Warehouse Employee Union Local No. 730 Pension Trust

2024 Valuation Results

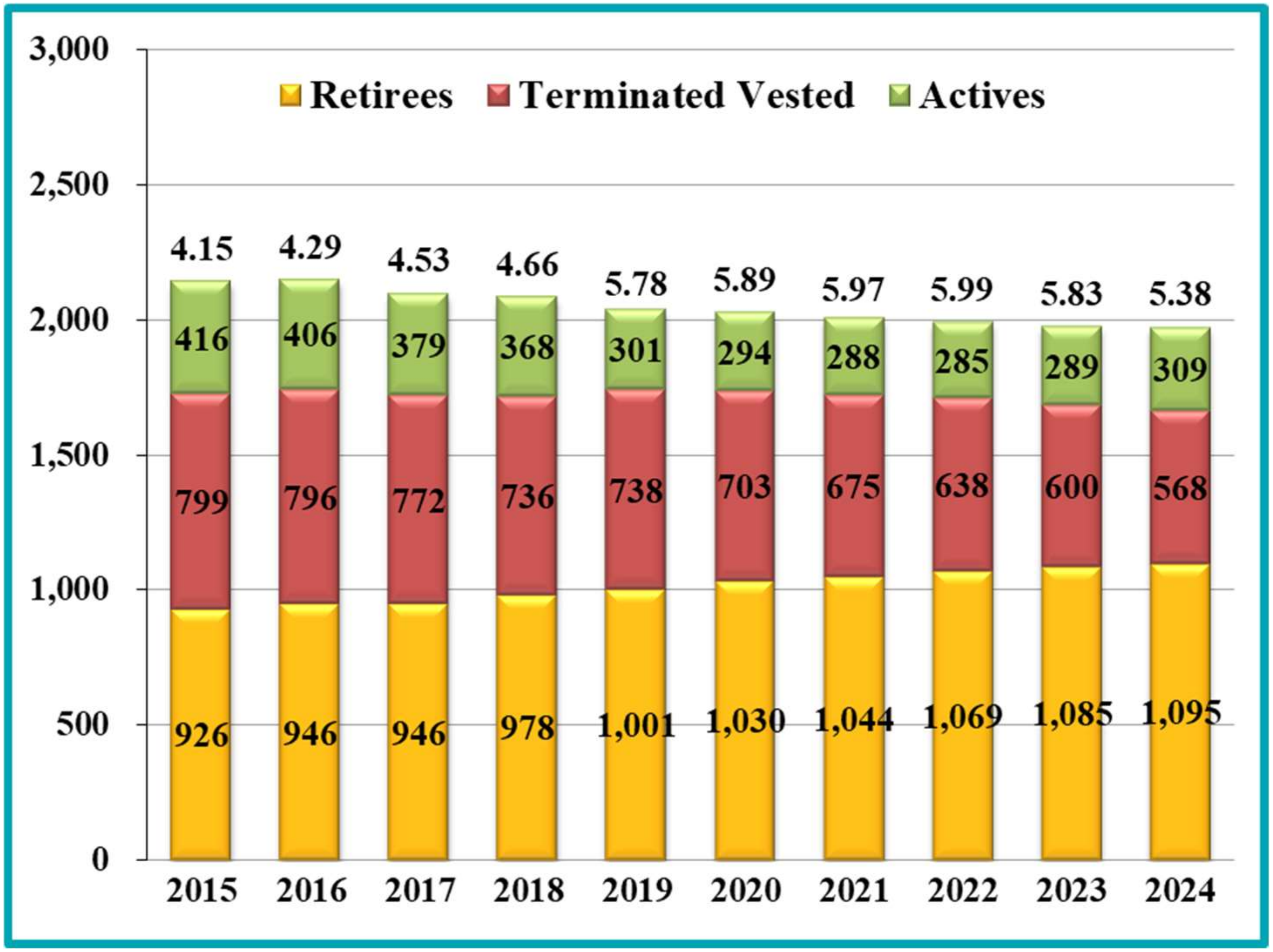
Peter Hardcastle, FSA, EA, MAAA
Matt Deveney, FSA, EA, MAAA

December 6, 2024

Topics

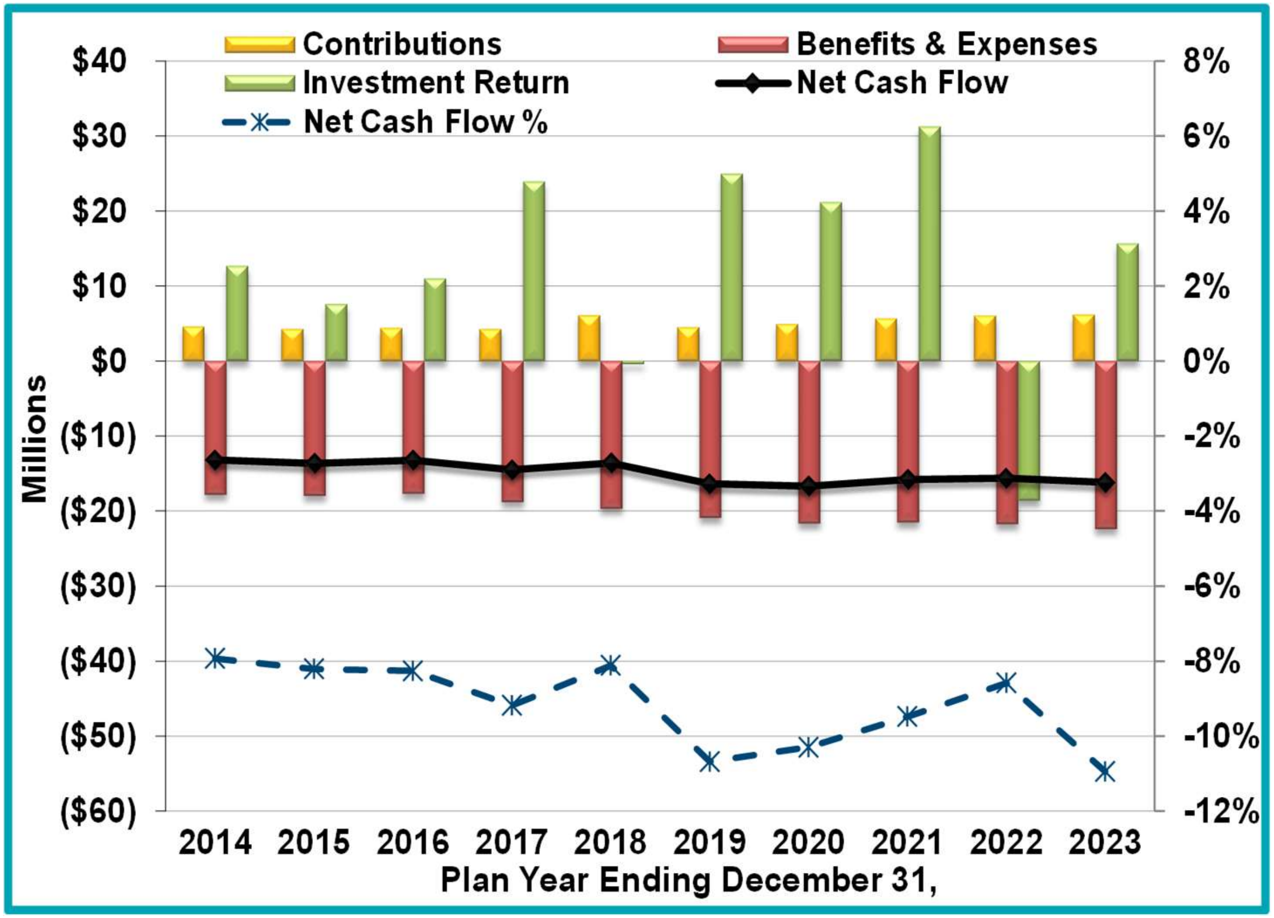
- Trend Analysis
  - – Membership
  - – Cash Flows
  - – Assets and Liabilities
  - – Minimum Funding
- 2024 Valuation Results
- Special Financial Assistance (SFA)
- Risk Analysis Projections with SFA

Trend Analysis
Membership

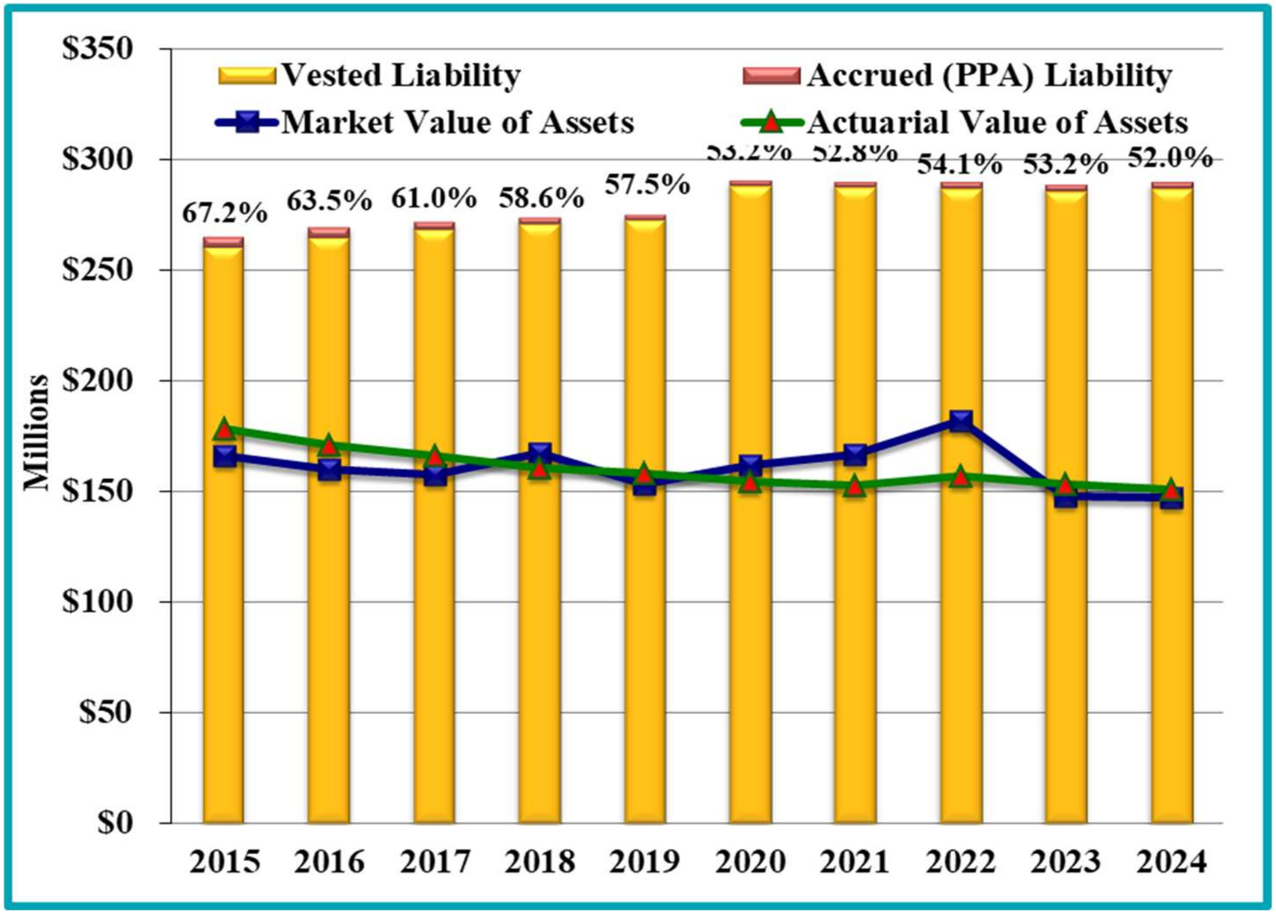


Trend Analysis

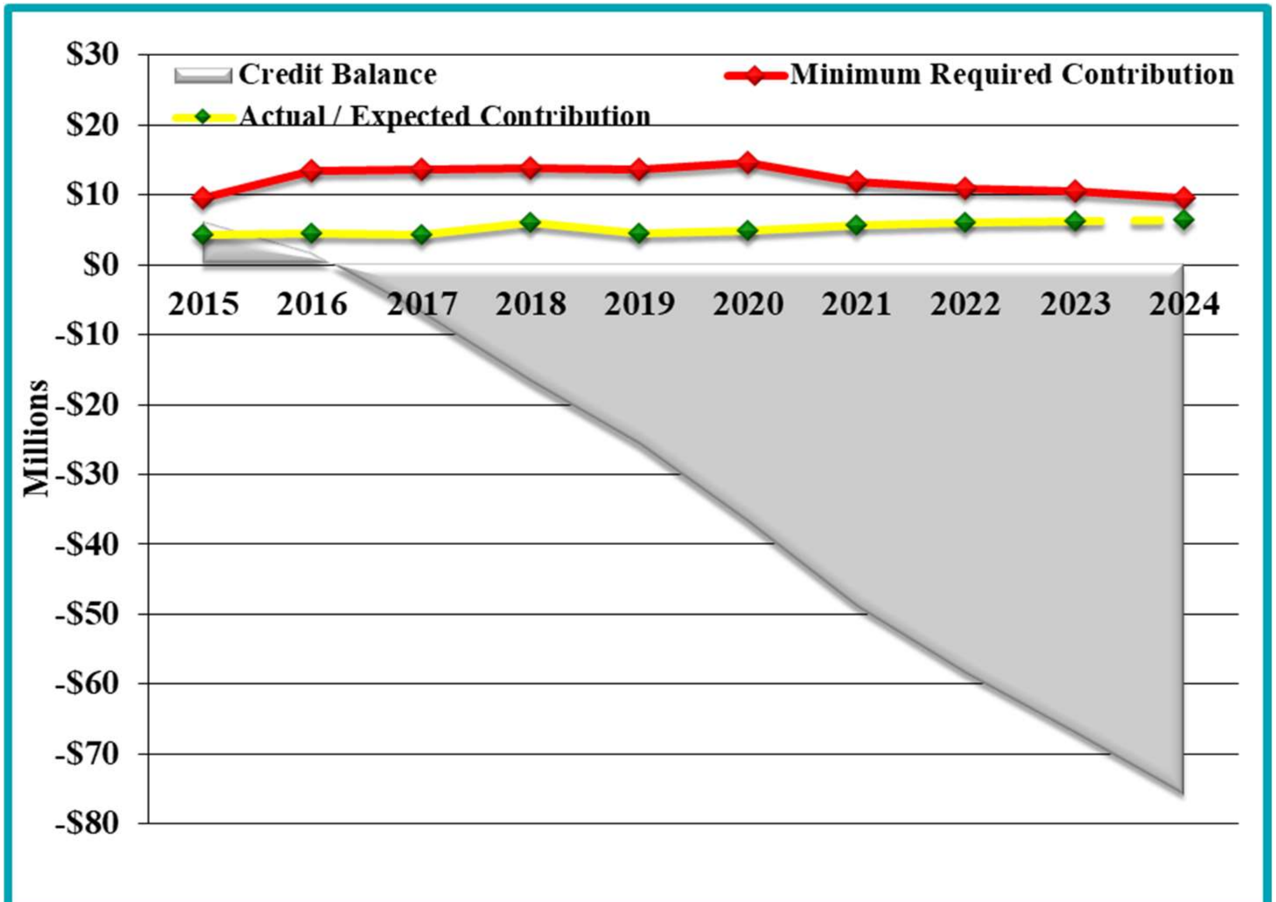
Annual Cash Flows



Trend Analysis
Assets and Liabilities



Trend Analysis
Minimum Funding



2024 Valuation Results

Summary of Key Results

	2023	2024
Liabilities		
Actuarial (EAN)	294,739,854	295,135,712
Accrued (UC)	288,324,593	290,051,160
Vested (for Withdrawal Liability)	285,460,815	286,880,810
Assets		
Market	$ 147,710,912	$ 147,229,143
Actuarial	153,404,690	150,830,376
Unfunded		
Actuarial (EAN)	$ 141,335,164	$ 144,305,336
Accrued (UC)	$ 134,919,903	$ 139,220,784
Vested based on Market Value	$ 137,749,903	$ 139,651,667
Minimim Funding		
Minimum Funding pre Credit Balance	10,499,786	9,551,816
Credit Balance BOY	$ (67,090,179)	$ (75,848,634)
Actual / Expected ER contrib.	6,223,504	*6,496,210*
Credit Balance EOY	(75,848,634)	*(83,990,122)*
Participants		
Actives	289	309
Deferred Vesteds	600	568
Retirees	1,085	1,095

2024 Valuation Results
Comments

- Asset Returns
  - 11.24% on Market Value
  - 9.42% on Actuarial Value *(compared to 7.00% assumption)*
- Actuarial assets show $3.53m gain
- Liability increased less than expected for a $1.52m gain
  - Gain is 0.5% of liability
- The plan's Funding Deficiency (negative Credit Balance) continued to grow
- Unfunded vested benefits of $139.7 million for Withdrawal Liability purposes
- Plan projected to go insolvent in 2035 without Special Financial Assistance

Special Financial Assistance

- Expected SFA amount to be around $110m
  - May change based on results from PBGC death audit
- SFA should cover between 5 and 6 years of benefits and expenses
- All applications must be taken by PBGC by December 31, 2025
  - Plan may be able to submit application earlier depending on waitlist position
- Locked into a 12/31/2022 measurement date
  - Sent lock-in request to PBGC in March 2023

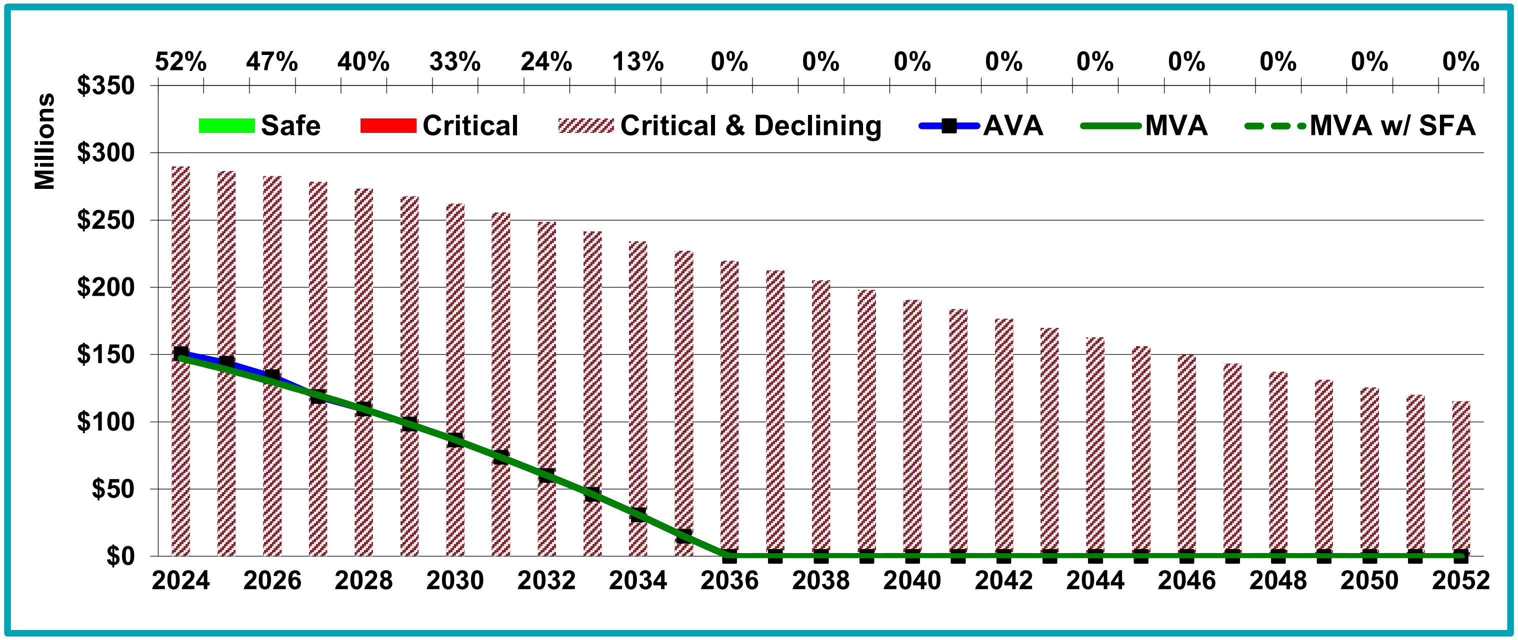
Special Financial Assistance Waitlist

- We are #67 on waitlist out of 111 plans
  - PBGC has called up to #53
- Plans on waitlist are required to send PBGC a complete listing of census data
  - Required to reflect any deaths found prior to the measurement date in projections
- Based on current patterns we expect the PBGC will open the portal for our application in early to mid 2025

- Political threat ???

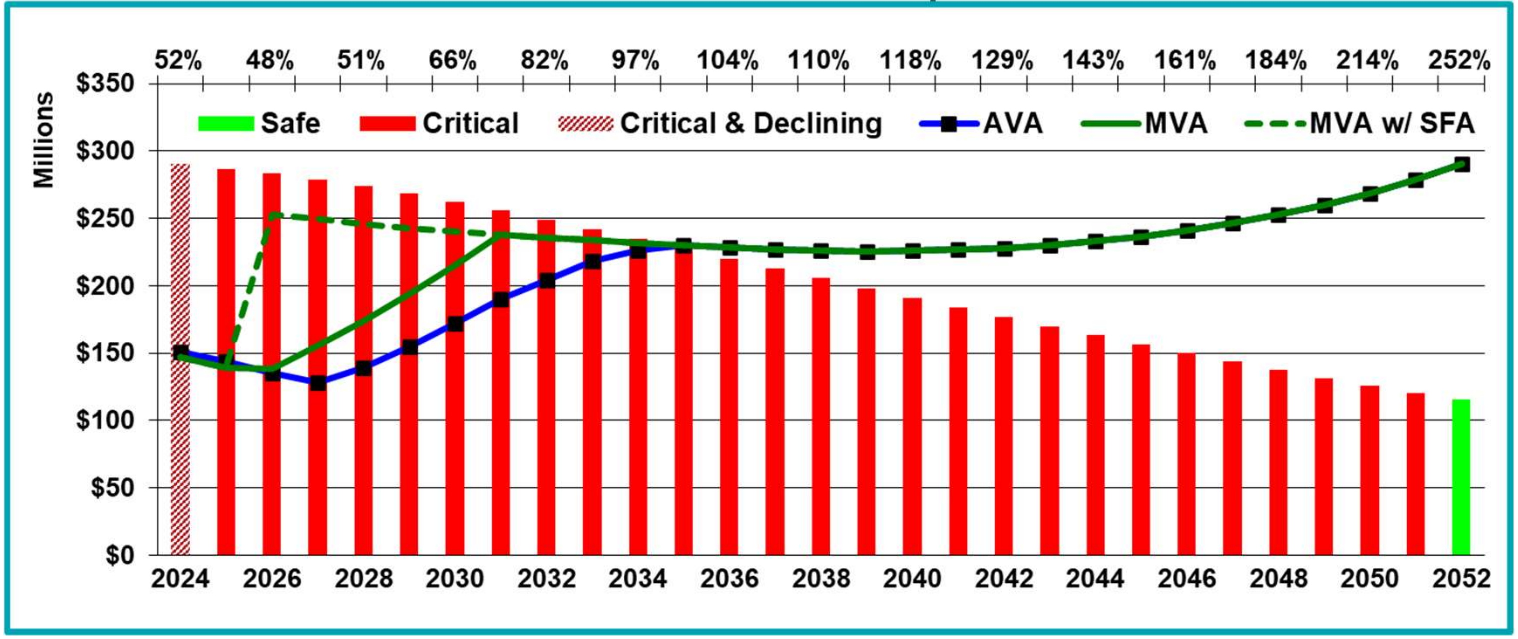
Projections – Before SFA

- Uses same assumptions as valuation results
  - 7.0% investment return each year
- Insolvency projected in 2035 – no change from last year



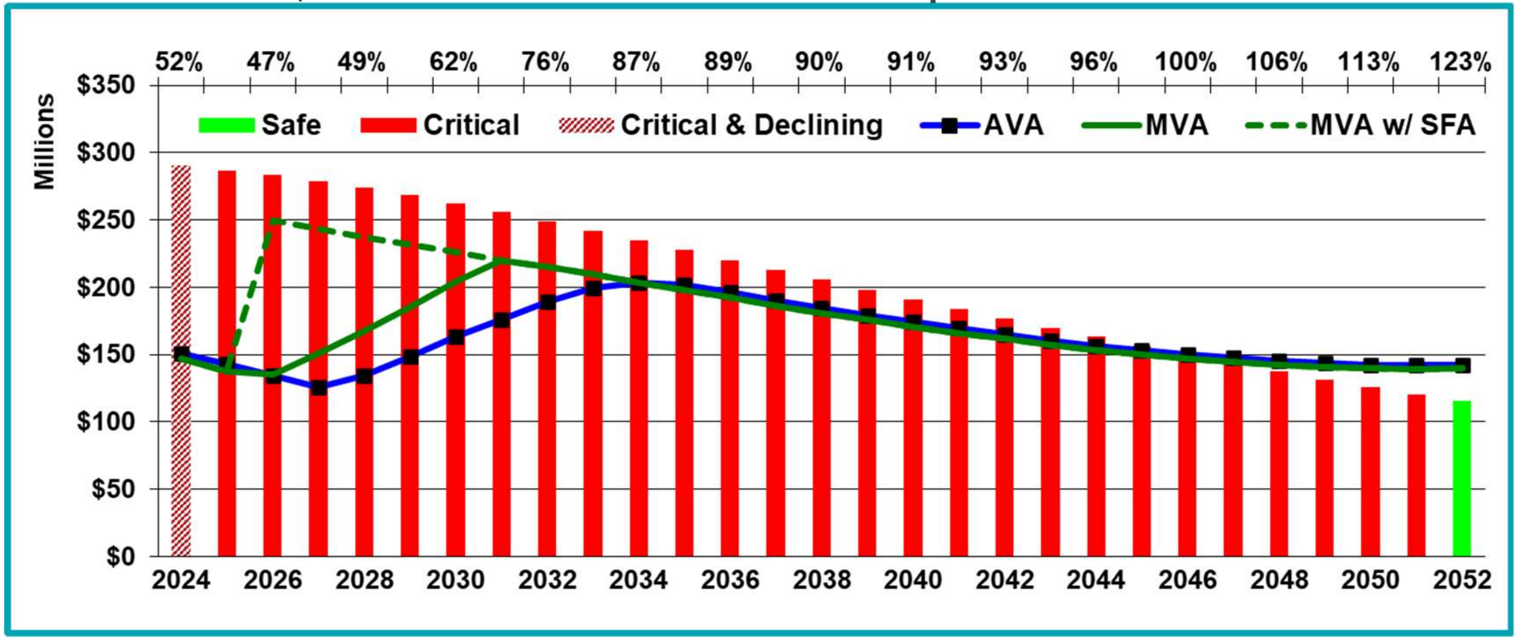
Projections – After SFA (7.0% Return)

- Uses same assumptions as valuation results
  - 7.0% investment return each year
  - SFA assets return 4.5% each year
- Expected SFA is $121 million if received September 2025



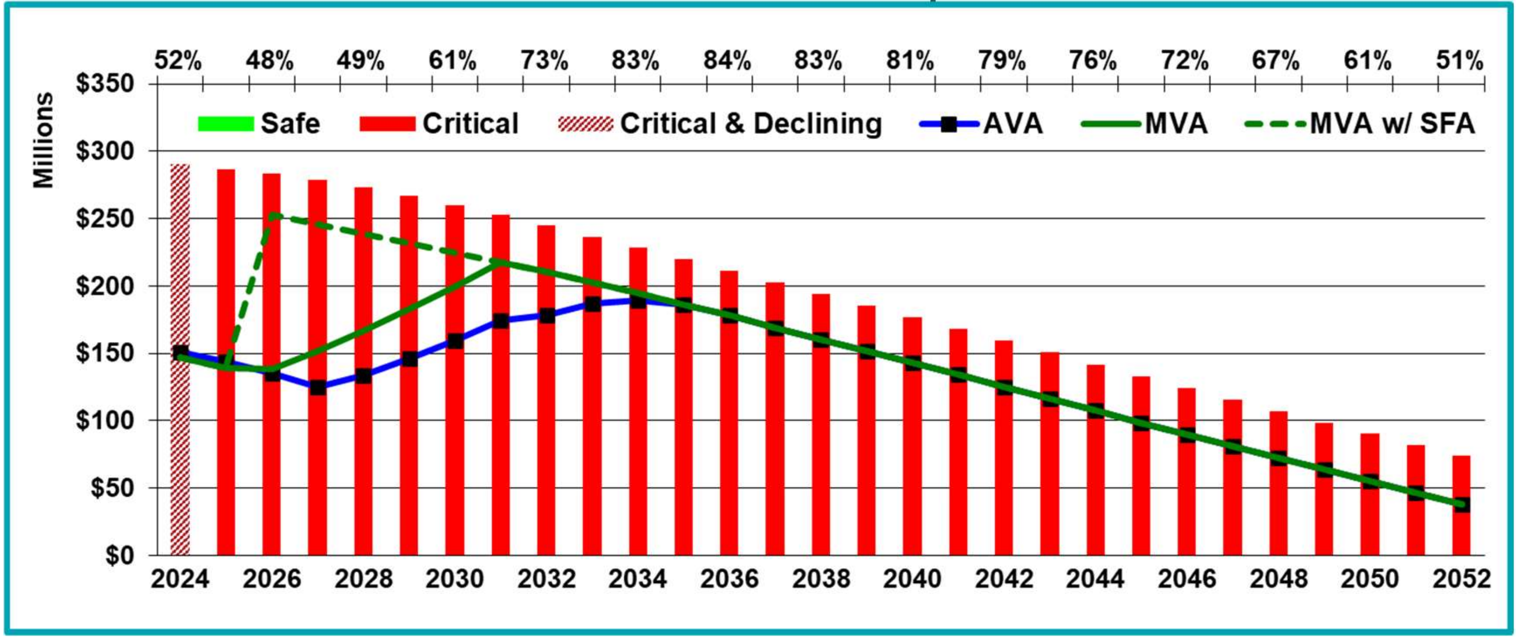
Projections – After SFA (6.0% Return)

- Uses same assumptions as previous slide, except
  - 6.0% investment return each year
  - SFA assets return 3.5% each year
- Expected SFA is $121 million if received September 2025



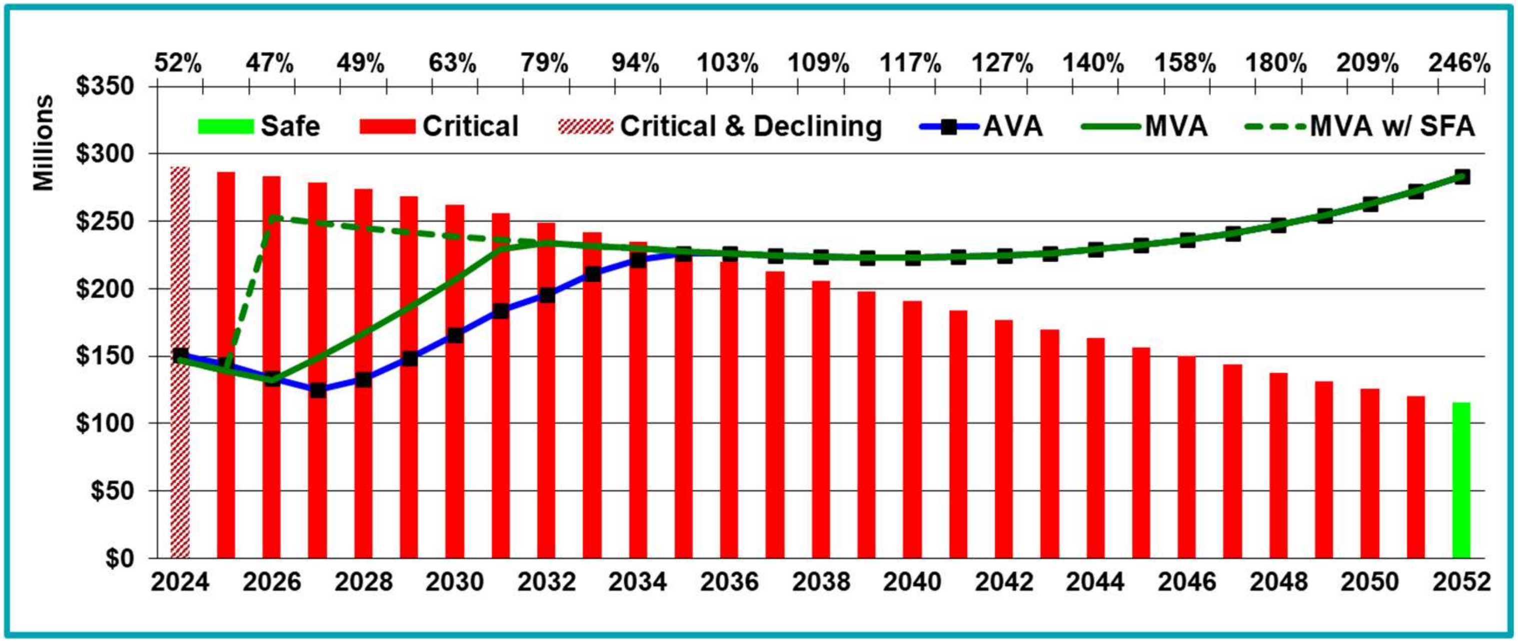
Projections – After SFA (CBU decline)

- Uses following assumptions
  - 7.0% investment return each year
  - 50% decline in CBUs in 2026 after SFA is received
- Expected SFA is $121 million if received September 2025



Projections – SFA delayed receipt

- Uses following assumptions
  - 7.0% investment return each year
  - SFA assets return 4.5% each year
- Expected SFA is $122 million if received December 2025



Reliance

This presentation was prepared solely for the Warehouse Employee Union Local No. 730 Pension Trust 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 such other users.

The assumptions reflect our understanding of the likely future experience of the Plan and the assumptions taken individually represent our best estimate for the future experience of the Plan. The results of this presentation are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results. The assumptions and methods are the same as shown in our upcoming January 1, 2024 Actuarial Valuation Report unless otherwise noted.

In preparing our presentation, we relied on information (some oral and some written) supplied by the auditor and Plan administrator. 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 and relies upon ProVal, an actuarial valuation software leased from Winklevoss Technologies for the intended purpose of calculating liabilities and projected benefit payments. Projected expected results of future valuations in this presentation were developed using P-scan, our proprietary tool for the intended purpose of developing projections. We are not aware of any material inconsistencies, unreasonable output resulting from the aggregation of assumptions, material limitations or known weaknesses that would affect the results as presented.

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 our firm does not provide any legal services or advice.

Peter Hardcastle, CFA, FSA, EA, MAAA
Principal Consulting Actuary

Matthew Deveney, FSA, EA, MAAA
Principal Consulting Actuary