UNITE HERE Local 25 and Hotel Assoc. of Washington DC Pension Fund

CHEIRON
Classic Values, Innovative Advice

Actuarial Consultant's Presentation

March 14, 2022

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CHEIRON
Celebrating 20 years

2022 PPA Certification

- Certification is due March 31, 2022
- Plan will remain in the Safe status for 2022
  - Based on the following estimated financial information from the auditor
    - 12/31/2021 Market Value of Assets = $310.2 million (8.2% return)
    - Estimated Contributions = $10.7 million
    - Estimated Benefit Payments = $19.7 million
    - Estimated Administrative Expenses = $0.9 million
  - Projection can only reflect known bargained contribution rate increases
- Industry activity (a Trustee Assumption)
  - December 2021 meeting: 45% of 2020 census hours in 2022, 75% in 2023, and 100% in 2024+

Don’t Elect to Reset AVA to MVA

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MFD	None
Insolvent PYB	None
Emergence	N/A
Fully Funded	2028

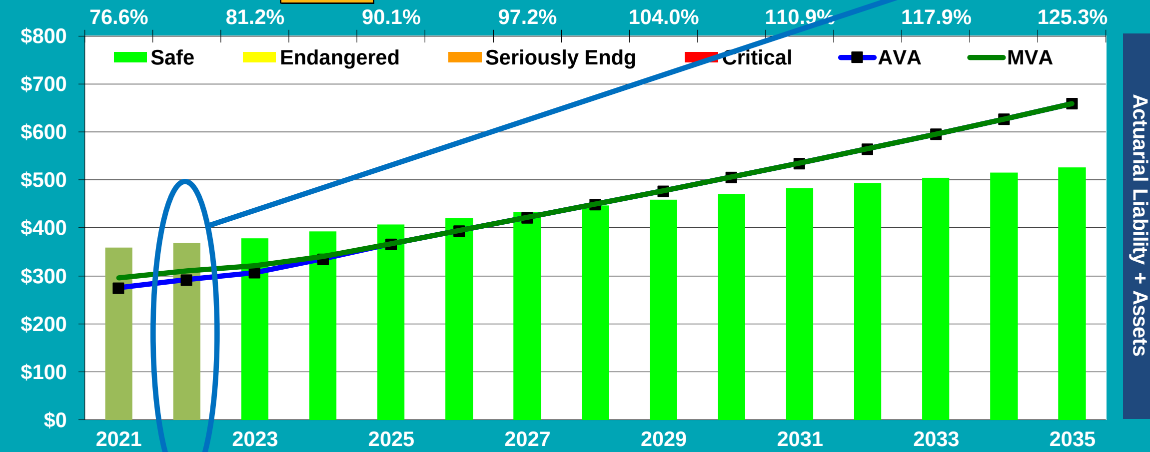
2017

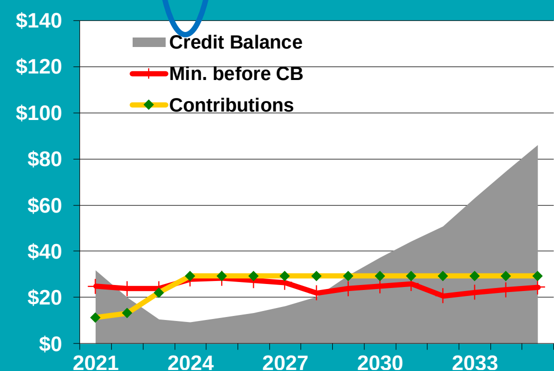
Discount Rate	6.75%
2021 Return	8.24%
Fresh start to Market Value	N

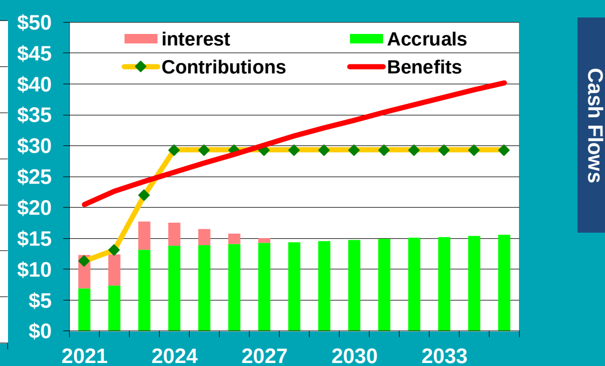
Estimated December 31, 2021 Market Value of Assets	$ 310.2
Estimated Jan 1, 2022 Funded Status (AVA Basis)	79.1%

PYB	Return	Contrib Rate*	Ben	Membership Level
2021	8.24%	$2.65	0.0%	38.0%
2022	6.75%	$2.75	0.0%	45.0%
2023	6.75%	$2.75	0.0%	75.0%
2024	6.75%	$2.75	0.0%	100.0%
2025	6.75%	$2.75	0.0%	100.0%
2026	6.75%	$2.75	0.0%	100.0%
2027	6.75%	$2.75	0.0%	100.0%
2028	6.75%	$2.75	0.0%	100.0%
2029	6.75%	$2.75	0.0%	100.0%
2030	6.75%	$2.75	0.0%	100.0%
2031	6.75%	$2.75	0.0%	100.0%
2032	6.75%	$2.75	0.0%	100.0%
2033	6.75%	$2.75	0.0%	100.0%
2034	6.75%	$2.75	0.0%	100.0%
2035	6.75%	$2.75	0.0%	100.0%
AVE	6.82%			

* Effective March 15,







Based on Trustees’ hour expectations at December 2021 meeting.

Reset AVA to MVA for 2021

- Actuarial Value was $20.1 million less than Market Value of Assets as of January 1, 2021
  - Net stored investment gain will continue to be reflected over the next 4 years
  - Mitigates impact on funded status of unfavorable returns
- Some funds electing to reset AVA to MVA to recognize all of the investment gains now
  - Automatic approval under Rev Proc. 2000-40
  - Higher funded status and bolsters Credit Balance
  - Smooth investment performance for future years over 5 years, including excess return in 2022
  - Fund doesn't have to use Special Rule to be Safe for 2022

Elect to Reset AVA to MVA

CHEIRON

MFD	None
Insolvent PYB	None
Emergence	N/A
Fully Funded	2028

2017

Discount Rate	6.75%
2021 Return	8.24%
Fresh start to Market Value	Y

Estimated December 31, 2021 Market Value of Assets	$ 310.2
Estimated Jan 1, 2022 Funded Status (AVA Basis)	83.1%

PYB	Return	Contrib Rate*	Ben	Membership Level
2021	8.24%	$2.65	0.0%	38.0%
2022	6.75%	$2.75	0.0%	45.0%
2023	6.75%	$2.75	0.0%	75.0%
2024	6.75%	$2.75	0.0%	100.0%
2025	6.75%	$2.75	0.0%	100.0%
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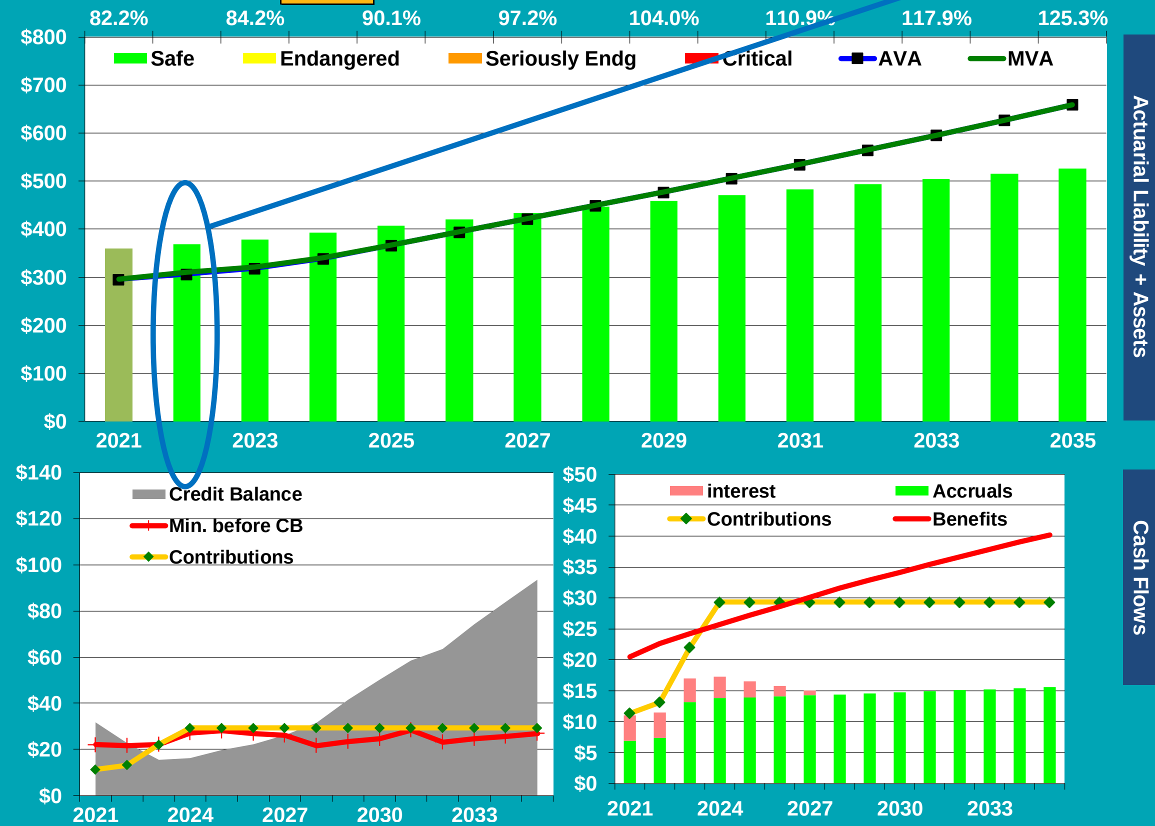
2034	6.75%	$2.75	0.0%	100.0%
2035	6.75%	$2.75	0.0%	100.0%
AVE	6.82%			

* Effective March 15,



Based on Trustees' hour expectations at December 2021 meeting.

Next Steps

- Decide whether to reset Actuarial Value of Assets to Market Value of Assets
- Finalize January 1, 2021 valuation report
- Cheiron to certify as Safe by March 31
- Only if Safe due to Special Rule, circulate a draft notice to PBGC and bargaining parties among the professionals
  - Notice is due 30 days after PPA certification
  - Will coordinate to mail along with Annual Funding Notice (AFN) which is due April 30
  - AFN goes to all participants but PPA notice ***only*** goes to bargaining parties and PBGC

Required Disclosures

In preparing this presentation, we relied on information (some oral and some written) supplied by the Fund Office and auditor. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23. This analysis was based on the current assumptions and methods, estimated financial data as of December 31, 2021, and the data provided to perform the January 1, 2021 valuation. For complete details on the assumptions and methods, refer to the final January 1, 2020 valuation report. Actual results can be expected to differ to the extent that future experience differs from the actuarial assumptions used.

This presentation and its contents were prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared solely for the UNITE HERE Local 25 and Hotel Association of Washington DC Pension Fund for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any such other users.

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