

APRIL 1, 2011

TO: GENERAL MANAGERS /CEO'S OF PARTICIPATING EMPLOYERS

FROM: KEITH VICKERS, PRESIDENT, UNITED BENEFITS GROUP

RE: *NEW CONTRIBUTION RATES FOR CO-OP RETIREMENT PLAN
*YOUR ANNUAL RATE-CHOICE ELECTION
*ANNOUNCEMENT OF REDUCTION IN ADMINSTATIVE FEES

The Retirement Committee of the Co-op Retirement Plan met on March 30, 2011 with their independent investment advisors and independent actuaries for the purpose of setting the contribution rates for the Co-op Retirement Plan for the new plan year.

The Committee is pleased to announce a **one percentage point across-the-board decrease** in the Plan's total contribution rate due to the positive investment performance of the Plan's trust fund for the fiscal year ended March 31, 2011. The total contribution rate has been lowered to **10.6%** of covered payroll for a 1.00% benefit accrual rate, **11.8%** of covered payroll for a 1.25% benefit accrual rate, **13.0%** of covered payroll for a 1.50% benefit accrual rate, and **14.2%** of covered payroll for the 1.75% benefit accrual rate. **Note: The "total" contribution rate includes both employee and employer contributions. These new rates will take effect on July 1, 2011.**

Under the Plan's "Employer Rate-Choice Program," introduced in 2009, your organization has an annual opportunity to select a benefit accrual rate and an employee contribution rate for your employee-participants. This year, your group may chose between four different benefit accrual rates (1.75%, 1.50%, 1.25%, 1.00%) and six different employee contribution rates (0%, 1%, 2%, 3%, 4%, 5%).

The Benefit Accrual Rate is the multiplier in the Plan's benefit formula. It determines how much of a person's Final Average Wage will be replaced for each year of service. A higher benefit accrual rate results in a more rapid build-up of retirement benefits through the years. The Co-op Retirement Plan had a universal benefit accrual rate of 1.75% until September 30, 2003, and a universal benefit accrual rate of 1.25% from October 1, 2003 until June 30, 2009. Starting July 1, 2009 each Participating Employer was allowed to choose the benefit accrual rate it felt was most appropriate for their employee group.

The Employee Contribution Rate is the percentage of pay contributed by your employee-participants. For example, if you select a 3% employee contribution rate, each participant will contribute 3% of his/her pay to the Co-op Retirement Plan. It is important to note that the employee contribution rate generally has no bearing on the amount a vested participant will ultimately receive from the Plan, as that amount is determined by the three components of the Plan's benefit formula (Final Average Wage, Creditable Service, and the Benefit Accrual Rate). However, the employee's contributions constitute his/her tax basis in the plan, which determines the taxable / non-taxable ratio of the benefit received at retirement age. The purposes of the employee contribution are (1) to make the Plan more affordable for employers, (2) to make it more feasible to adopt a higher benefit accrual rate, and (3) to give the employee a feeling of ownership in his/her benefit. The money contributed by an employee-participant, and the interest earned thereon, is always fully vested.

Note: You will notice that the total cost of a benefit accrual rate increases when higher employee contribution rates are selected. This is due to the effect of the 'Minimum Benefit Rule,' a federal regulation that increases an employee's benefit if he/she would otherwise have purchased too much of the benefit with his/her employee contributions. The effect is seen in the following rate combinations:

1.00% Benefit Accrual Rate— with any employee contribution rate above 1.0%

1.25% Benefit Accrual Rate— with any employee contribution rate above 2.0%

1.50% Benefit Accrual Rate— with any employee contribution rate above 2.0%

1.75% Benefit Accrual Rate— with any employee contribution rate above 3.0%

In other words, high employee contribution rates result in the least efficient means of satisfying the Plan's contribution requirements. However, a higher employee contribution rate may be appropriate on a temporary basis to help the employer manage its cost of providing the Plan to its employees.

Enclosed is a new **cost grid** similar to the one given to you last year. The cost grid shows (in the white boxes) the employer-funding contribution that will be required for each combination of a benefit accrual rate and an employee contribution rate. For example, if an employer chooses a 1.50% benefit accrual rate with a 4% employee contribution rate, the employer's funding contribution rate would be 9.35% of payroll. The contribution rates in the white boxes do not include the administrative fee which is charged by United Benefits Group to cover costs not charged to the Plan's Trust. *(See announcement on administrative fees at the end of this notice)*

Also enclosed is an **election form** that shows your organization's current election. If you want to maintain your current election, simply mark the box that says, "No change." If, however, you want to change to a new benefit accrual rate or a new employee contribution rate, please mark the box that says, "We will change to the following rate combination," and then circle the benefit accrual rate and the employee contribution rate that you want for the coming year. Your new choices will become effective on July 1, 2011.

*If your organization is 80%-or-more owned by another Participating Employer of the Co-op Retirement Plan, you must select the same combination of rates as your parent company.

DEADLINES FOR SUBMISSION OF THE ELECTION FORM:

There are two different deadlines for submission of this form. Please read carefully to determine which one applies to your situation:

- IF YOU WANT TO DECREASE THE BENEFIT ACCRUAL RATE OR INCREASE THE EMPLOYEE CONTRIBUTION RATE (OR BOTH), YOUR FORM MUST BE RECEIVED BY UNITED BENEFITS GROUP NO LATER THAN **APRIL 30, 2011**. This is necessary in order to give United Benefits Group sufficient time to mail a required notice to your employees that must be received 45 days before the change is effective.
- IF YOU WANT NO CHANGE, OR IF YOU ELECT TO INCREASE THE BENEFIT ACCRUAL RATE OR DECREASE THE EMPLOYEE CONTRIBUTION RATE, YOUR FORM MUST BE RECEIVED BY UNITED BENEFITS GROUP NO LATER THAN **JUNE 1, 2011**.
- **IF UNITED BENEFITS GROUP DOES NOT RECEIVE A NEW ELECTION FORM FROM YOUR GROUP BEFORE THE DEADLINE, YOUR CURRENT ELECTIONS WILL REMAIN IN EFFECT.**

IF YOU DO NOT HAVE SUFFICIENT TIME TO MAIL THE FORM IN ORDER TO MEET THE DEADLINE, YOU MAY INSTEAD FAX YOUR FORM TO OUR OFFICE . THE FAX NUMBER FOR UNITED BENEFITS GROUP IS **816-459-8750**. YOU MAY ALSO SCAN AND E-MAIL YOUR FORM TO administrator@ubgonline.net.

ANNOUNCEMENT – DECREASE IN ADMINISTRATIVE FEE RATE

We are pleased to announce that the administrative fee charged by United Benefits Group to cover administration expenses not charged to the Plan's Trust **will be reduced from 0.60% to 0.55%** of covered payroll effective July 1, 2011. This decrease of over 9% is made possible by the United Benefits Group's commitment to efficiently administering the Plan, increased participating-employer payrolls leading to higher administrative fee revenue, and the United Benefits Group Board of Directors' dedication to passing along cost savings to employers to the extent possible and prudent. All payrolls with a paycheck date of July 1, 2011 or later will be subject to the reduced fee until further notice.

If you have questions about this year's rate-choice election, please call one of the following:

Greg Runyan 800-816-5535, ext. 314

Sid Simpson 800-816-5535, ext. 342

Keith Vickers 800-816-5535, ext. 310

Best wishes for a good Spring season,
The Staff of United Benefits Group