Warehouse Employee Union Local No. 730 Pension Trust

Classic Values, Innovative Advice

Actuarial Presentation

March 14, 2022

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Celebrating 20 years

Topics for Discussion

- 2022 PPA Certification
- American Rescue Plan Act of 2021
- Projected Outlook

2022 PPA Certification

- Plan expected to remain in Critical and Declining Status (since 2016)
- Certification due March 31, 2022
- Rehabilitation Plan based on “reasonable measures” method
- Need Trustees’ input for industry activity assumption
  - Previously assuming level membership

SFA updates

SFA Applications

- 30 applications have been submitted
- 16 have withdrawn and reapplied
- 5 have been approved
  - 2 have been paid
- Approved applications are over 400 pages long. Mostly information that is already available (Plan Document/Amendments, Rehabilitation Plans, Forms 5500…)

Application Timing

- PBGC established seven Priority Groups to stagger the timing for when plans may apply
  - We are in the last priority group (depends on our expected insolvency date)
  - We expect our application window will open by March 11, 2023
- Application will be based on 2022 data, and 12/31/2022 Assets
- The application review process will take 120 days and the assistance will be provided in a lump sum within 60-90 days of PBGC approving the application

Assumptions

- Investment Return
  - Defined by law (currently 5.27%)
- Other Assumptions
  - PBGC considers assumptions that differ from the 2020 PPA Certification, assumption changes
  - PBGC will review each change
  - PBGC has published guidance and we can pull experience study work from the MPRA application to provide rationale for these changes

Assumption Changes

- PBGC guidance provides "safe harbor" for the following assumption changes
  - Mortality table – guidance specifies a recommended table; we will use the recommendation
  - Administrative expenses – needs to be limited to 12% of benefit payments
  - New Entrant Profile – guidance indicates we should use the same assumption as our MPRA application, updated for new data

Assumption Changes

– Future hours assumption
  - 2020 PPA Certification was based on level membership
  - Guidance suggests PBGC wants the assumption to be no worse than a 3% decline for the first 10 years with a 1% decline thereafter
– Contribution rate – based on signed CBAs

What can we do now?

- Review approved applications
- Gather information that is already available
- Collect data to determine and rationalize a future CBU assumption and future withdrawal liability payments

Projections – 2022 PPA Cert

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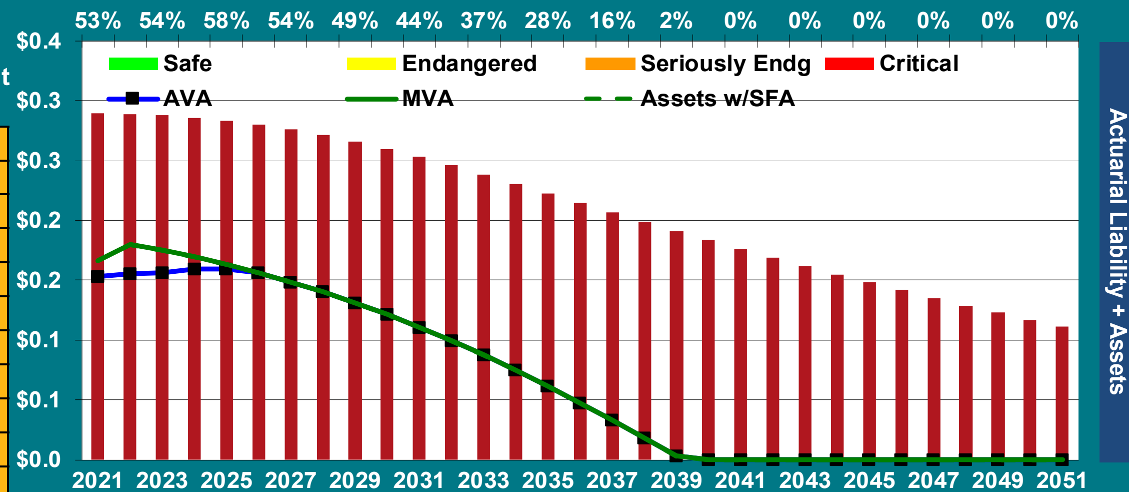
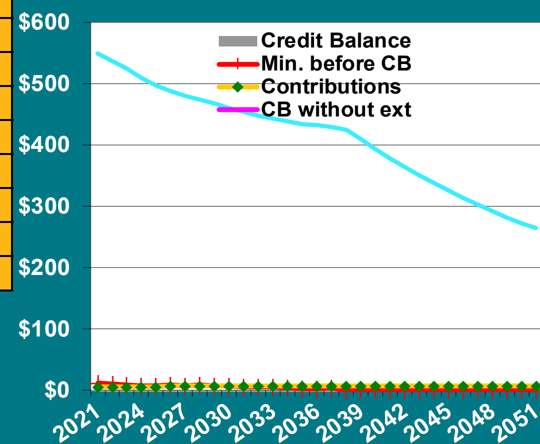
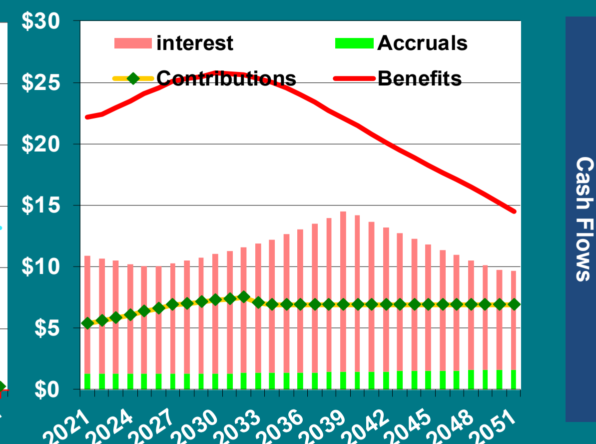
2021 Return	18.97%	SFA $ Amount	$ -	SFA Discount Rate	5.27%
Model SFA?	No	Year	2024	SFA Return	1.00%
Insolvent PYB	2039				

2021

PYB	Return	Cont	Ben	Mem Grwth	Discount Rate
2021	18.97%	4.8%	0.0%	0.0%	7.00%
2022	7.00%	4.9%	0.0%	0.0%	7.00%
2023	7.00%	4.9%	0.0%	0.0%	7.00%
2024	7.00%	4.9%	0.0%	0.0%	7.00%
2025	7.00%	4.9%	0.0%	0.0%	7.00%
2026	7.00%	4.9%	0.0%	0.0%	7.00%
2027	7.00%	4.5%	0.0%	0.0%	7.00%
2028	7.00%	2.0%	0.0%	0.0%	7.00%
2029	7.00%	2.0%	0.0%	0.0%	7.00%
2030	7.00%	2.0%	0.0%	0.0%	7.00%
2031	7.00%	2.0%	0.0%	0.0%	7.00%
2032	7.00%	2.0%	0.0%	0.0%	7.00%
2033	7.00%	0.1%	0.0%	0.0%	7.00%
2034	7.00%	0.0%	0.0%	0.0%	7.00%
2035	7.00%	0.0%	0.0%	0.0%	7.00%
2036	7.00%	0.0%	0.0%	0.0%	7.00%
2037	7.00%	0.0%	0.0%	0.0%	7.00%
2038	7.00%	0.0%	0.0%	0.0%	7.00%
2039	7.00%	0.0%	0.0%	0.0%	7.00%
2040	7.00%	0.0%	0.0%	0.0%	7.00%
AVE	7.57%				







Projections – Preliminary SFA

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2021 Return	18.97%	SFA $ Amount	$ 69.4
Model SFA?	Yes	Year	2024
Insolvent PYB	2039	SFA Discount Rate	5.27%
		SFA Return	1.00%

2021

PYB	Return	Cont	Ben	Mem Grwth	Discount Rate
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2028	7.00%	2.0%	0.0%	0.0%	7.00%
2029	7.00%	2.0%	0.0%	0.0%	7.00%
2030	7.00%	2.0%	0.0%	0.0%	7.00%
2031	7.00%	2.0%	0.0%	0.0%	7.00%
2032	7.00%	2.0%	0.0%	0.0%	7.00%
2033	7.00%	0.1%	0.0%	0.0%	7.00%
2034	7.00%	0.0%	0.0%	0.0%	7.00%
2035	7.00%	0.0%	0.0%	0.0%	7.00%
2036	7.00%	0.0%	0.0%	0.0%	7.00%
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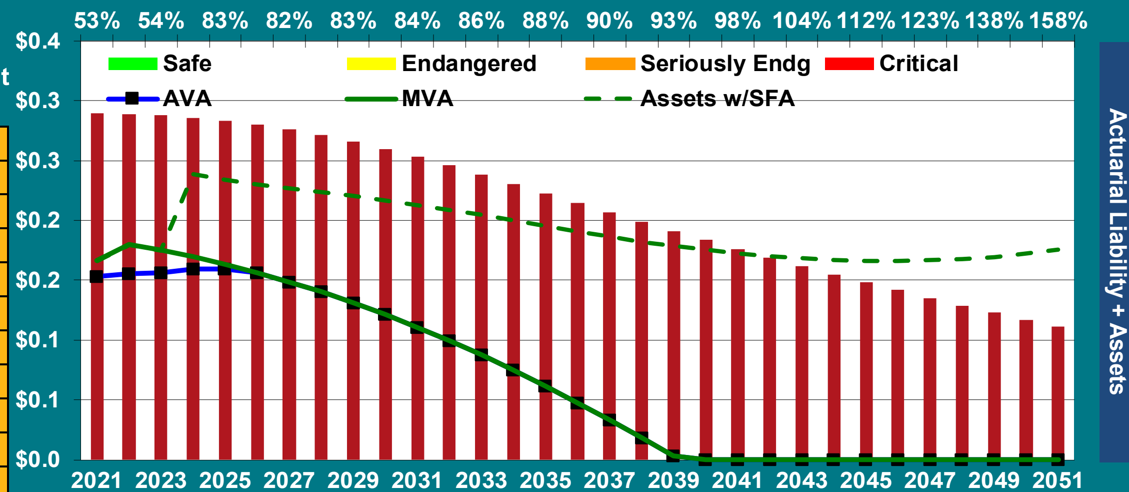

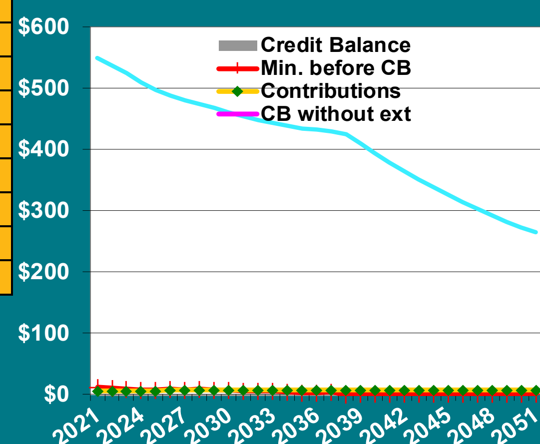

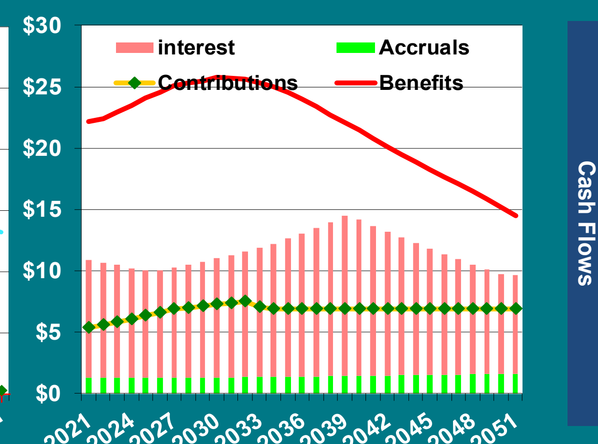

Reliance

The purpose of this presentation is to discuss the 2022 PPA Certification and the special financial assistance regulations of the American Rescue Plan Act of 2021 (ARPA). The results of this presentation rely on future plan experience conforming to the underlying assumptions and methods outlined in the 2021 Actuarial Valuation Report. To the extent that the actual plan experience deviates from the underlying assumptions and methods, or there are any changes in plan provisions or applicable laws, the results would vary accordingly.

In preparing this presentation, we relied on information (some oral and some written) supplied by the Fund Office and plan 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 No. 23.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We set parameters in the software to read the census data, to calculate benefits according to the Plan's provisions, and to apply actuarial assumptions. We review test cases to ensure these parameters are applied correctly, but otherwise, we rely the software to provide accurate results for the Plan. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have an understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

This presentation and its contents have been 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 Cheiron does not provide any legal services or advice.

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