consecutive Plan Years since last becoming a Terminated Vested Participant	▪ Are <u>not</u> a Terminated Vested Participant or have earned 500 hours in Covered Employment in two consecutive Plan Years since last becoming a Terminated Vested Participant	▪ <u>Are</u> a Terminated Vested Participant
<i>And you:</i>		
<ul style="list-style-type: none"> ▪ Have fewer than 30 years of service, or you are a former Drug Plan participant, and ▪ Retire before age 65 	<ul style="list-style-type: none"> ▪ Have 30 years of service or more years of service, ▪ Are <u>not</u> a former Drug Plan participant, and ▪ Retire on or after age 55 	▪ Retire before age 65
<i>Your early retirement benefit is calculated as follows:</i>		
Your retirement benefit is reduced by ½ of 1% for each month you are at least age 60 but younger than age 63, and 1/3 of 1% for each month you are younger than age 60.	The part of your benefit you earned before September 1, 2003 is not reduced. Benefits earned on or after September 1, 2003 are reduced by ½ of 1% for each month you are at least age 60 but younger than age 63, and 1/3 of 1% for each month you are younger than age 60.	Your retirement benefit is reduced by 2/3 of 1% for each month you are at least age 60 but younger than age 65, and 5/12 of 1% for each month you are younger than age 60.

Because the reductions in the Modified Reduced Pension are larger than for the Standard Reduced Pension or the 55/30 Partly Reduced Pension, if you retire while you are a Terminated Vested Participant you will receive a lower monthly early retirement benefit than you would have if you had retired as a Terminated Vested Participant before this 2013 update to the Rehabilitation Plan, unless your early retirement subsidy had already been reduced by the 2010 Rehabilitation Plan.

The amount of the reduction will depend on the difference between the reduction that applies to the early retirement pension you were entitled to receive before you became a Terminated Vested Participant and the reduction percentage that applies for a Modified Reduced Pension.

If you are a Terminated Vested Participant who was formerly eligible for a 55/30 Partly Reduced Pension, the degree of the reduction will vary depending upon how much of your benefit was earned before September 1, 2003. Amounts earned before that date are unreduced at an early retirement date. Amounts earned after that date are reduced if paid at an early retirement date.

Example A illustrates how the reduction may differ depending on how much of the benefit is earned before September 1, 2003. It is only an example, your circumstances may differ.

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

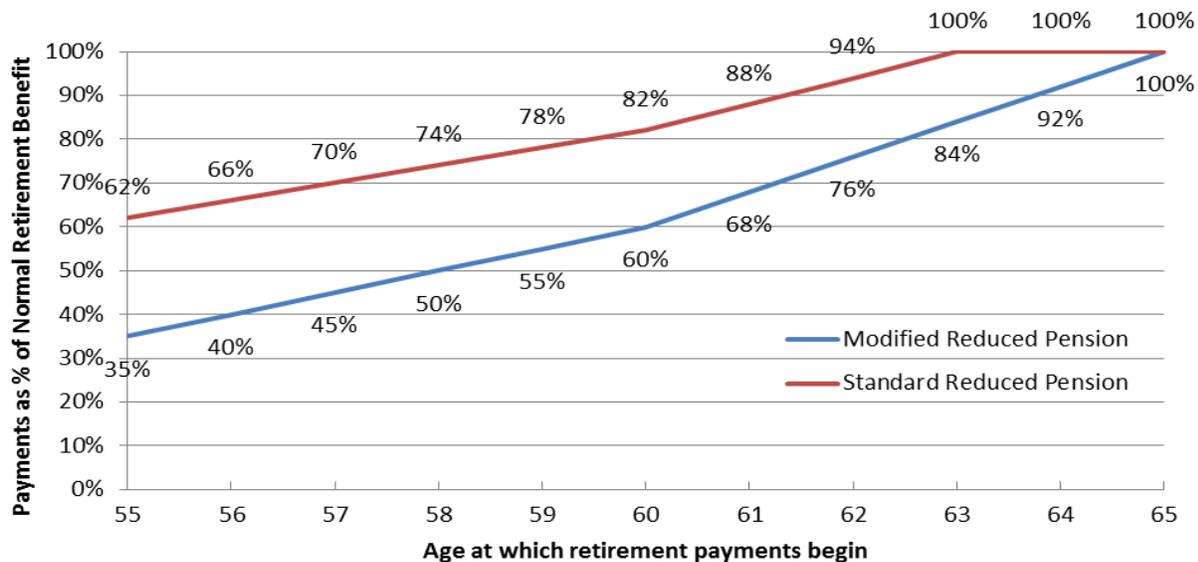
Example A

Pat has 30 years of service and has accrued a monthly benefit of \$1,100 payable at age 65. She retires at age 55 on January 1, 2014 without incurring a One-Year Break in Service.

- If \$600 of Pat’s \$1,100 benefit was earned before September 1, 2003, her benefit payable as a 55/30 Partly Reduced Pension at age 55 is \$910 (100% of: \$600, plus 62% of: \$500).
- If instead of \$600, Pat had earned \$300 of her \$1,100 benefit before September 1, 2003, her monthly benefit payable as a 55/30 Partly Reduced Pension at age 55 would be \$796 (100% of: \$300, plus 62% of \$800).

If Pat retires at 55 while she is a Terminated Vested Participant her monthly benefit at age 55 would be paid as a Modified Reduced Pension and would be \$385 (35% of \$1,100).

Comparison of Early Retirement Reduction Factors



and indicate the percentage of your monthly benefit payable at normal retirement age (65) that is payable at your early retirement date. The actual reduction that would apply to your benefit is based on your age in years and months on your retirement effective date. As you can see in the chart, there is a larger difference between the reduction factors for a Standard Reduced Pension and a Modified Reduced Pension at earlier retirement ages. It becomes smaller at later retirement ages until age 65, when all participants are entitled to 100% of the normal retirement benefit at age 65.

Example B below illustrates the effect of a participant losing eligibility for a Standard Reduced Pension. It is only an example. Your circumstances may differ.

EXAMPLE B – REDUCTION FOR PARTICIPANT RETIRING AFTER SEPTEMBER 30, 2013 FROM TERMINATED VESTED STATUS

John was working in employment covered by the Trust on December 16, 2010 and had accrued a monthly benefit of \$900 payable at his normal retirement date. John quits his job on January 16, 2013 with 25 years of service and works outside of the Plan for two years.

If John retires January 1, 2015 at age 62 while a Terminated Vested Participant he will receive a monthly benefit of \$684 (76% of: \$900). Prior to the terms of the updated Rehabilitation Plan, John's monthly benefit would have been a Standard Reduced Pension of \$846 (94% of: \$900).

ELIMINATION OF COST-OF-LIVING ADJUSTMENTS FOR TERMINATED VESTED PARTICIPANTS

Currently, if you earned benefits prior to September 1, 2003 in the Trust you are entitled to a Cost-of-Living Adjustment (or COLA) on the benefits earned prior to September 1, 2003, unless:

- You are a former Drug Plan participant; or
- You were not classified as an active participant under the 2010 Rehabilitation Plan.

Participants in these groups are not eligible for a COLA.

If you are not in one of these groups, but you become a Terminated Vested Participant after October 1, 2009, you will no longer qualify for a COLA on any pre-September 2003 benefits unless you begin payment of your early retirement benefit no later than September 1, 2013. The COLA is not restored even if you return to Covered Employment and earn additional years of service.

RESTORATION OF EARLY RETIREMENT SUBSIDY FOR FORMER TERMINATED VESTED PARTICIPANTS

Under the updated Rehabilitation Plan, if you are or you become a Terminated Vested Participant, you can restore your eligibility for a Standard Reduced Pension or a 55/30 Partly Reduced Pension. To do so you must:

- Return to Covered Employment, and
- Earn 500 or more hours in Covered Employment in each of two consecutive Plan Years.

To retain your restored eligibility for a Standard Reduced Pension or a 55/30 Partly Reduced Pension (whichever you are eligible to receive) you must begin payment of your early retirement benefit before you incur a subsequent One-Year Break in Service.

If you do incur a One-Year Break in Service you will again become a Terminated Vested Participant and you will once again be eligible only for a Modified Reduced Pension. In other words, the subsidy that had been restored will be lost.

Eligibility for a COLA is not restored by returning to Covered Employment.

The following examples illustrate how a participant can restore eligibility for a Standard Reduced Pension and a 55/30 Partly Reduced Pension by returning to Covered Employment. Your circumstances may be different, so please keep in mind that these are only examples.

EXAMPLE C – ELIGIBILITY FOR A STANDARD REDUCED PENSION

Cheryl was working in Covered Employment on December 16, 2010 and had accrued a monthly benefit of \$900 payable at her normal retirement date. Cheryl quits her job on January 16, 2013 with 25 years of service and works outside of the Plan for two years, incurring two One-Year Breaks in Service. Cheryl returns to service in the Plan in 2015 and earns 500 or more hours in Covered Employment in 2015 and 2016, increasing her monthly benefit by \$100.

- If Cheryl waits to begin retirement payments at age 65, her monthly benefit would be \$1,000 (\$900 plus \$100).
- If Cheryl retires at age 62 after earning 500 or more hours in Covered Employment in each of two consecutive Plan Years, her benefit would be payable as a Standard Reduced Pension with a monthly benefit of \$940 (94% of: \$900 + \$100).
- If instead of retiring directly from Covered Employment, Cheryl quits and incurs a One-Year Break in Service and then retires at age 63, her benefit would be a Modified Reduced Pension of \$840 (84% of: \$900 + \$100).

Regardless, the COLA isn't restored after the One-Year Break in Service that occurred when she terminated and incurred her first One-Year Break in Service.

EXAMPLE D – ELIGIBILITY FOR A 55/30 PARTLY REDUCED PENSION

The facts are the same as in Example C above, but assume \$600 of Cheryl's original \$900 benefit was earned before September 1, 2003 and that she works an additional five (5) years in Covered Employment, increasing her monthly accrued benefit by \$200.

- If Cheryl waits to begin retirement payments at age 65, her monthly benefit would be \$1,100 (\$900+\$200).
- If Cheryl retires at age 62 from before incurring a One-Year Break in Service, because she has 30 years of service and is over age 55, her benefit would be payable as a 55/30 Partly Reduced Pension with a monthly benefit of \$1,070 (100% of: \$600, plus 94% of: \$300 + \$200).
- If instead of beginning her benefit, Cheryl quits and incurs a One-Year Break in Service and then retires, she would be a Terminated Vested Participant and would be eligible for a Modified Reduced Pension at age 63 of \$924 (84% of: \$600 + \$300 + \$200).

Regardless, Cheryl would not receive a COLA since the COLA isn't restored.

SPECIAL RETIREMENT WINDOW FOR CERTAIN TERMINATED VESTED PARTICIPANTS WITH 30 YEARS OF SERVICE AS OF DECEMBER 16, 2010

Currently, all individuals who were not classified as active participants under the 2010 Rehabilitation Plan are eligible for a Modified Reduced Pension only. However, if as of December 16, 2010 you had completed thirty (30) or more years of service and you had reached at least age 54, you can restore eligibility for a Standard Reduced Pension or a 55/30 Partly Reduced Pension without returning to Covered Employment provided you elect to begin your retirement benefits by September 1, 2013.

All of your service earned up to December 16, 2010 (including reciprocity service) will be taken into account in determining whether you completed 30 years of service as of December 16, 2010.

Eligibility for a COLA is not restored.

If you have not yet begun to receive retirement benefits

To restore your eligibility for a Standard Reduced Pension or a 55/30 Partly Reduced Pension without returning to Covered Employment, if you have not yet retired, you must qualify for benefits and submit a retirement application to the Trust Office. You must begin receiving retirement benefits effective on or before September 1, 2013. Your application must be received at the Trust Office by September 30, 2013.

If you do not meet these retirement requirements, you can still restore your eligibility for a Standard Reduced Pension or a 55/30 Partly Reduced Pension by returning to Covered Employment and completing at least 500 hours of service in each of two consecutive Plan Years.

If you began retirement benefit payments on or after January 1, 2011

If you had a retirement effective date as early as January 1, 2011 or as late as May 1, 2013 and satisfied the age and service requirements noted above, your benefit will be restored retroactively to either a Standard Reduced Pension or a 55/30 Partly Reduced Pension, (whichever you were eligible to receive as of December 16, 2010 – or would have been, if you had reached age 55 by that date). In addition, you will receive a single payment based on the cumulative difference between the Modified Reduced Pension payments you've already received since your retirement date and the amount payable under a Standard Reduced Pension or a 55/30 Partly Reduced Pension, as applicable. Your future monthly pension benefits will be paid at the increased amount.

If you began benefit payments on or after January 1, 2011 and are eligible for this restoration benefit, you will receive a separate notice from the Trust Office that specifically describes your benefit calculation.

Your retirement application must be received at the Trust Office by Monday, September 30, 2013 via U.S. mail, express delivery or fax (206-298-3422).



201 Queen Anne Ave. N. # 100
Seattle, Washington 98109

RIGHTS AND REMEDIES FOR PARTICIPANTS AND BENEFICIARIES

This Notice is being provided to you in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974, and Sections 432 and 4980F of the Internal Revenue Code of 1986, as amended. 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 the Employee Retirement Income Security Act of 1974 (ERISA), as amended. 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.
- The Trust's address is: 201 Queen Anne Avenue North, Suite 100, Seattle, Washington 98109-4896. If you have any questions about this Notice, please feel free to contact the Trust Office at 206.282.4500 or 800.225.7620.