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Subject: Timetable for MPRA Suspension of Benefits

Trustees of Local 730 Pension Fund

We do not feel that we are on track to complete the MPRA suspension application in December. The timeline presented to the Trustees in June represented the earliest application date and did not allow for the extensive data work that the regulator requires.

The complete service history for participants is required because "orphan" employment is subjected to harsher suspension than "non-orphan" employment. This level of employment history detail is not part of the participant database record held by the plan administrator and to create it requires extraction from monthly employer contribution submission records. In order to expedite processing Cheiron has undertaken this task. Note: this data is needed not only for current actives but also for pensioners and the widowed spouses of pensioners. Cheiron is very close to finalizing its part of this data process and we are closing in on what we anticipate is the last round of data questions to the plan administrator. These questions mainly concern people with benefits that commenced at ages 60 and 62 and the forms of payment and conversion factors actually used. We are hoping for a commitment to get answers to these questions by mid-November at the latest

The regulator is not prepared to accept the cash flows generated after applying some of the actuarial techniques we use in the plan valuation. The purpose of the valuation is to place a single number on the benefits accrued under the plan, whereas the regulator requires as accurate a forecast of the likely benefit payments as possible. This means that we need to do more extensive programming than for the regular valuation. In the case of this plan things are further complicated with the presence of two normal retirement ages. The regulator insists on using different mortality tables before a participant retires and after a participant retires, complicating the cash flows for the NRA 62 benefit if the participant commences the NRA 60 benefit at age 60. We are working to implement programming to switch mortality tables at age 60 for the NRA 62 piece in this case. However, the death before retirement benefit for the NRA 62 piece where a participant is assumed to commence the NRA 60 benefit at age 60 is particularly troublesome. This death benefit exposure has a small cost and so should be insignificant in the suspension decision. Last week we were able to discuss this issue with PBGC and, thankfully, they indicated that they are willing to accept use of the wrong mortality table for the two years – provided we document this in the application.

The regulator is insisting on documentation of the assumptions used to prepare the projections. This will mean we need to perform an experience study to justify the assumptions we are using – if we do not do this we will be asked to provide the results of an experience study to justify the assumptions and if the regulator does not think our assumptions are justified by the plan experience we will be asked to withdraw and resubmit – that will further delay the suspensions.

The regulator has modified its requirements to require analysis of how the Covid pandemic is impacting plans. This will add to the documentation.

We are concerned that going into 2021 for the application will have further delaying effects on the application. For example we need to use the 12/31/2020 asset values not the 9/30/2020 asset values. We were concerned that the regulator would insist on using census data at 1/1/2021 rather than 1/1/2020, but we raised this point with PBGC on last week's call and they indicated that this would not be a problem.

Attached is a revised time-line with a projected application date of 2/26/2021. This is still tight, but it would fit with a suspension date of 1/1/2022. The timeline is split into tasks that we are working on simultaneously, so there are dates for some sub-tasks that show completion of the sub-task. Yesterday Matt and Alicia had a call about the last round of data clean-up questions and Alicia's team is working to get those sorted out and back to us as soon as possible.

Peter.

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Summary Timeline

Target Date	**Project**
9/28/2020	Work with Investment advisor for mapping of assets into Horizon classes
10/1/2020	Application template
	Historical G/L analysis, just compile what we've done
	4.05 Participant notices, use model notice (build in at least the 4 from the Rev Proc)
	6.01 Sample Ballot - make sure it meets all requirements
	10 year list of Employers that contributed 5% or More (Schedule R)
	6.04 10 year experience, Check contributions against past Sch MBs
	3.01b PPA Cert but split out the contribs and BPs like the Rev Proc says
10/30/2020	Next set of MPRA data questions to Alicia (combo people split accrued benefit, and Actuarial increases)
11/6/2020	Valuation data finished
11/13/2020	**Data answers from Alicia**
	PBGC's data cleanliness requirements are more rigorous than for a funding valuation
11/20/2020	MPRA specific data work
	Monthly hours/contributions 2019 compared to 2020
	Verify Suspension formula math
	Exhibits and examples for section 4 of the Rev Proc
11/20/2020	Experience Study (6.03 assumptions and Appendix B of Rev Proc)
	PBGC requires back-up reasoning / proof that ALL of the assumptions are appropriate
	10 year history of the currently contributory ER's CBUs
	Optional Forms of Payment chosen experience
	New Entrant Profile and Ret age experience
	Separate tables for early eligible versus not early eligible
	And of course the ususal assumptions for the active lives regarding termination, etc.
12/11/2020	ProVal/Sample lives
	PBGC needs to assess the accuracy of the model
11/6/2020	Optional forms, Conversion Factors, retirement eligibliity
11/13/2020	Retirement commencement Date(s)
11/20/2020	Final Plan Level run
12/11/2020	MPRA Runs (including New Entrant, Goldilocks...)
1/15/2021	Projections
11/6/2020	Investment return
12/1/2020	Set up template with the various section 4 scenarios and the 6.05 sensitivity
12/11/2020	Future CBU assumption
11/13/2020	Projected Admin Expenses, projected headcounts
1/15/2021	Zero in on cut %, iterative process back and forth with ProVal runs
1/29/2021	Draft Application to Council and Trustees
	Counsel will be responsible for the language describing the
2/26/2021	Submission of Application

Post Submission Time line

2/28/2021	Complete per regulator
3/1/2021	Notices posted
3/30/2021	Published to Treasury website
5/14/2021	Comment period closes
10/9/2021	Approval or deinal
11/8/2021	Voting packets to participants
11/29/2021	Voting closes
1/1/2022	Suspension Effective Date