UNITE HERE Local 25 and Hotel Association of Washington, DC Pension Fund

Classic Values, Innovative Advice

Actuarial Consultants' Report

June 2, 2021

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Topics for Discussion

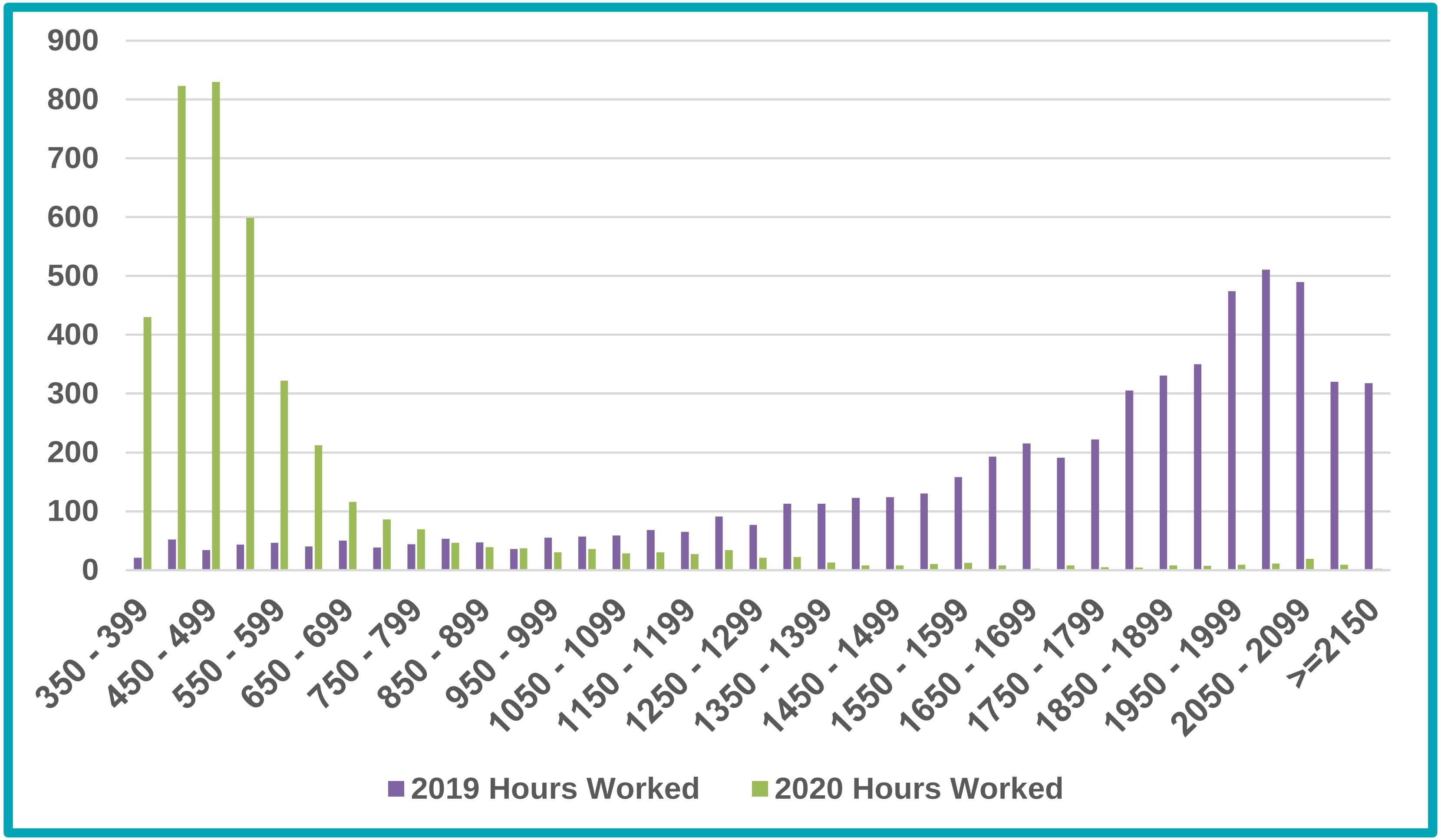
- January 1, 2021 Preliminary Data Summary
- American Rescue Plan Act of 2021
- Stress Testing the Plan

Preliminary Data Summary[1]

	2020	2021	% Change
Number of Actives	5,657	3,980	(29.6%)
Total Hours by Actives	9,668,519	2,353,233	(75.6%)
Average Hours per Active	1,709	591	(65.4%)
Number of Term Vesteds	2,052	3,130[1]	52.5%
Number of Ret/Dis/Ben	2,603	2,705	3.9%
Total Annual Benefits	$ 15,863,412	$ 16,918,488	6.7%
Average Annual Benefit	$ 6,094	$ 6,255	2.6%

[1] Pending responses to data questions from AA, includes 124 additional terminated vesteds with at least 4 years of vesting service but didn't appear in this year's data.

Active Hours Comparison



Preliminary Data Summary

Additional Benefit Credits Earned	2020 (2019 Hours)	2021 (2020 Hours)
0.0 (< 400 Hours)	21	430
0.5 (400 – 999 Hours)	538	3,209
1.0 (1,000+ Hours)	5,098	341
Total	5,657	3,980

Additional Vesting Credits Earned	2020 (2019 Hours)	2021 (2020 Hours)
0.0 (< 750 Hours)	324	3,418
1.0 (>= 750 Hours)	5,333	562
Total	5,657	3,980

American Rescue Plan Act of 2021

- The American Rescue Plan Act of 2021 was signed into law on March 11, 2021
- Provides 3 types of relief
  - Financial Assistance
  - PPA Relief (like WRERA 2008)
  - Amortization Relief (like PRA 2010)
- PBGC Premiums indexed until 2031 (currently $31 in 2021); increased to $52 per participant in 2031, indexed thereafter

Special Financial Assistance

- Eligible Plans receive financial assistance to pay full benefits through 2051
- Eligibility window 2020 to 2022 includes plans in C&D status, plans with an approved MPRA suspension, some Critical Plans, and Plans insolvent but not yet terminated
- Plans with priority consideration will be reviewed within the first 2-years
- Plans receiving special financial assistance may have conditions imposed by PBGC

Local 25 Plan NOT eligible

PPA Zone Status Relief

- Election to “keep” PPA Zone status - for the first PYB during period 3/31/2020 to 2/28/2021, or next succeeding plan year.
- Plans in Endangered or Critical for PYB 2020 or 2021 (after “keep” election) can also elect to extend FIP/RP by 5 years

Local 25 Plan filed as Safe due to Special Rule for 2021

Minimum Funding Relief

- Plans that meet the solvency test can, for either or both of the first two plan years ending after February 29, 2020, get funding relief for investment losses and COVID-19 losses similar to the relief provided for 2008
- Exception: Not available to a plan that receives financial assistance
- Disregarded for zone status certification for 2021

Awaiting guidance on COVID-19 losses;
No Minimum Funding Deficiency Projected (see next slide)

Baseline Projections (2021 PPA Cert)

CHEIRON

MFD	None
Insolvent PYB	None
Emergence	N/A
Fully Funded	2027

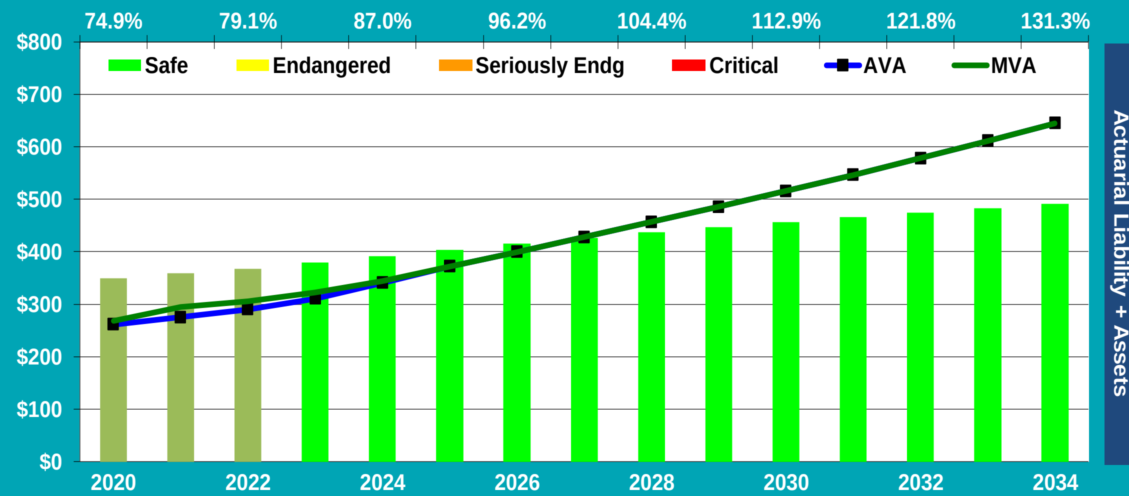
2017

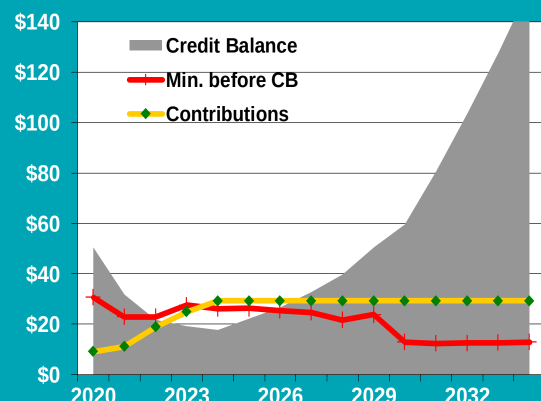
Discount Rate	6.75%
2020 Return	13.87%

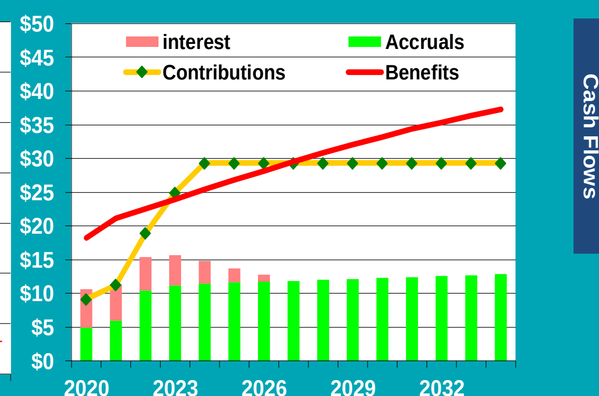
Estimated December 31, 2020 Market Value of Assets	$ 295.3 mil
Estimated Jan 1, 2021 Funded Status (AVA Basis)	76.7%

PYB	Return	Contrib Rate*	Ben	Membership Level
2020	13.87%	$2.55	0.0%	29.1%
2021	6.75%	$2.65	0.0%	40.0%
2022	6.75%	$2.75	0.0%	65.0%
2023	6.75%	$2.75	0.0%	85.0%
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%
AVE	7.10%			

* Effective March 15,







Disclaimer

In preparing this presentation, we relied on information (some oral and some written) supplied by Associated Administrators LLC and Novak Francella LLC. 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 No. 23. This analysis was based on the preliminary census data provided for the January 1, 2021 valuation. Assumptions, methods, and participant valuation data are outlined in the 2020 Actuarial 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 have been prepared in accordance with generally recognized and accepted actuarial principles 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 report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

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