FELRA & UFCW Pension Plan

Classic Values, Innovative Advice

Actuarial Presentation

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American Rescue Plan Act of 2021

- Signed into law on March 11, 2021
- Provides Financial Assistance (FA) to the most troubled multiemployer plans
- PBGC Premiums increased to $52 per participant in 2031, indexed thereafter

Financial Assistance

- Eligible Plans receive financial assistance to pay full benefits through 2051

- Eligibility
  1. C&D status in any PYB 2020 to 2022
  2. Approved MPRA Suspension
  3. Critical status in any PYB 2020 to 2022, with <40% CL Funded % and active to inactive ratio < 2/3
  4. Plan insolvent but not yet terminated

FELRA meets criteria #1

Financial Assistance

- Plans with priority consideration
  - Plans likely to become insolvent within 5 years
  - Plans with projected FA > $1 billion
  - Plans that have suspended benefits under MPRA
  - PBGC discretion

** FELRA is likely to qualify for priority consideration*

- Applications
  - Regulations within 120 days of enactment (by July 9, 2021)
  - Application due no later than 12/31/2025
  - Deemed approved unless notified within 120 days of the application filing

Financial Assistance

- Assumptions
  - Same as those used in the 2020 PPA Certification, unless clearly erroneous or unreasonable
  - Interest Rate Limit = 3^{rd} segment rate + 200 bps (5.49% as of May 2021)

- Financial Assistance
  - Is transferred to the Plan as determined by PBGC, but no later than 1 year after approval
  - Single lump-sum payment
  - Not subject to repayment
  - Must be segregated from other plan assets
  - Must be invested in investment-grade bonds

Financial Assistance

- Plans that receive FA
  - deemed to be in Critical status in all years until 2051
  - continue paying all PBGC premiums
  - are not eligible to apply for a new suspension of benefits
  - current PBGC guarantees apply if they become insolvent

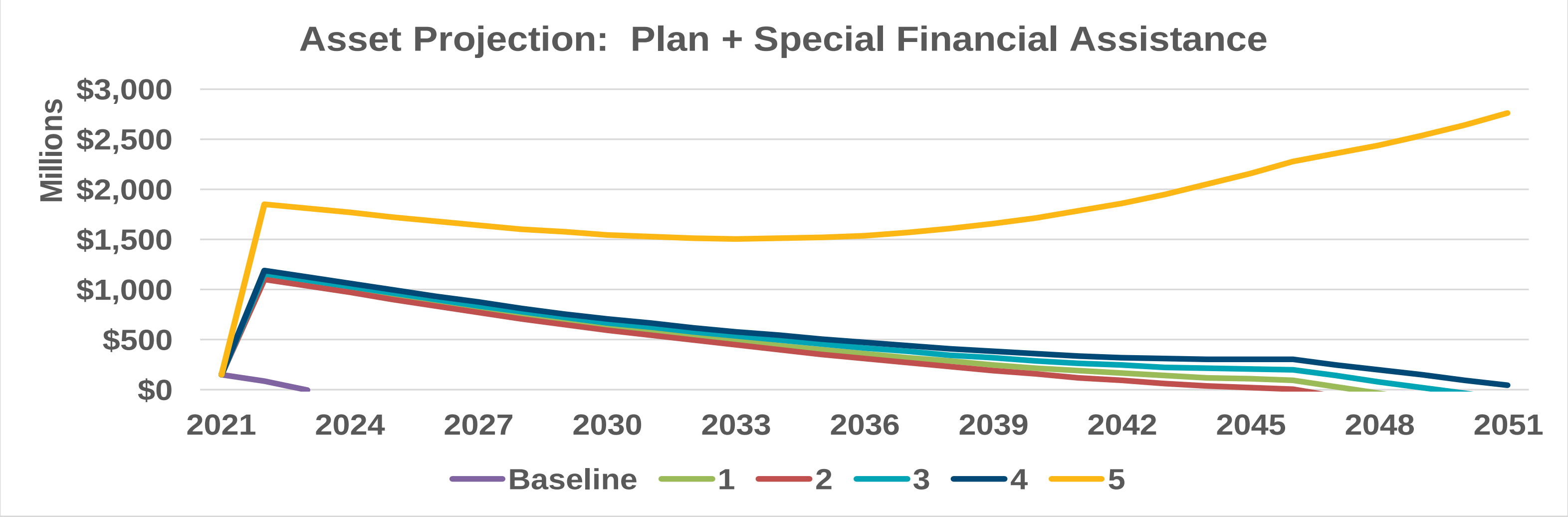
- PBGC may impose, by regulation, reasonable conditions relating to benefit improvements, asset allocation, reduction in contribution rates, withdrawal liability, etc.

Projected Outlook

** These are preliminary illustrations. The determination of the financial assistance is unclear and subject to further guidance. There could be other **methods** that are appropriate.*

2022	Year
3.00%	Investment Earnings on Assistance
5.49%	Discount Rate (3rd segment + 200 bps)
6.50%	2021 Return
6.50%	2022+ Return

Method #	Assistance	2052 Assets
1	$ 1,045.8	$ (301.2)
2	1,019.3	(435.9)
3	1,076.5	(149.6)
4	1,106.9	0
5	1,770.0	2,890.8



Reflects assets of $143.2 million as of April 30, 2021 as reported by IPS. Baseline insolvency in November 2022.

Assumptions and Methods/Reliance

This presentation was prepared solely for the FELRA & UFCW 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.

In preparing this presentation, we relied on information (some oral and some written) supplied by the Fund Office and the Investment Consultant. 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.

The projections shown are based on the current assumptions and methods. Future results may differ significantly from the current results presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

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