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

CHEIRON
Classic Values, Innovative Advice

Actuarial Consultant's Presentation

February 23, 2023

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2023 PPA Certification

- Certification is due March 31, 2023
- Plan <u>may</u> remain in the Safe status for 2023
  - Based on the following estimated financial information from Meketa
    - 12/31/2022 Estimated Market Value Return = -9.6% return
  - Projection can only reflect known bargained contribution rate increases
  - Final certification will be based on financial information from auditor which will include cash flows
- Industry activity (a Trustee Assumption)
  - December 2022 meeting: 70% of 2020 census hours in 2022 (based on AA's report for first 3 quarters), 75% in 2023, and 100% in 2024+

DRAFT – SUBJECT TO CHANGE UPON RECEIPT OF DETAILED FINANCIAL INFO FROM AUDITOR

MFD	None
Insolvent PYB	None
Emergence	N/A
Fully Funded	2029

1934

Discount Rate	6.75%
2022 Return	-9.60%

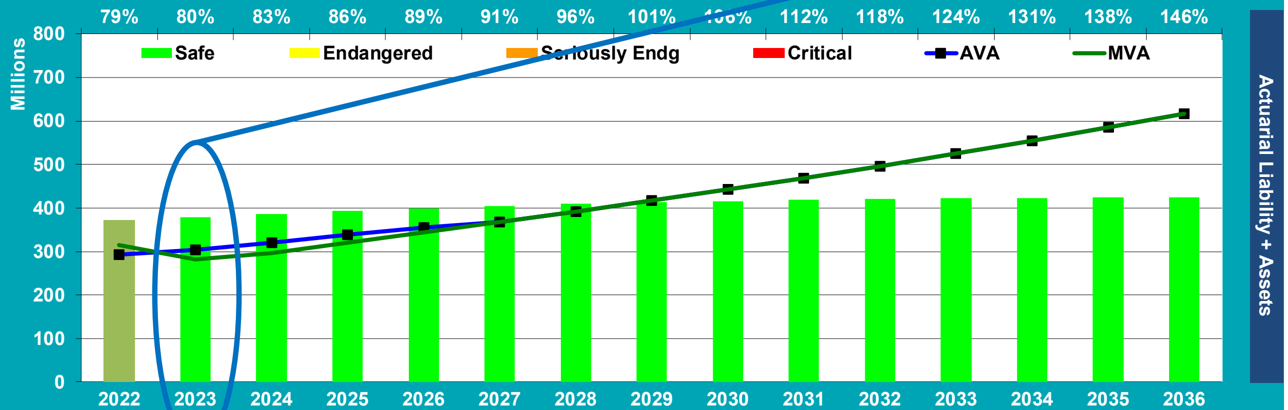
Estimated December 31, 2022 Market Value of Assets	$ 281.3 million
Estimated Jan 1, 2023 Funded Status (AVA Basis)	80.3%
Estimated Jan 1, 2023 Funded Status (MVA Basis)	74.1%

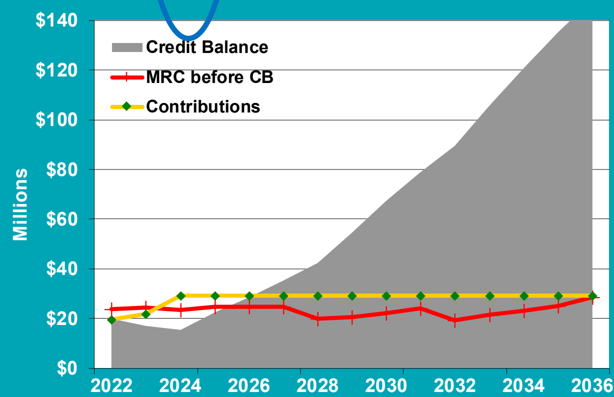
PYB	Return	Contrib Rate*	Ben	Membership Level
2022	6.75%	$2.75	0.0%	70.0%
2023	6.75%	$2.85	0.0%	75.0%
2024	6.75%	$2.85	0.0%	100.0%
2025	6.75%	$2.85	0.0%	100.0%
2026	6.75%	$2.85	0.0%	100.0%
2027	6.75%	$2.85	0.0%	100.0%
2028	6.75%	$2.85	0.0%	100.0%
2029	6.75%	$2.85	0.0%	100.0%
2030	6.75%	$2.85	0.0%	100.0%
2031	6.75%	$2.85	0.0%	100.0%
2032	6.75%	$2.85	0.0%	100.0%
2033	6.75%	$2.85	0.0%	100.0%
2034	6.75%	$2.85	0.0%	100.0%
2035	6.75%	$2.85	0.0%	100.0%
2036	6.75%	$2.85	0.0%	100.0%
2037	6.75%	$2.85	0.0%	100.0%
2038	6.75%	$2.85	0.0%	100.0%
2039	6.75%	$2.85	0.0%	100.0%
2040	6.75%	$2.85	0.0%	100.0%
2041	6.75%	$2.85	0.0%	100.0%

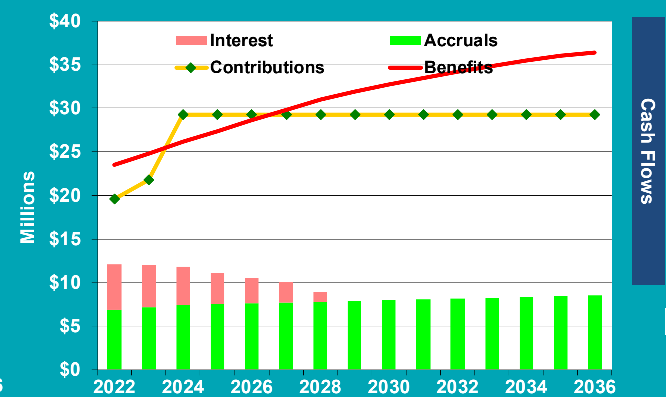
Return

6.75% 20-Year Geometric Average

* Effective March 15,







Based on Trustees' hour expectations at December 2022 meeting.

Historical Average Ages

	2018	2019	2020	2021	2022
Counts	5898	5659	5657	3993	3302
All Actives Average Age	48.13	48.43	48.72	50.31	48.91
New Actives Average Age	36.95	36.91	38.08	43.32	38.93

- Average age for all actives has remained relatively stable
  - Exception in 2021 likely due to pandemic
- New hire age has increased
  - Similar large increase as total actives in 2021

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, 2022, and the data provided to perform the January 1, 2022 valuation. For complete details on the assumptions and methods, refer to the final January 1, 2022 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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