

Your Secure Pension Benefit in Action

The **VAPP** is designed to provide you with a secure source of retirement income.



Variable Annuity Pension Plan (VAPP)

As the name of our plan suggests, benefit amounts under the **Variable Annuity Pension Plan (VAPP)** depend, in part, on how the financial markets perform. The “variable” part means your pension benefit adjusts each year based on investment performance:



If the Fund's investment returns exceed the target (called the “Hurdle Rate”) during a plan year, your accrued pension benefit amount as of the end of that year may increase the following October. The Plan's Hurdle Rate is currently 5.5%.



If the Fund's investment returns are below the Hurdle Rate during a plan year, your accrued pension benefit amount as of the end of that year may decrease the following October.



No one can control the financial markets. **The good news is your VAPP has a safety net that may help protect your benefit from reduction when markets go down.**

Keeping Your Future Secure

The VAPP has a unique feature put in place by the Board of Trustees: the **Stabilization Reserve**.

In a market downturn, your Trustees may use the Stabilization Reserve to help reduce the impact of lower investment returns on your pension benefits if they determine that it is appropriate to do so.

Here's how it works:

When investments perform above the Hurdle Rate

- ✓ Investment earnings may lead to **benefit increases**.
- ✓ Additional earnings help fund the Stabilization Reserve.

When investments perform below the Hurdle Rate

- ✓ The Trustees may elect to **use the Stabilization Reserve** if appropriate.
- ✓ The Stabilization Reserve, if used, can help protect your benefits.

2022 Offers a Good Example of the Stabilization Reserve in Action



In 2022, the financial markets went down a lot. For the 2022 Plan Year, the Fund's investment returns were far below the Hurdle Rate of **5.5%**.



Without a safety net, that would mean a **decrease** to your pension benefits accrued through December 2022, beginning in October 2023.



However, your Trustees reviewed the Stabilization Reserve and decided that for the 12-month period of October 1, 2023–September 30, 2024, it would be appropriate to use the Stabilization Reserve to **prevent any downward adjustment to your pension benefits** accrued through December 2022 for the period of October 1, 2023–September 30, 2024.



Your Trustees will **annually** decide whether it would be appropriate to tap into the Stabilization Reserve.



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Visit 663benefits.com for details and videos about your VAPP, or scan the QR code.

If you have questions, contact Wilson-McShane at 952-851-5797.



View the new video about the VAPP and the Stabilization Reserve. Visit 663benefits.com/VAPP.

Keeping Your Pension Benefit Secure

Your Minneapolis Retail Meat Cutters and Food Handlers Variable Annuity Pension Plan (VAPP) has a unique feature that is designed to provide long-term pension security.



Read inside for details

