

**CO-OP RETIREMENT PLAN
PARTICIPATION SUPPLEMENT**

THIS SUPPLEMENTAL AGREEMENT (the “**Supplement**”) is made and entered into this ____ day of _____, 20__, by and among **Employer** (as that term is defined below) and the Retirement Committee of the Co-op Retirement Plan (the “**Retirement Committee**”), PO Box 169005, Kansas City, Missouri 64116.

WITNESSETH: THAT WHEREAS, Employer has executed a Plan Participation Agreement and now desires to amend that Agreement by making the Accrual Percentage and Participant Contribution Rate elections below, as permitted by Plan Subsection 3.1(g).

NOW, THEREFORE, the Plan’s Retirement Committee and Employer agree that Employer will continue as a Participating Employer in the Plan pursuant to the provisions of the Agreement, except as modified by this Supplement:

1. “**Employer**” shall be:

Name and City of organization: _____

Federal EIN: _____

2. Employer hereby elects the following percentage at which its employed Participants shall accrue a benefit and the rate at which such Participants shall make Participant contributions, pursuant to the provisions of Plan Subsections 5.1(a) and 6.1(a), respectively. **In the event Employer fails to make any election below, Employer shall be deemed to have elected a 1.25% Accrual Percentage and 2% Participant Contribution Rate.**

| <u>Accrual Percentage</u> | <u>Participant Contribution Rate</u> |
|---------------------------|--------------------------------------|
| _____ 1.25 | _____ 0% |
| _____ 1.50 | _____ 1% |
| _____ 1.75 | _____ 2% |
| | _____ 3% |
| | _____ 4% |
| | _____ 5% |

3. This Supplement is effective as of July 1, 2009, and shall remain in full force and effect until: (a) UBG terminates the Plan; (b) Employer withdraws from the Plan, voluntarily or otherwise, as provided in the Plan; or (c) Employer executes a Plan Participation Agreement or Participation Supplement that supersedes this Supplement.

IN WITNESS WHEREOF Employer has caused this Supplement to be signed by its respective general manager, CEO, or other duly authorized officer on the day and year first written above.

EMPLOYER, as defined above

By: _____

Print Name: _____

Title: _____

This Supplement is hereby approved and consented to by the Retirement Committee as of the ____ day of _____, 20__.

**RETIREMENT COMMITTEE OF THE CO-OP
RETIREMENT PLAN**

For the Committee

Keith R. Vickers

CO-OP RETIREMENT PLAN FUNDING ANNOUNCEMENT

April 1, 2009

The Co-op Retirement Plan Committee met on April 1st to set the new funding rates for the Plan-year beginning April 1, 2009. As you may be aware, March 31 is the fiscal year-end of the Plan and the date on which the actuaries must compare the Plan's assets with its benefit liabilities. As you are also aware, this has been a very difficult year in the financial markets. The highly-diversified investment portfolio of the Co-op Retirement Plan held up admirably during the last twelve months, losing an estimated 22% while the S&P 500 stock index lost nearly 40%. Still, a loss of 22% is significant for any pension plan and it inevitably leads to higher required contributions. Accordingly, the Committee has voted to raise the total funding contribution rate for a 1.25% Benefit Accrual Rate from the current level of 11% of payroll to a new level of 15% of payroll, effective July 1, 2009. *Important note: The total funding contribution is the sum of the employer contribution rate and the employee contribution rate. For example, the total contribution rate has been 11% for about the last two years. Of this 11%, the employer pays 8% of payroll and the employee pays 3% of payroll. As you will see below, the Retirement Committee has voted to allow employers to share the cost increase with employees by temporarily authorizing higher employee contribution rates. **The total funding contribution rate does not include the 0.6% administrative contribution.***

In setting the new contribution rate, the Retirement Committee's primary role is to keep the Plan adequately funded so that the promises made to participants and their beneficiaries can be kept. The Retirement Committee also recognizes, however, the hardship that higher contribution levels place on employers who are facing extraordinary increases in all of their operating expenses, as well. One of the primary objectives of the Committee is to avoid incurring a future spike in required contributions that would not be sustainable. The agreed-upon rate of 15% of payroll represents the lowest rate, in the Committee's judgment, at which the Plan can maintain a suitable level of funding and reduce the possibility of unacceptable spikes in the "minimum required contribution rate" in the next several years... even if markets normalize. While the Committee is hopeful that additional increases in the total contribution rate will not be necessary, it is important to point out that further deterioration in the financial markets could lead to higher contribution rates in the future.

CONTENTS OF THIS PACKET:

1. Co-op Retirement Plan Funding Announcement letter
2. New Cost Chart for the Employer Rate-Choice Program
3. A Participation Supplement (the Employer Rate-Choice Program Election Form)
4. A Report and Summary of the 2009 Co-op Retirement Plan Winter Meetings

YOUR ORGANIZATION WILL BE ASKED TO MAKE A NEW ELECTION FOR THE "EMPLOYER RATE-CHOICE PROGRAM"

During the period from August to November, 2008 your organization made an election under the new "Employer Rate-Choice Program." This is the program that gives employers a choice as to the benefit accrual rate and employee contribution rate they prefer for their employee group. These elections were scheduled to go into effect on January 1, 2009 but as we approached the end of 2008 we notified you that the Committee had voted to temporarily suspend the implementation of the program due to the extreme market volatility then being experienced. We also informed you that Participating Employers would have an opportunity to change their election should the Plan become more expensive after March 31 because it was not considered fair to bind a group to its election if the formerly-advertised cost could not be sustained. Now that the Committee has taken action to increase the total contribution rate of the plan due to the drop in asset values, all groups will now have an opportunity to make a new election.

Enclosed in this packet is a Participation Supplement form on which you may make your new election. This form may be signed by the General Manager/CEO or any other authorized officer of the company. You must return the form no later than June 1, 2009, so timely action is advisable.

The new Participation Agreement your organization signed last Fall is still effective (which is why a new one is not included in this packet) but the rate-choice elections of all groups have been voided. Therefore, you must complete and return the new Participation Supplement election form even if you wish to make an identical election to that of last Fall.

If the election form is not returned the default election will be a 1.25% benefit accrual rate coupled with a 2.0% employee contribution rate. Based on the 15% contribution rate, the employer would pay 13% and the employee would pay 2%. **If the employer wants to share the cost in a different manner, it must make an election to do so.**

NEW OPTIONS FOR EMPLOYEE CONTRIBUTION RATES

Those who attended the Winter Meetings know that the Retirement Committee was asked to consider a temporary expansion of the options available for employee contribution rates in order to relieve employers from the total burden of the increased funding rates.

Consequently, the Retirement Committee has approved six different options for employee contribution rates, namely 0%, 1%, 2%, 3%, 4%, and 5%. This wide array of choices was not offered in the original election period last Fall due to concerns over the “Minimum Benefit Rule,” a federal regulation that forces pension plans to give extra benefits to participants who “buy” more than half of their formula benefit with their own contributions. The Plan would normally avoid issues with the Minimum Benefit Rule by only offering those employee-contribution-rate-choices that would not cause the Rule to be tripped. However, given these extraordinary times the Committee decided to take a new look at the matter. After concluding that higher employee contribution rates were legal, they then asked the actuary to price the higher options such that an employer desiring a higher employee contribution rate would not be subsidized by employers who chose a lower employee contribution rate. Consequently you will notice a premium attached to certain combinations of benefit accrual rates and employee contribution rates. This premium pays for the extra benefits an average participant is likely to receive under the Minimum Benefit Rule as a result of making a higher level of personal contributions.

PLEASE REFER TO THE ENCLOSED COST CHART

Enclosed is a cost chart showing the cost of all allowable rate-choice options. In each square you will find the employer contribution rate associated with each combination of a benefit accrual rate and an employee contribution rate. Also shown is the Suspension Contribution Rate which must be paid 100% by the employer since employees make no contributions during suspension. These rates will go into effect on July 1, 2009. **Please note that this grid shows the funding contribution rates only. It does not include the 0.6% administrative contribution rate.**

THE SUSPENSION OPTION

We remind you that a Participating Employer has the option of suspending their participation in the Plan. A suspension may be thought of as a “soft” freeze. Here are the rules and provisions that apply to the suspension option:

- Suspension requires a 60-day notice to the Retirement Committee. This gives United Benefits Group time to distribute a mandatory notice to employees that must be given 45 days in advance of the suspension.
- A suspended employer’s contribution rate is 4.5% of payroll less than the active rate for a 1.25% benefit accrual rate. Thus, if the total cost for a 1.25% benefit accrual rate is 15% of payroll, the contribution rate for a suspended group will be 10.5% of payroll, with this exception: the suspension contribution rate is not based on current compensation (as is true for all active groups) but instead is based on employees’ prior calendar year compensation. The suspension contribution must be paid entirely by the employer.
- The employer makes no contributions for employees who are hired during suspension.
- Employees make no contributions while on suspension
- Employees earn no additional Creditable Service while on suspension, but they do get the benefit of increasing wages. Thus, a participant’s benefit may increase from year-to-year if his/her Final Average Wage increases.
- Employees may “age into” early retirement subsidies including the Rule of 85 during suspension, although it will take a participant twice the time to qualify for the Rule of 85 since he/she is not earning additional Creditable Service.
- A suspended group may re-enter into active participation by giving the Retirement Committee 60-days notice.

THE WITHDRAWAL OPTION:

An employer may permanently terminate its participation in the Co-op Retirement Plan by voluntarily withdrawing from the Plan and paying a Withdrawal Charge. (Note: a Withdrawal Charge is also due in the case of an involuntary withdrawal which most often occurs when a Participating Employer is taken over by an outside group.) Here are the rules and provisions related to a Withdrawal:

- A withdrawing employer must give 60-days notice to the Retirement Committee. This gives United Benefits Group time to distribute a mandatory notice to employees that must be given 45 days in advance of the withdrawal.
- The withdrawing employer must pay a Withdrawal Charge to the Trust Fund. The purpose of the Withdrawal Charge is to prevent the unfunded liabilities of the withdrawing group from being absorbed by the Plan’s remaining employers.
- The applicable Withdrawal Charge is calculated as of the calendar quarter-end immediately preceding the official withdrawal date.
- The Withdrawal Charge must be paid in a lump-sum by the first day of the second month following receipt of the Withdrawal Charge invoice.
- The withdrawing employer must also pay a \$2,000 actuarial true-up fee (for actuarial services related to the exact calculation of the Withdrawal Charge) and 12-months of administrative fees to United Benefits Group to defray the cost of the heavy benefit processing activity that follows a withdrawal.
- Employees are entitled to the benefits they have accrued as of the official withdrawal date. Those vested employees of retirement age may commence monthly benefit payments. Those under age-55 have the same options available to a regularly-terminated employee. If the employer has participated in the Plan for at least five years, all of its employee-participants will be automatically vested.

THE DEADLINE IS JUNE 1

Remember, the deadline for submission of the new Employer Rate-Choice election form is June 1 so prompt action is needed on your part. If necessary you may fax the election form to United Benefits Group at 816-459-8750. **If your election form is not received by midnight on June 1 your organization will be subject to the default election which is a 1.25% benefit accrual rate and a 2.0% employee contribution rate.**

QUESTIONS?

We will be glad to answer any questions you have about the Committee's rate-setting decision or the new election period. Please contact one of the following staff members of United Benefits Group:

Keith Vickers, President – phone 800-816-5535, ext. 310, keith.vickers@ubgonline.net

Greg Runyan, Senior Pension Administrator – phone 800-816-5535, ext. 314,
greg.runyan@ubgonline.net