FELRA and UFCW Pension Fund

Actuarial Solvency Valuation Report as of December 31, 2020

Produced by Cheiron

December 2021

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December 23, 2021

FELRA and UFCW Pension Fund Trustees
c/o Ms. Anne-Marie Sims
Associated Administrators, LLC
4301 Garden City Drive, Suite 201
Landover, Maryland 20785

Dear Trustees:

At your request, we have performed the December 31, 2020 Actuarial Solvency Valuation of the FELRA and UFCW Pension Fund (the "Fund"). The purpose of this report is to present the annual solvency valuation of the Fund. This report is for the use of the Fund's Board of Trustees and its auditors in preparing financial reports in accordance with applicable legal and accounting requirements.

In the Foreword, we refer to the general approach employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions on which our findings are based. Those comments are the basis for our certification that this report is complete to the best of our knowledge and belief. The results of this report are only applicable to the current plan year. Future results may differ significantly from the current results presented in this report 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.

An Actuarial Standard of Practice (ASOP) No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, applies to this and future valuations. The primary risk for the Fund is its projected insolvency in the near future. This has been discussed with the Board in detail. Given the anticipated insolvency of the plan, no additional disclosures are called for in our opinion in accordance with ASOP No. 51.

This report 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 report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

The purpose of this report is to present the annual solvency valuation of the FELRA and UFCW Pension Fund. This report is for the use of the Fund and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any such other users.

Sincerely,
Cheiron

Gene Kalwarski, FSA, MAAA, EA
Principal Consulting Actuary

Kevin J. Woodrich, FSA, MAAA, EA
Principal Consulting Actuary

cc: Justin Runkel, Cheiron

FOREWORD

Cheiron has performed the actuarial solvency valuation of the FELRA and UFCW Pension Fund as of December 31, 2020. The purpose of this report is to:

1) **Measure and disclose**, as of the valuation date, the financial condition of the Fund; and

2) **Provide specific information** and documentation required by the Federal Government and the auditors of the Fund.

An actuarial solvency valuation establishes and analyzes Fund assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the Fund's investment performance, as well as an analysis of the accrued liability gains and losses.

Section I presents a summary of the valuation and compares this year's results to last year's results.

Section II contains exhibits relating to the valuation of assets.

Section III shows the various measures of liabilities.

Section IV provides information required by the Fund's auditor.

The appendices to this report contain a summary of the Fund's membership at the valuation date, a summary of the major provisions of the Fund, and the actuarial methods and assumptions used in the valuation.

In preparing our report, we relied without audit, on information supplied by Associated Administrators LLC, Investment Performance Services, Inc., and Calibre CPA Group, PLLC. 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 the Actuarial Standard of Practice No. 23.

The actuarial assumptions analyzed individually, represent our best estimates for the future experience of the Fund. The results of this report 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 Fund could vary from our results.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies for the intended purpose of calculating the liabilities and projected benefit payments. We have examined the reasonableness of the input data and assumptions, reviewed sample calculations for accuracy, reconciled the actuarial gain/loss, and find the aggregate results reasonable and appropriate. We are not aware of any material inconsistencies, unreasonable output resulting from the aggregation of assumptions, material limitations, or known weaknesses that would affect these valuation results.

Please note this valuation was prepared using census data and financial information as of the December 31, 2020 valuation date. Events following that date are not reflected in this report.

SECTION I – SUMMARY

The table below sets out the principal results of this year's valuation and compares them to last year's results. On December 31, 2020, the Mid-Atlantic UFCW & Participating Employers Pension Fund was combined into this Fund and then the plan was subsequently terminated by mass withdrawal.

Table I - 1
Summary of Principal Results

	January 1, 2020	December 31, 2020	Change
Participant Counts			
Actives	9,697 [1]	10,589	9.2%
Terminated Vesteds	14,333	13,876	(3.2%)
In Pay Status	18,394	18,562	0.9%
Total	42,424	43,027	1.4%
Financial Information			
Assumptions			
- Discount rate (first 20 years)	7.00%	1.62%	
- Discount rate (thereafter)	7.00%	1.40%	
Market Value of Assets [2]	$ 149,154,758	$ 178,613,626	19.8%
Accrued Liability (ASC 960)	$ 1,603,595,095	$ 3,321,737,430	107.1%
Surplus (Unfunded Liability) (ASC 960)	(1,454,440,337)	(3,143,123,804)	116.1%
Funded Ratio (ASC 960)	9.3%	5.4%	(3.9%)
Accrued Liability (PBGC)	N/A	$ 3,321,737,430	N/A
Surplus (Unfunded Liability) (PBGC)	N/A	(3,143,123,804)	N/A
Funded Ratio (PBGC)	N/A	5.4%	N/A
Projected Insolvency Date	N/A	9/2022	
Contributions and Cash Flows			
Prior Year Employer Contributions	$ 46,305,411	$ 45,335,413	(2.1%)
Prior Year Benefit Payouts	(145,097,007)	(143,104,206)	(1.4%)
Prior Year Administrative Expenses	(5,480,713)	(5,441,516)	(0.7%)
Prior Year Net Investment Income	17,858,558	1,622,142	N/A

[1] *Excluding employees hired after January 1, 2013 that are now included following the combining of the Mid-Atlantic UFCW & Participating Employers Pension Fund on December 31, 2020.*

[2] *Excluding receivable Withdrawal Liability payments.*

SECTION I – SUMMARY

In this section, we present our analysis of the key results for the plan year ending December 31, 2020. Please note this valuation was prepared using census data and financial information as of the valuation date. Therefore, events following that date are not, and should not be, reflected in this report. However, we have reflected the corrected monthly benefits to adjust for late retirement increases for the impacted retirees in accordance with the VCP filing made to the IRS.

A new Actuarial Standard of Practice (ASOP) No. 51 was recently implemented requiring actuarial valuations to assess and disclose risks facing a pension plan. Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be significantly different.

The fundamental risk to this Fund is that plan assets are not sufficient to pay benefits and expenses. Insolvency occurs when the Fund no longer has sufficient assets to make benefit payments and administrative expenses.

Based on the assets as of December 31, 2020, the Fund is expected to become insolvent in September 2022. However, the Fund is in the process of applying for Special Financial Assistance as permitted under the American Rescue Plan Act of 2021. Once received, the Special Financial Assistance will delay insolvency until a much later date.

Background

Effective December 31, 2020, the Mid-Atlantic UFCW & Participating Employers Pension Fund was combined into FELRA and subsequently terminated by mass withdrawal.

Due to the Fund's termination by mass withdrawal and pursuant to PBGC §4041A, the Trustees have the following duties: (1) Pay benefits that are nonforfeitable under the Fund as of the termination date, (2) Impose and collect withdrawal liability payments from former participating employers, (3) Report the value of nonforfeitable benefits and assets within 150 days after the end of the plan year, (4) Report withdrawal liability information annually, and (5) Provide annual determinations of plan solvency.

General Comments on Prior Year Results

Investment and liability experience and their effect on future costs traditionally have been the focus of year-to-year analyses. However, for a terminated plan the focus is more importantly on how this experience affects the projected point of insolvency.

- The Market Value of Assets returned 2.00% for the plan year ending December 31, 2020.
- The Fund uses the PBGC assumptions for terminated multiemployer plans which change annually. This report reflects the interest rate and mortality table as prescribed by ERISA 4044. As this was the first valuation adopting the prescribed interest rate and mortality, the impact of these changes increased the liability by $1,630.7 million. The prior year's results used an interest rate of 7.0% to calculate liabilities.

SECTION I – SUMMARY

- The Fund's funding ratio (Market Value of Assets as a percentage of Accrued Liability) decreased from 9.3% to 5.4%.

- The Fund is projected to go insolvent in September 2022 under the current investment return assumption of 1.62% per year. Negative net cash flow is the primary contributing factor to the impending solvency. However, we stress-tested the underling investment return assumption to check for meaningful movement in the projected insolvency date. Given the low amount of projected assets, investment returns other than what is assumed do not materially impact this expected insolvency date.

  The insolvency date will materially change upon receipt of any Special Financial Assistance amounts as a result of the Fund's application to be filed in December 2021.

SECTION II – ASSETS

Assets at Market Value

Market values represent "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. The market value as of December 31, 2020 reflects monies subsequently transferred into the Fund in connection with the Mid-Atlantic UFCW & Participating Employers Pension Fund merger.

Table II-1
Statement of Assets at Market Value as of December 31, 2020

Investments			
Corporate Stocks	$	248	0.0%
Limited Partnerships		1,896,389	1.0%
Short-Term Investment Funds		3,853,847	2.1%
Subtotal	$	5,750,484	3.2%
Receivables			
Employer Contributions	$	8,629,678	4.8%
Interest and Dividends		50	0.0%
Employer Withdrawal Liability		2,221,648	1.2%
Merger Receivable		152,561,848	84.4%
Prepaids and other receivables		219,925	0.1%
Subtotal	$	163,633,149	90.5%
Cash		11,831,493	6.5%
Total Assets	$	181,215,126	100.2%
Liabilities			
Accounts Payable	$	(379,852)	-0.2%
Due from Broker for Purchases		0	0.0%
Subtotal	$	(379,852)	-0.2%
Market Value of Assets - Auditor	**$**	**180,835,274**	100.0%
Expected Withdrawal Liability Payments		(2,221,648)	
Adjusted Market Value - Auditor	**$**	**178,613,626**	
Additional Receivable Contribution		0	
Market Value of Assets for Funding	**$**	**178,613,626**	

Changes in Market Value

The components of asset change are:

- Contributions
- Withdrawal liability payments
- Benefit payments
- Expenses
- Investment income (realized and unrealized)

The specific changes during the plan year are presented below:

Table II - 2
Changes in Market Values

Market Value of Assets -- December 31, 2019	$	149,154,758
Employer Contributions	$	23,067,769 [1]
Employer Withdrawal Liability Payments		752,831
Benefit Payments		(143,104,206)
Merger Funds		152,561,848
Administrative Expenses		(5,441,516)
Investment Return (Gross)		1,848,775
Investment Expenses		(226,633)
Market Value of Assets -- December 31, 2020	$	178,613,626
Return		2.00%

[1] *Net of $22,267,644 contributions received in 2020 but applied toward 2019 plan year.*

SECTION III – LIABILITIES

In this section, we present detailed information on Fund liabilities including:

- **Disclosure** of Fund liabilities at January 1, 2020, and December 31, 2020; and,

- Statement of **changes** in liabilities during the year.

Disclosure

The following liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them.

Accrued Liabilities: The Fund reports two different liability values, an Accrued Liability (Funding) and an Accrued Liability (PBGC). Both are calculated using the Unit Credit Cost method. Both represent the total amount of money needed to fully pay off all future obligations of the Fund. The difference between the two liability amounts is in the valuation of administrative expenses.

The Accrued Liability (Funding) amounts are used for accounting disclosures (FASB ASC Topic 960) and for that purpose, they are referred to as the Present Value of Accumulated Benefits. They include the present value of administrative expenses based on FASB ASC Topic 960 guidance.

Accrued Liability (PBGC) amounts are based on the assumptions published by the Pension Benefit Guaranty Corporation. These assumptions must be used for complying with the reporting requirements of ERISA Section 4281 and include an expense load calculated in accordance PBGC Regulation Part 4044, Appendix C.

The following table discloses the liability for the current valuation and the prior one. The liability is compared to the Fund assets and the shortfall is the unfunded liability.

SECTION III – LIABILITIES

Table III - 1
Liabilities/Net Surplus (Unfunded)

	1/1/2020	12/31/2020
ACCRUED LIABILITY (ASC 960)		
Retirees and Beneficiaries	$ 1,141,056,434	$ 1,940,178,611
Terminated Vesteds	238,394,992	608,565,609
Active Participants	224,143,668	772,993,210
Present Value of Expenses	71,405,169	216,638,419
Total Accrued Liability	$ 1,675,000,263	$ 3,538,375,849
Market Value of Assets	$ 149,154,758	$ 178,613,626
Net Surplus (Unfunded)	$ (1,525,845,505)	$ (3,359,762,223)
ACCRUED LIABILITY (PBGC)		
Retirees and Beneficiaries	N/A	$ 1,940,178,611
Terminated Vesteds	N/A	608,565,609
Active Participants	N/A	772,993,210
Expense Load [1]	N/A	22,300,100
Total Accrued Liability	N/A	$ 3,344,037,530
Market Value of Assets	$ 149,154,758	$ 178,613,626
Net Surplus (Unfunded)	N/A	$ (3,165,423,904)

[1] *Per 29 CFR §4044, Appendix C.*

SECTION III – LIABILITIES

Changes in Liabilities

The liabilities shown in the following table are subject to change at successive valuations as the experience of the Fund varies from that assumed in the valuation. The liabilities may change for any of several reasons, including:

- Benefits accrued since the last valuation
- Plan amendments
- Interest on liabilities
- Benefits paid to retirees
- Participants leaving employment at rates different from expected
- Changes in actuarial assumptions (including the lower discount rate and mortality table prescribed by ERISA 4044)
- Changes in actuarial methods

Table III - 2 Accrued Liability (ASC 960)		
Liability as of 1/1/2020 (without Administrative Expenses)	$	1,603,595,094
Liability as of 12/31/2020 (without Administrative Expenses)	$	3,321,737,430
Liability Increase (Decrease)		1,718,142,336
Change due to:		
Assumption Change	$	1,630,656,586
Plan Amendments		0
Plan Merger		140,166,836
Accrual of Benefits		415,853
Actual Benefit Payments		(143,104,206)
Passage of Time		107,356,831
Actuarial (Gain)/Loss		(17,349,564)
Total	$	1,718,142,336
Present Value of Administrative Expenses		216,638,419
Liability as of 12/31/2020 (with Administrative Expenses)		3,538,375,849

SECTION IV – FASB ASC TOPIC NO. 960 DISCLOSURE

Table IV - 1
Present Value of Accumulated Benefits as of December 31, 2020
In Accordance with ASC Topic 960

	Amounts	Counts
1. Actuarial Present Value of Benefits		
Retirees and Beneficiaries	$ 1,940,178,611	18,562
Terminated Vesteds	608,565,609	13,876
Active Participants	772,993,210	10,589
Total Vested Benefits	$ 3,321,737,430	43,027
2. Present value of Expected Administrative Expenses	216,638,419	
3. Non-vested Benefits	0	0
4. Accumulated Benefits	$ 3,538,375,849	43,027
5. Market Value of Assets	178,613,626	
6. Funded Ratios		
Vested Benefits	5.4%	
Accumulated Benefits	5.0%	

Reconciliation of Present Value of Accumulated Benefits

1. Actuarial Present Value at Start of Prior Plan Year (w/o Admin Expenses)	$ 1,603,595,094
2. Increase (Decrease) over Prior Year due to:	
Accrual of Benefits	$ 415,853
Benefit Payments	(143,104,206)
Increase for Interest	107,356,831
Experience (Gains)/Losses	(17,349,564)
Changes in Assumptions	1,630,656,586
Plan Merger	140,166,836
Plan Amendments	0
Total	$ 1,718,142,336
3. Actuarial Present Value at End of Prior Year (w/o Admin Expenses)	$ 3,321,737,430
4. Present Value of Expected Administrative Expenses	$ 216,638,419
5. Actuarial Present Value at End of Prior Year (w/ Admin Expenses)	$ 3,538,375,849

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by Associated Administrators LLC (AA). Cheiron did not audit any of the data. The data is as of December 31, 2020. Below is a list of assumptions Cheiron made in processing the data this year.

Active Status for Valuation Purposes

Active employees were determined using the following criteria:

- Active status code (A or AV),
- Last day worked on or after September 1, 2020, and
- At least five years of vesting or benefit service as of December 31, 2020.

The remaining participants with an A or AV status were valued as terminated vesteds if they had at least five years of vesting service; otherwise, non-vested terminations.

Dates of Birth for Terminated Vested Employees

For terminated vested participants with unreasonable or missing dates of birth, we assumed they were the average age of their respective group based on Tier I or Tier II participation.

Accrued Benefits for Terminated Vested Employees

The accrued benefit for each terminated vested was estimated based on the amount of benefit service reported and the monthly accrual levels for Tier I or Tier II participation.

Full-Time/Part-Time Status

Full-time versus part-time status is not included in the data provided to Cheiron. For Tier I participants, this status is determined based on the most recent contribution rate for that participant. Tier II participants are assigned full-time versus part-time status based on the majority of their service for the prior plan year. If they do not have service in the preceding plan year, earlier years are used.

APPENDIX A – MEMBERSHIP INFORMATION

The following is a list of data charts contained in this section:

- Age/Service Distribution for Tier 1 Active Participants
- Age/Service Distribution for Tier 2 Active Participants
- Counts and Average Benefit Amount by Age for Retirees, Beneficiaries, and Disabled Participants
- Counts and Average Benefit Amount by Age for Deferred Vested Participants and Surviving Spouses entitled to future benefits

Table A-1
Tier 1 Active Participants as of January 1, December 31, 2020

	Completed Years of Credited Service as of January 1,										
Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	1	2	0	3
55-59	0	0	0	3	2	1	3	20	161	26	216
60-64	1	0	0	1	2	4	1	10	87	198	304
65-69	0	0	0	0	0	1	1	3	17	95	117
70 & Up	0	0	0	0	0	0	0	0	4	40	44
Total	1	0	0	4	4	6	5	34	271	359	**684**

Average Age = 61.9 Average Service = 39.9

APPENDIX A – MEMBERSHIP INFORMATION

Table A-2
Tier 2 Active Participants as of January 1, December 31, 2020

	Completed Years of Credited Service as of January 1,										
Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	0	3	48	0	0	0	0	0	0	0	51
25-29	0	7	403	36	0	0	0	0	0	0	446
30-34	0	5	314	356	29	0	0	0	0	0	704
35-39	0	8	167	267	267	23	0	0	0	0	732
40-44	0	9	179	199	261	204	22	0	0	0	874
45-49	0	5	174	192	219	212	203	59	0	0	1,064
50-54	0	7	176	221	247	191	199	402	41	0	1,484
55-59	0	8	229	254	299	217	146	389	163	0	1,705
60-64	0	9	205	242	265	202	161	284	76	1	1,445
65-69	38	165	100	107	146	86	85	127	29	0	883
70 & Up	24	118	58	74	90	51	37	57	8	0	517
Total	62	344	2,053	1,948	1,823	1,186	853	1,318	317	1	**9,905**

Average Age = 51.6 Average Service = 17.7

APPENDIX A – MEMBERSHIP INFORMATION

Table A-3
Inactive Participants as of December 31, 2020

Pensioners and Beneficiaries Receiving Benefits

	Disability Retirements		Normal, Early Deferred Vested Retirements		Surviving Spouses and Beneficiaries Receiving Benefits		Total	
Age	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 55	58	$ 19,551	7	$ 4,386	48	$ 18,007	113	$ 41,944
55-59	81	36,894	282	298,210	85	31,793	448	366,897
60-64	161	93,967	1,315	1,085,570	176	62,475	1,652	1,242,012
65-69	26	12,011	3,412	2,285,468	282	110,885	3,720	2,408,364
70-74	0	0	4,088	2,679,128	419	158,888	4,507	2,838,016
75-79	0	0	3,106	2,106,339	451	180,223	3,557	2,286,562
80 & Over	0	0	3,758	2,251,485	807	280,141	4,565	2,531,626
Total	**326**	**$ 162,423**	**15,968**	**$ 10,710,586**	**2,268**	**$ 842,412**	**18,562**	**$ 11,715,421**

Terminated Vested Participants and Surviving Spouses Entitled to Future Benefits

Age	Number	Monthly Benefit[1]
Under 45	3,625	$ 498,910
45-49	1,899	342,436
50-54	2,359	532,889
55-59	2,637	784,181
60-64	2,114	636,378
65 & Over	1,242	520,217
Total	**13,876**	**$ 3,315,011**

[1] *Benefits are adjusted to include a late retirement factor for terminated vested participants over age 65.*

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

This summary reflects all amendments made to the Fund up to and including December 2020. The Fund terminated by mass withdrawal December 31, 2020. Future service accruals ceased as of this date and benefits were frozen.

1. Eligibility

Each employee with bargaining units represented by Locals 400, 27, or 1776 (formerly 1357), where the collective Bargaining Agreements call for contributions to this Fund on behalf of such employee, will become a participant upon receipt of the first such contribution on his behalf.

2. Normal Retirement Date

An employee's Normal Retirement Date is the last day of the month in which his 65^{th} birthday occurs.

3. Past Service

Service prior to January 1, 1976 was granted according to the terms of the Fund as in effect from time to time prior to that date.

4. Future Service

On and after January 1, 1976, an employee for whom monthly contributions are made receives future service credit for each month for which a contribution is made on his behalf. An employee for whom hourly contributions are made receives future service credit for each plan year at the rate of one-quarter of a year for each 400 such hours for which contributions are made up to a full year credit for 1,600 or more such hours. In either case, an employee also receives future service benefit credit for any period during which he is reported as being in the military service of the United States and returns to covered employment within the period for protection of his statutory rights to re-employment.

Future service was frozen effective December 31, 2020.

5. Accrued Monthly Pension

An employee's Accrued Monthly Pension is determined according to the applicable contribution rate from time to time. The contribution rate for most of the participants in the Fund is set in the Collective Bargaining Agreement between FELRA and the participating unions.

The applicable contribution rates and benefit rates for Tier I and Tier II employees are shown on the next page.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

For Tier I participants, the benefit rate for credited service is $47 per month per year of full time credited service and $32 per month per year of part-time credited service. The benefit rate for credited service in excess of 30 years, is $54 per month per year of full-time credited service and $37 per month per year of part-time credited service.

For Tier II participants, the benefit rate for credited service is $25 per month per year of full time credited service and $15 per month per year of part-time credited service.

Certain other "non-core" bargaining units participate at different contribution/benefit levels. These non-core employers make up a small percentage of Fund liabilities. For FELRA employees hired after the effective date of the applicable Collective Bargaining Agreement, other contribution rates and benefit levels may be applicable.

Participants will not earn any future benefit accrual for service earned after December 31, 2020.

6. Normal Retirement Benefit

An employee's Normal Retirement Benefit is his Accrued Monthly Pension determined as of his Normal Retirement Age (65).

7. Employment after Age 65

An employee whose employment continues beyond his Normal Retirement Age will continue to receive additional pension credit for that employment.

8. Early Retirement Benefit

An employee who has both attained age 55 and completed at least 15 years of Credited Service can retire prior to his Normal Retirement Date. Tier II participants are also eligible to retire provided the Participant has both attained age 62 and completed at least 10 years of Credited Service. His early retirement pension is equal to his Accrued Monthly Pension, reduced by one-half of one percent for each month in the period between the date his pension commences and his 60th birthday (65th in the case of employees having an hourly contribution basis). Certain other participants acquired through plan mergers are entitled to early retirement benefits under different age and service requirements.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

9. Special Early Retirement

An employee (other than an employee having an hourly contribution basis) who has either (a) attained age 60 and completed at least five years of Credited Service, or (b) has completed at least 30 years of Credited Service regardless of age, may retire and receive his Accrued Monthly Pension without actuarial reduction.

10. Disability Retirement

An employee who becomes totally and permanently disabled (according to Social Security criteria) after he has completed at least ten years of Credited Service, is entitled to a Disability Retirement Pension. His Accrued Pension will be payable without actuarial reduction as soon as his disability is established to the satisfaction of the Trustees and the six-month waiting period is completed.

11. Vesting

If an employee who has completed five or more years of "Vesting Service" terminates covered employment other than by death or disability prior to the time he is eligible for an Early (or Normal) Retirement Benefit, he will be entitled to a Deferred Vested Pension beginning on his 60th birthday (65th in the case of employees having an hourly contribution basis), equal to his Accrued Monthly Pension up to the date his covered employment terminates. A former employee may elect to receive his pension payments on the first day of any month on or after his 55th birthday, in which case his pension amount will be reduced by one-half of one percent for each month in the period between the date his pension begins and his 60th birthday (65th in the case of employees having an hourly contribution basis). For this purpose, Vesting Service is equal to (a) the years of Credited Service granted prior to 1976, and (b) the sum of the years of Credited Service granted after 1975, except that one full year of Vesting Service is granted for each calendar year in which either five or more months of Credited Service were granted or 750 Regular Time Hours were credited; if an employee has less than 750 Regular Time Hours or five months of Credited Service in any plan year and transfers to (or is transferred from) non-covered service with a participating employer, such non-covered service will also be included as Vesting Service.

12. Pre-Retirement Spouse's Pension

Each employee who is vested under the Fund (other than as set out below) is provided with pre-retirement spouse's pension coverage, whereby if his death occurs before actual retirement, his spouse will receive a lifetime pension from the Fund. The spouse's pension will be payable starting with the later of (a) the earliest date the employee could have elected to retire under the plan, or (b) the employee's death. The amount of such pension will be one-half of that which would have been payable to the employee if he had retired early on the date of the start of the spouse's pension and elected a Joint and 50 Percent Survivor option. The coverage is elective for former employees who became entitled to deferred vested pension prior to August 23, 1984 and is paid for by the reduction of the pension otherwise payable to him.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

13. Normal Form of Pension

The normal form of pension for an unmarried employee (or for a married employee who so elects) will be a lifetime pension. If his pension accrual was greater than $15 per month per year of service (or $10 for part-time employees), the pension is also payable for 60-months certain. The normal form of pension payable to a married employee who does not elect otherwise will be an actuarially reduced pension on the Joint and 50 Percent Survivor basis.

Upon the death of a pensioner, other than pensioners receiving Deferred Vested Pensions, a lump sum death benefit will be paid to the employee's designated beneficiary. The amount is $500, $1,000, or $2,500 depending on the contribution rate applicable to the participant and the full-time/part-time employment status.

14. Reciprocity

An employee covered by this Fund may transfer to (or from) the UFCW and Participating Employers' Pension Fund without loss of pension credits. Upon eventual retirement, each Fund will pay the benefit for service accrued under that Fund, according to the benefit rate in effect under that Fund, at the time of retirement. Reciprocity also has been authorized between this Fund and certain other collectively bargained plans in the retail food industry, under which payment of benefits from each Fund is made according to the benefit rate in effect at the end of his covered employment under each Fund.

Note: This summary is for the sole purpose of stating the principal plan provisions on which the valuation is based. Entitlement to benefits under the Fund is determined under the terms and provisions of the pension plan document.

15. Changes in Plan Provisions since Last Valuation

None

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Interest Rate

1.60% per year for the first 20 years
1.42% per year thereafter

Interest rate is prescribed by ERISA 4044.52

2. Rate of Mortality

Healthy Lives:
UP-1994 Projected 10 years with Scale AA

Disabled Lives:
Mortality Tables for Social Security Disabled Participants, as provided in 29 CFR §4044 Appendix A, Tables 5 and 6

Rate of Mortality is prescribed by ERISA 4044.53

3. Rate of Turnover

Terminations of employment for reasons other than death or retirement are assumed to be in accordance with annual rates as shown below.

	Number Expected to Terminate Annually Per 1,000	
Service	Males	Females
0	400	400
1	220	220
2	180	180
3	150	150
4	130	130
5	120	120
6	110	110
7	105	105
8	90	90
9	90	90
10	90	90
11	80	80
12	80	80
13	80	80
14	70	70
15	70	70
16	70	70
17	50	50
18	50	50
19	50	50
20	40	40
21	30	30
22 and over	25	25

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

4. Rate of Retirement

Tier I rates of retirement depend on whether a participant has fewer than 30 years of service or more than 30 years of service.

	Number Expected to Retire Annually Per 1,000		
Age	Tier 1 Less than 30 years	Tier 1 Over 30 years	Tier 2
50	0	200	0
51	0	200	0
52	0	200	0
53	0	200	0
54	0	200	0
55	85	200	75
56	85	200	75
57	85	200	75
58	85	200	75
59	85	200	75
60	150	200	100
61	150	250	100
62	300	350	150
63	200	400	125
64	200	400	150
65	300	400	200
66	300	400	200
67	200	400	200
68	200	400	200
69	200	400	200
70 and over	1,000	1,000	1,000

Employees who leave employment with entitlement to a deferred vested pension are assumed to commence receipt of their pension when first eligible for unreduced benefits.

5. Rate of Disability

Terminations of employment for disability are assumed to be equal to 50% of the Group Long-Term Disability Insurance Crude Rates of Disablement for males published in the Transactions of the Society of Actuaries, 1979.

Illustrative rates are shown below.

Number Expected to Become Disabled Annually Per 1,000	
Age	Rate
25	0.3
30	0.3
35	0.4
40	0.7
45	1.4
50	2.7

6. Marital Status and Elections

80% of participants are assumed to be married at death, and eligible for pre-retirement spouse benefits.

56% of participants are assumed to elect the joint and survivor option on retirement. The rest are assumed to elect the single life form.

Husbands are assumed to be three years older than their wives.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

7. Service Accrual

Service accruals are frozen as of December 31, 2020.

8. Administrative Expenses

Funding:
It is assumed that annual administrative expenses including PBGC premiums will be $6,000,000 ($139.45 per participant) payable at the beginning of the year, increasing by 3.0% for each future year. The present value of future administrative expenses is added to the Accrued Liability for funding purposes.

PBGC:
Administrative expense load calculated in accordance with Appendix C to PBGC Regulation Part 4044.

9. Rationale for Demographic Assumptions

Assumptions are based on the latest experience study review performed in 2007. The results of that study are incorporated here by reference. The assumptions continue to be closely monitored and Cheiron is proposing that an experience study be performed in the near future.

10. Changes in Assumptions since Last Valuation

The interest rate, rate of mortality, and administrative expenses were updated as prescribed by ERISA 4044.

The prior assumptions for interest and mortality were as follows:

Interest Rate: 7.00% per year

Mortality: Actives: RP-2000 Combined Healthy mortality table for males and females.

Healthy Inactive: RP-2000 Healthy Annuitant mortality table set forward one year for males and no adjustment for females. The mortality table for active lives is used prior to age 49 for males and age 50 for females but set forward one year for males.

Disabled: RP-2000 Disabled Annuitant for ages for prior to 65. The same mortality as Healthy Inactives for ages 65 and older.

B. Actuarial Methods

1. Actuarial Cost Method

The cost method for determining liabilities for this valuation is the Unit Credit Cost method. This is one of a family of valuation methods known as accrued benefit methods. The chief characteristic of accrued benefit methods is that the funding pattern follows the pattern of benefit accrual. The normal cost is determined as that portion of each participant's benefit attributable to service expected to be earned in the upcoming plan year. The accrued liability, which is determined for each participant as of each valuation date, represents the actuarial present value of the portion of each participant's benefit attributable to service earned prior to the valuation date.

2. Asset Valuation Method

The Fund uses Market Value of Assets

3. Changes in Actuarial Methods since Last Valuation

In accordance with the Fund's mass withdrawal on December 31, 2020, liabilities are determined using the Unit Credit Cost Method in lieu of the Entry Age Normal Cost Method that was previously utilized.

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