
Industry & Local 338 Pension Plan

**Actuarial Valuation as of
July 1, 2019**

September 24, 2020



Actuarial Statement

As requested by the Board of Trustees, this report documents the results of an actuarial valuation of the Industry & Local 338 Pension Plan (the “Fund”) as of July 1, 2019.

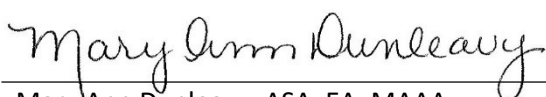
In preparing this valuation, we have relied on information and data provided to us by the Board of Trustees and other persons or organizations designated by the Board of Trustees. We did not perform an audit of the financial and participant census data provided to us, but we have reviewed the data for reasonableness for the purpose of the valuation. Information presented in this report pertaining to plan years beginning on or before July 1, 2014 was provided by the Plan’s prior actuary, the Segal Company. We have relied on all information provided, including plan provisions and asset information, as being complete and accurate.

The valuation summarized in this report involves actuarial calculations that require assumptions about future events. We believe that the assumptions and methods used in this report are reasonable and appropriate for the purposes for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results.

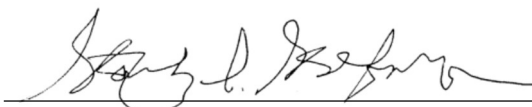
In our opinion, all methods, assumptions and calculations are in accordance with requirements of the Internal Revenue Code (the “Code”) and the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended by the Pension Protection Act of 2006 (“PPA”), the Pension Relief Act of 2010 (“PRA”), and the Multiemployer Pension Reform Act of 2014 (“MPRA”). Further, in our opinion, the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices. The Board of Trustees was responsible for the selection of the actuarial cost and asset valuation methods.

This valuation report may not be reproduced or distributed without the consent of the Board of Trustees, other than to assist in the Plan’s administration and to meet the filing requirements of federal government agencies, and may be distributed only in its entirety. The results in this valuation may not be applicable for purposes other than those described in this report.

The undersigned consultants of Horizon Actuarial Services, LLC (“Horizon Actuarial”) with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the Board of Trustees and Horizon Actuarial that affects our objectivity.



Mary Ann Dunleavy, ASA, EA, MAAA
Senior Consulting Actuary



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1. Introduction

Exhibit 1.1 - Summary of Key Results

		Plan Year Beginning	
		7/1/2019	7/1/2018
A. Asset Values			
<i>As of the First Day of the Plan Year</i>			
1. Market Value of Assets	\$	91,152,183	\$ 91,628,548
Prior Year Net Investment Return		4.8%	7.8%
2. Actuarial Value of Assets	\$	92,690,276	\$ 92,666,162
Prior Year Net Investment Return		5.3%	5.1%
B. Funded Percentages			
<i>As of the First Day of the Plan Year</i>			
1. Unit Credit Actuarial Accrued Liability	\$	105,801,761	\$ 102,392,918
2. Market Value Funded Percentage (A.1. / B.1.)		86.1%	89.4%
3. Actuarial Value Funded Percentage (A.2. / B.1.)		87.6%	90.5%
C. PPA Certification Status			
<i>For the Plan Year</i>		"Green Zone"	"Red Zone"
D. Statutory Contributions			
<i>As of the Last Day of the Plan Year</i>			
1. Prior Year Credit Balance (Funding Deficiency)	\$	14,044,417	\$ 15,723,185
2. ERISA Minimum Required Contribution		0	0
3. IRS Maximum Tax-Deductible Contribution		156,835,276	160,066,623
E. Contribution Margin			
<i>For the Plan Year</i>			
1. Expected Employer Contributions	\$	3,359,082	\$ 3,210,012
2. Actuarial Cost		3,216,786	2,717,020
3. Contribution Margin (E.1 - E.2.)	\$	142,296	\$ 492,992

Figures include interest adjustments to reflect payments at the middle of the year.

Notes

- **Item A:** More information on the value of assets can be found in **Section 3**.
- **Item B:** The Actuarial Value Funded Percentage shown in B.3 may differ from the funded percentage reported in the PPA certification report, since the PPA certification is based on preliminary assets and benefit liabilities. Percentages have been rounded down to the nearest 0.1%.
- **Item C:** The PPA certification statuses for the current and prior plan years are shown for reference. The determination of the PPA certification status is documented in a separate report.
- **Item D:** See **Section 4** for more information on contribution requirements and the credit balance.
- **Item E:** The "contribution margin" is the amount by which expected employer contributions exceed actuarial costs for the plan year. See **Section 4** for more information. The amortization period for Item E.2 is 10 years.

1. Introduction

Exhibit 1.1 - Summary of Key Results

		Plan Year Beginning	
		7/1/2019	7/1/2018
F. Participant Counts			
<i>As of the First Day of the Plan Year</i>			
1. Active Participants		226	238
2. Inactive Vested Participants		265	242
3. Retired Participants and Beneficiaries		659	667
4. Total		1,150	1,147
G. Actuarial Liabilities			
<i>As of the First Day of the Plan Year</i>			
Valuation Interest Rate		7.25%	7.50%
Actuarial Cost Method		Unit Credit	Unit Credit
1. Present Value of Future Benefits	\$	113,286,624	\$ 109,382,309
2. Normal Cost		1,343,500	1,295,021
3. Actuarial Accrued Liability		105,801,761	102,392,918
H. Unfunded Actuarial Liability			
<i>As of the First Day of the Plan Year</i>			
1. Market Value Unfunded Liability (G.3. - A.1.)	\$	14,649,578	\$ 10,764,370
2. Actuarial Value Unfunded Liability (G.3. - A.2.)		13,111,485	9,726,756
I. Prior Plan Year Experience			
<i>During Plan Year Ending</i>			
		6/30/2019	6/30/2018
1. Total Weeks		12,366	12,351
2. Contributions Received	\$	3,721,091	\$ 3,435,385
3. Benefits Paid		(8,127,201)	(8,058,876)
4. Operating Expenses Paid		(363,639)	(368,193)
5. Net Cash Flow (I.2. + I.3. + I.4.)	\$	(4,769,749)	\$ (4,991,684)
6. Net Cash Flow as a Percentage of Assets		-5.34%	-5.72%
J. Unfunded Vested Benefits for Withdrawal Liability			
<i>Measurement Date</i>			
		6/30/2019	6/30/2018
<i>For Employer Withdrawals in the Plan Year Beginning</i>			
		7/1/2019	7/1/2018
1. Present Value of Vested Benefits	\$	140,738,367	\$ 144,661,669
2. Asset Value		91,152,183	91,628,548
3. Unfunded Vested Benefits (J.1. - J.2.)	\$	49,586,184	\$ 53,033,121
4. Unamortized Balance of Affected Benefits		12,604,948	13,106,770

Notes

- **Item F:** More information on participant demographics can be found in **Appendix A**.
- **Item G:** More information on actuarial liabilities can be found in **Section 2**. The normal cost in item G.2 includes assumed operating expenses.
- **Item I:** Line I.6 shows cash flow as a percent of the average market value of assets during the plan year. Line I.2. includes withdrawal liability payments. See **Section 8** for additional information regarding historical Plan experience.
- **Item J:** See **Section 6** for more information.

1. Introduction

Exhibit 1.2 – Commentary

Valuation Highlights

- As of the July 1, 2019 valuation date, the Plan's accrued benefit funded percentage is 86.1%, based on the market value of assets, compared to 89.4% as of July 1, 2018. The decrease in the Plan's funded percentage is primarily attributable to the change in the interest rate used to determine the liabilities of the Plan as well as a lower-than-assumed return on the market value of assets.
- The Plan's minimum funding credit balance decreased from approximately \$15.7 million as of June 30, 2018 to roughly \$14.0 million as of June 30, 2019. Contributions and withdrawal liability payments received were less than the \$6.7 million contribution required to maintain the full credit balance, with interest.
- Weeks worked in the plan year ending June 30, 2018 equaled 12,366, higher than the 11,700 weeks assumed in the previous valuation, and is close to the actual number of weeks worked in the prior plan year of 12,351. The impact of work levels on the valuation results will continue to be monitored.
- In the plan year ending June 30, 2019, the Plan's investment return was 4.8%, on a market value basis. The return on the actuarial value of assets, which reflects the "smoothing" of prior years' gains and losses, was 5.3%.
- The actuarial loss from sources other than investments was \$655,095 or 0.62% of the expected actuarial accrued liability. We will continue to monitor the assumptions to make sure they are reasonable both in the aggregate and on an individual basis.
- Assumption changes resulted in a \$2,491,383 increase in the actuarial accrued liability and \$40,460 increase in the cost of benefit accruals as of the July 1, 2019 valuation date.

1. Introduction

Exhibit 1.2 – Commentary

Purpose of the Valuation

This report presents the results of the actuarial valuation of the Industry & Local 338 Pension Plan as of July 1, 2019. The purposes of this report include the following:

- Determine whether the negotiated contributions are sufficient to fund the Plan's benefits.
- Determine the minimum required contribution amount for the Plan Year under the Employee Retirement Income Security Act of 1974 ("ERISA") funding basis.
- Determine the maximum tax-deductible contribution for the Plan Year.
- Review the actuarial assumptions in view of experience during the prior Plan Year.
- Determine the unfunded vested liability for computation of withdrawal liability under the Multiemployer Pension Plan Amendments Act of 1980 ("MPPAA").
- Develop information for disclosure in Form 5500 Schedule MB.
- Determine the contribution margin for the Plan Year.
- Develop the benefit liabilities that will serve as the basis for the Plan's status certification under the Pension Protection Act of 2006 ("PPA") for the following plan year.
- Develop the benefit liabilities that will serve as the basis for developing or updating the Plan's Funding Improvement Plan or Rehabilitation Plan, as required.
- Determine the information required for the Plan's Accounting Standards Codification ("ASC") 960 financial reporting.

Participant Data

The participant census data needed to perform the actuarial valuation was provided by Associated Administrators, LLC. Participant demographics are summarized in **Exhibit 1.3** and reviewed in more detail in **Appendix A**.

Plan Assets

Schultheis & Panettieri, LLP supplied the audited financial statements for the Plan Year ended June 30, 2019, which sets forth the assets of the Plan. A reconciliation of the Market Value of Assets can be found in **Exhibit 3.1**. The development of the Actuarial Value of Assets is shown in **Exhibit 3.2**.

1. Introduction

Exhibit 1.2 – Commentary

Actuarial Assumptions and Methods

There have been no changes in the actuarial assumptions and methods from those used in the previous valuation, except as follows:

Funding:

- The interest rate assumption used for purposes of the ERISA funding valuation was changed from 7.50% to 7.25% per annum, compounded annually, net of investment expense.

The assumption change was made to more accurately reflect the expected experience of the Plan and resulted in a \$2,491,383 increase in the actuarial accrued liability and \$40,460 increase in the normal cost for benefit accruals.

Unfunded Vested Benefits for Withdrawal Liability:

- For liabilities determined at PBGC interest rates used for plan terminations, the rates as of June 30, 2019 are 3.07% for the first 20 years and 3.05% thereafter. As of June 30, 2018 the rates were 2.27% for the first 20 years and 2.59% thereafter.

The actuarial assumptions and methods used in the valuation are described in more detail in **Appendix B**.

Plan Provisions

There have been no changes in the plan provisions from those used in the previous valuation.

Appendix C describes the principal provisions of the Plan being valued.

Actuarial Gain or Loss

An experience gain/(loss) is the difference between the actual and the expected unfunded actuarial liability. The expected unfunded liability is the amount projected from the previous year, based on the actuarial assumptions.

The Plan had a net actuarial experience loss of \$2,632,329 for the plan year ended June 30, 2019. The components of this loss are a loss of \$1,977,234 on the actuarial value of Plan assets, and a loss of \$655,095 from sources related to benefit liabilities.

There was a loss on the market value of assets for the plan year due to the 4.81% net return versus the 7.50% assumption, however only a portion of that gain is recognized in the actuarial value of assets under the Plan's asset valuation method.

The loss on liabilities (which represented about 0.67% of expected liabilities) is within a reasonable range.

A consistent pattern of gains and losses may indicate a need to refine the actuarial assumptions. We will monitor trends as they emerge and evaluate possible updates to the assumptions as needed.

Actuarial gains and losses for the last seven years are shown in **Exhibit 8.1**.

1. Introduction

Exhibit 1.2 – Commentary

Work Level Experience

Plan participants worked a total of 12,366 weeks during the plan year ended June 30, 2019. This is a small increase from the 12,351 hours worked during the plan year ended June 30, 2018 and 5.7% higher than the 11,700 hours assumed for the plan year ended June 30, 2019 which anticipated the closure of two contributing employers. With the known withdrawal of the College of New Rochelle and Culinar from the plan, we expect a drop in hours for the following plan years.

The current and projected funding results for the Plan are sensitive to the number of weeks worked (and consequently, contributions). Thus, we will continue to closely monitor the Plan's reported hours/weeks worked.

Contribution Income

The expected total contribution rate increased 10.0%, from \$274 per week for the plan year ending June 30, 2018, to \$303 per week for the plan year ending June 30, 2019. These rates are based on the plan population as of the end of the prior plan year and the current collective bargaining agreements.

Total contribution income exceeded the \$3.21 million expected contribution income for the plan year ended June 30, 2019. This is largely due to the weeks worked exceeding the expected weeks worked.

PPA Certification Status

On September 27, 2019, Horizon Actuarial Services, LLC, acting as actuary to the Plan, issued a certification to the Internal Revenue Service under Section 432 of the Internal Revenue Code.

The certification indicated that, for the 2019 Plan Year, the Plan has emerged from Critical Status and is neither in Endangered Status nor Critical Status ("Green" zone). This certification takes into account the applicable changes to the PPA under the Multiemployer Pension Reform Act of 2014. The calculations, data, assumptions, and methods used in the certification are documented in a separate report that was sent to the Board of Trustees on September 27, 2019.

1. Introduction

Exhibit 1.3 - Participant Demographic Summary

Measurement Date	7/1/2019	7/1/2018
A. Active Participants		
1. Count	226	238
2. Average Age	45.8	46.3
3. Average Vesting Service	11.4	12.1
4. Average Credited Service	11.4	12.0
5. Average Prior Year Weeks	48.0	47.7
6. Average Monthly Accrued Benefit	\$ 1,329	\$ 1,366
B. Inactive Vested Participants		
1. Count	265	242
2. Average Age	51.9	51.4
3. Average Monthly Benefit	\$ 1,065	\$ 1,008
C. Retired Participants and Beneficiaries		
1. Count	659	667
2. Average Age	74.4	73.9
3. Average Monthly Benefit	\$ 1,015	\$ 1,002
D. Total Participants	1,150	1,147

Participants are generally classified into the following categories for valuation purposes:

- Active participants: Those participants with at least one year of Pension Credit and who worked at least two months in the plan year ended June 30, 2019, excluding those who were retired as of the valuation date, and those who work for an employer that has withdrawn from the Plan on or before the valuation date.
- Inactive vested participants: Those participants who worked less than two months in the plan year preceding the valuation date and who are entitled to receive a deferred vested pension. Vested Inactive participants age 70 or older are excluded from the valuation based on the assumption that they are deceased or otherwise will not claim benefits under the Plan.
- Participants and beneficiaries receiving benefits: Those participants and beneficiaries who were entitled to receive a pension under the Plan as of the valuation date. This category includes non-disabled pensioners, disabled pensioners, and beneficiaries, but excludes alternate payees awarded Plan benefits under a Qualified Domestic Relations Order ("QDRO").

A summary of basic demographic statistics is shown above. Additional demographic information can be found in **Appendix A**.

2. Actuarial Liabilities

Exhibit 2.1 - Summary of Actuarial Liabilities

Measurement Date	7/1/2019	7/1/2018
Valuation Interest Rate	7.25%	7.50%
Actuarial Cost Method	Unit Credit	Unit Credit
A. Present Value of Future Benefits		
1. Active Participants	\$ 22,018,795	\$ 21,863,711
2. Inactive Vested Participants	13,616,001	10,677,729
3. Retired Participants and Beneficiaries	77,651,828	76,840,869
4. Total	\$ 113,286,624	\$ 109,382,309
B. Normal Cost		
1. Cost of Benefit Accruals	\$ 981,618	\$ 934,349
2. Assumed Operating Expenses	361,882	360,672
3. Total	\$ 1,343,500	\$ 1,295,021
C. Actuarial Accrued Liability		
1. Active Participants	\$ 14,533,932	\$ 14,874,320
2. Inactive Vested Participants	13,616,001	10,677,729
3. Retired Participants and Beneficiaries	77,651,828	76,840,869
4. Total	\$ 105,801,761	\$ 102,392,918
D. Expected Benefit Payments for the Plan Year		
1. Active Participants	\$ 274,642	\$ 244,713
2. Inactive and Retired Participants	8,274,081	8,166,141
3. Total	\$ 8,548,723	\$ 8,410,854

The table above summarizes the key actuarial benefit liabilities as of the current and preceding valuation dates. The present value of future benefits (item A.) represents the liability for benefits earned as of the valuation date plus the benefits expected to be earned in all future plan years. The normal cost (item B.) represents the cost of benefit accruals (item B.1.) expected to be earned during the plan year plus assumed operating expenses during the plan year (item B.2.). The actuarial accrued liability is the liability for benefits earned through the valuation date, based on the unit credit cost method (item C.).

The Plan's contribution requirements for the plan year are a function of the normal cost and the portion of the actuarial accrued liability not funded by the actuarial value of assets. All amounts shown above are measured as of the beginning of the plan year. The actuarial accrued liability based on the unit credit cost method is also used to determine the PPA funded percentage.

2. Actuarial Liabilities

Exhibit 2.2 - Actuarial Liabilities by Benefit Type

Measurement Date	7/1/2019		
Valuation Interest Rate	7.25%		
Actuarial Cost Method	Unit Credit		
	Present Value of Future Benefits	Actuarial Accrued Liability	Normal Cost
A. Active Participants			
1. Retirement Benefits	\$ 19,332,867	\$ 12,883,700	\$ 832,913
2. Termination Benefits	1,018,597	591,464	64,182
3. Disability Benefits	1,331,454	843,240	66,741
4. Death Benefits	335,877	215,528	17,782
5. Total	\$ 22,018,795	\$ 14,533,932	\$ 981,618
B. Inactive Vested Participants			
1. Retirement Benefits	\$ 13,357,507	\$ 13,357,507	
2. Death Benefits	258,494	258,494	
3. Total	\$ 13,616,001	\$ 13,616,001	
C. Retired Participants and Beneficiaries			
1. Non-Disabled Retirees	\$ 70,665,374	\$ 70,665,374	
2. Disabled Retirees	938,074	938,074	
3. Beneficiaries	6,048,380	6,048,380	
4. Total	\$ 77,651,828	\$ 77,651,828	
D. Assumed Operating Expenses			\$ 361,882
E. Grand Total	\$ 113,286,624	\$ 105,801,761	\$ 1,343,500

The present value of future benefits reflects both benefits earned through the valuation date and benefits expected to be earned in the future by active participants. The present value of future benefits and the actuarial accrued liability shown in the table above are measured as of the valuation date. The normal cost and assumed operating expenses shown in the table above are payable as of the beginning of the year.

3. Plan Assets

Asset figures shown below are based on the Plan's audited financial statements.

Exhibit 3.1 - Market Value of Assets

Plan Year Ending	6/30/2019	6/30/2018
A. Reconciliation of Market Value of Assets		
1. Market Value of Assets at Beginning of Plan Year	\$ 91,628,548	\$ 89,833,306
2. Contributions		
a. Employer Contributions	3,538,306	3,238,894
b. Withdrawal Liability Payments	182,785	196,491
c. Total	3,721,091	3,435,385
3. Benefit Payments	(8,127,201)	(8,058,876)
4. Operating Expenses	(363,639)	(368,193)
5. Transfers	0	0
6. Investment Income		
a. Total Investment Income	4,739,509	7,155,897
b. Investment Related Expenses	(446,125)	(368,971)
c. Net Investment Income	4,293,384	6,786,926
7. Market Value of Assets at End of Plan Year	\$ 91,152,183	\$ 91,628,548
B. Net Investment Return on Market Value of Assets		
1. Assumed Return	7.50%	7.50%
2. Actual Return [Schedule MB, Line 6h]	4.81%	7.77%

All asset information above is shown without regard to expected receivable withdrawal liability payments of \$870,397 as of June 30, 2019 and \$903,852 as of June 30, 2018.

3. Plan Assets

The Trustees have approved an actuarial asset valuation method that gradually adjusts to market value, as follows:

- The actuarial value of assets is equal to the market value of assets less unrecognized returns in each of the last five years. The unrecognized return for a year is equal to the difference between the actual market return and the expected return on the market value of assets, phased in at the rate of 20% per year.
- To comply with IRS regulations, the actuarial value of assets is not less than 80%, nor more than 120%, of the market value of assets.

Under this valuation method, recognition of the full value of any market fluctuations is spread over five years and as a result, the actuarial cost of the Plan is more stable than if the actuarial cost was determined on a market value basis. The difference between the actuarial value of assets and the market value of assets (the “adjustment”) is referred to as a write-up or write-down. The development of the actuarial value of assets is shown on the next page.

In determining the actuarial value of assets, the amount by which the adjustment changes from one year to the next is treated as income, which may be positive or negative. Realized gains and losses and unrealized gains and losses are treated the same and, therefore, sales of assets have no immediate effect on the actuarial value of assets. This delays recognition of the impact that sales of assets may have on the determination of the actuarial cost of the Plan.

The actuarial value of assets is subtracted from the Plan's total actuarial accrued liability to determine the unfunded actuarial accrued liability (the portion of the Plan's liabilities that is not funded). Amortization of the unfunded actuarial accrued liability is an important element in the calculation of the actuarial cost of the Plan.

See **Appendix B** for more information regarding the Actuarial Value of Assets.

3. Plan Assets

Exhibit 3.2 - Actuarial Value of Assets

Measurement Date					7/1/2019	
A. Net Investment Gain/(Loss)						
1. Assumed Net Investment Return					\$	6,693,276
2. Actual Net Investment Return (Exhibit 3.1 line A.6.c)						4,293,384
3. Net Investment Gain/(Loss)					\$	(2,399,892)
B. Development of Actuarial Value of Assets						
1. Market Value of Assets as of June 30, 2019					\$	91,152,183
2. Prior Year Deferred Gains/(Losses)						
Plan Year	Net Investment	Percent Recognized		Amount Recognized	Amt. to be Recognized	
Ending	Gain/(Loss)	to Date	Future Years	in Prior Plan Year	in Future Years	
6/30/2019	\$ (2,399,892)	20%	80%	\$ (479,978)	\$	(1,919,914)
6/30/2018	236,616	40%	60%	47,323		141,970
6/30/2017	4,590,699	60%	40%	918,140		1,836,280
6/30/2016	(7,982,144)	80%	20%	(1,596,429)		(1,596,429)
6/30/2015	(3,942,341)	100%	0%	(788,468)		0
Total				\$ (1,899,412)	\$	(1,538,093)
3. Adjusted Value of Assets as of July 1, 2019 (1. - 2. Total)					\$	92,690,276
4. Actuarial Value of Assets Corridor						
a. 80% of Market Value of Assets					\$	72,921,746
b. 120% of Market Value of Assets					\$	109,382,620
5. Actuarial Value of Assets as of July 1, 2019						
a. Actuarial Value of Assets, after Adjustment for Corridor					\$	92,690,276
b. Actuarial Value as a Percentage of Market Value						101.7%
C. Prior Year Investment Return on Actuarial Value of Assets						
1. Assumed Return						7.50%
2. Actual Return [Schedule MB, Line 6g]						5.31%

4. Contributions

Minimum Required Contribution

The ERISA minimum required contribution consists of the normal cost, plus payments to amortize the components of the unfunded actuarial accrued liability over various time periods, less the “**credit balance**” in the “**funding standard account**” as of the end of the prior Plan Year (all adjusted with interest to the end of the Plan Year).

The funding standard account is used to determine the minimum required contribution. The credit balance in the funding standard account is the accumulated amount by which contributions made in prior Plan Years exceeded the ERISA minimum contribution requirements in those years. The credit balance acts as a reserve that may be drawn upon if employer contributions do not cover the net charges to the funding standard account.

Charges to the funding standard account include the normal cost and payments to amortize increases in the unfunded actuarial accrued liability. **Credits** to the funding standard account include employer contributions and payments to amortize decreases in the unfunded actuarial accrued liability. If the credits to the funding standard account – including employer contributions and the credit balance with applicable interest – exceed the charges, then there is a positive credit balance. On the other hand, if charges exceed the credits, there is a negative credit balance, also known as an accumulated “funding deficiency,” in the funding standard account.

Under the Pension Protection Act of 2006 (“PPA”), portions of unfunded actuarial accrued liability recognized during or after the Plan Year beginning in 2008 are generally amortized in the funding standard account over 15 years. Although the funding standard account is used to determine the amount of the ERISA minimum required contribution each Plan Year, the Plan’s long-term financial status can also be measured on the basis of a separate amortization schedule adopted by the Board of Trustees. The contribution developed on that basis is shown as the “actuarial cost” in **Exhibit 4.3** (“Contribution Margin”).

Detail on the amortization bases in the funding standard account can be found in **Exhibit 4.2**.

Maximum Deductible Contribution

Generally, the IRS permits the deduction of contributions made to fund benefits accruing under a qualified pension plan. However, there are certain limits that specify the maximum contribution that is permitted to be made and deducted in a given plan year. The maximum tax-deductible contribution for the current and preceding Plan Years, as determined under Section 404 of the Code, is shown in the following table. This amount is significantly greater than the expected contributions for the Plan Year. Accordingly, all employer contributions for the Plan Year are expected to be tax deductible.

4. Contributions

Exhibit 4.1 - Statutory Contribution Range

Plan Year Ending	6/30/2020	6/30/2019
A. Funding Standard Account		
1. <i>Charges to Funding Standard Account</i>		
a. Prior Year Funding Deficiency, if any	\$ 0	\$ 0
b. Normal Cost	1,343,500	1,295,021
c. Amortization Charges	8,278,848	8,356,175
d. Interest on a., b., and c.	697,620	723,840
e. Total Charges	\$ 10,319,968	\$ 10,375,036
2. <i>Credits to Funding Standard Account</i>		
a. Prior Year Credit Balance, if any	\$ 14,044,417	\$ 15,723,185
b. Employer Contributions	TBD	3,721,091
c. Amortization Credits	3,366,666	3,401,300
d. Interest on a., b., and c.	TBD	1,573,877
e. Total Credits	TBD	\$ 24,419,453
3. <i>Credit Balance or Funding Deficiency (2.e. - 1.e.)</i>	TBD	\$ 14,044,417
B. Minimum Required Contribution		
<i>As of the Last Day of the Plan Year</i>		
1. Before Reflecting Credit Balance	\$ 6,709,219	\$ 6,718,638
2. After Reflecting Credit Balance	0	0
C. Amortization Bases for Form 5500 Schedule MB		
<i>As of the First Day of the Plan Year</i>		
1. Outstanding Balance of Amortization Charges	\$ 53,937,069	\$ 53,763,953
2. Outstanding Balance of Amortization Credits	26,781,167	28,314,012
D. Maximum Deductible Contribution		
<i>As of the Last Day of the Plan Year</i>		
1. 140% of Current Liability at end of year	\$ 246,998,865	\$ 250,568,764
2. Actuarial Value of Assets at end of year	90,163,589	90,502,141
3. Maximum Deductible Contribution (1. - 2.)	\$ 156,835,276	\$ 160,066,623
E. Other Items for Form 5500 Schedule MB		
1. ERISA Full Funding Limitation [Sch. MB, Line 9j(1)]	\$ 32,215,213	\$ 29,866,269
2. "RPA '94" Override [Sch. MB, Line 9j(2)]	68,621,396	70,577,779
3. Full Funding Limitation Credit [Sch. MB, Line 9j(3)]	0	0

See **Appendix D** for information regarding the Current Liability referred to in item D.1 above.

4. Contributions

Exhibit 4.2 - Funding Standard Account Amortization Bases

Charges

[Schedule MB, Line 9c]

Type	Date Established	Outstanding at 7/1/2019 Period	Balance	Annual Payment
Amendment	7/1/1980	1.00	\$ 45,139	\$ 45,139
Amendment	7/1/1990	1.00	145,692	145,692
Amendment	7/1/1991	2.00	106,731	55,232
Amendment	7/1/1992	3.00	54,441	19,431
Amendment	7/1/1993	4.00	22,901	6,340
Amendment	7/1/1994	5.00	235,642	53,945
Amendment	7/1/1995	6.00	54,933	10,829
Assumption	7/1/1995	6.00	430,161	84,796
Amendment	7/1/1996	7.00	254,807	44,469
Amendment	7/1/1998	9.00	205,654	29,745
Amendment	7/1/2000	11.00	291,425	36,689
Amendment	7/1/2001	12.00	336,594	40,041
Amendment	7/1/2002	13.00	848,835	96,045
Amendment	7/1/2003	14.00	134,280	14,532
Amendment	7/1/2004	15.00	667,794	69,447
Amendment	7/1/2005	16.00	491,294	49,298
Amendment	7/1/2006	17.00	145,096	14,098
Amendment	7/1/2007	18.00	11,251	1,062
Amendment	7/1/2008	4.00	46,058	12,750
Exper Loss	7/1/2008	4.00	248,915	68,906
Assumption	7/1/2012	8.00	718,854	113,337
ENIL (2009)	7/1/2009	19.00	8,717,241	801,210
ENIL (2009)	7/1/2011	19.00	407,070	37,414
ENIL (2009)	7/1/2012	19.00	1,765,790	162,295
ENIL (2009)	7/1/2013	19.00	3,265,626	300,147
ENIL (2009)	7/1/2014	19.00	2,822,965	259,461
Exper Loss	7/1/2015	11.00	31,064	3,911
Exper Loss	7/1/2016	12.00	2,591,591	308,296
Exper Loss	7/1/2017	13.00	2,732,638	309,194
Combined	7/1/2017	5.00	18,900,887	4,326,946
Exper Loss	7/1/2018	14.00	2,081,988	225,311
Exper Loss	7/1/2019	15.00	2,632,329	273,749
Assumption	7/1/2019	15.00	2,491,383	259,091
Total Charges			\$ 53,937,069	\$ 8,278,848

See the comments following this Exhibit 4.2.

4. Contributions

Exhibit 4.2 - Funding Standard Account Amortization Bases

Credits

[Schedule MB, Line 9h]

Type	Date Established	Outstanding at 7/1/2019 Period	Balance	Annual Payment
Amendment	7/1/1981	2.00	\$ 6,280	\$ 3,250
Assumption	7/1/1994	5.00	43,845	10,037
Assumption	7/1/1996	7.00	2,194,478	382,982
Assumption	7/1/2000	11.00	2,083,577	262,312
Assumption	7/1/2003	14.00	682,369	73,846
Assumption	7/1/2007	18.00	2,086,975	196,951
Exper Gain	7/1/2010	6.00	1,719,454	338,949
ENIL (2009)	7/1/2010	19.00	478,042	43,937
Exper Gain	7/1/2013	9.00	1,830,767	264,796
Exper Gain	7/1/2014	10.00	3,658,805	491,345
Amendment	7/1/2018	14.00	11,996,575	1,298,261
Total Credits			\$ 26,781,167	\$ 3,366,666
Net Total			\$ 27,155,902	\$ 4,912,182

The table above shows the outstanding amortization bases in the funding standard account as of the valuation date. The amortization bases are grouped as charges, which represent increases in the unfunded actuarial liability, and credits, which represent decreases in the unfunded actuarial liability.

Different types of amortization bases are as follows:

Abbreviation	Description
Initial Liab	Initial unfunded actuarial accrued liability
Exper Loss	Actuarial experience loss (charge only)
Exper Gain	Actuarial experience gain (credit only)
ENIL (2009)	Eligible net investment loss under the Pension Relief Act of 2010
Amendment	Plan amendment
Assumption	Change in actuarial assumptions
Method	Change in the actuarial cost method or asset valuation method
Combined	Combined charge base or combined credit base
Offset	Combined and offset charge and credit bases

4. Contributions

Contribution Margin

A key purpose of the actuarial valuation is to determine whether the expected contributions are sufficient to fund the Plan's benefits. The valuation develops an "actuarial cost," which includes the cost of benefits accruing during the plan year (item B.1.a.), assumed operating expenses (item B.1.b.), and an amortization payment of the unfunded actuarial accrued liability (item B.2.). The amortization payment is based on the 10-year funding policy established by the Trustees. As of July 1, 2018, there are 3 years remaining in the funding policy period.

If expected employer contributions (item C.3.) exceed the actuarial cost for the plan year (item B.3.), the Plan's contribution "margin" is positive. A positive margin usually (but not always) indicates that the Plan's funding levels will improve over time. A negative margin usually indicates that the Plan's funding levels will decline over time (or grow at a slower rate than expected under the assumed amortization period).

Exhibit 4.3 - Contribution Margin

Plan Year Beginning	7/1/2019	7/1/2018
Valuation Interest Rate	7.25%	7.50%
Asset Value	Actuarial Value	Actuarial Value
Unfunded Liability Amortization Period	10 Years	10 Years
A. Unfunded Actuarial Accrued Liability		
1. Actuarial Accrued Liability	\$ 105,801,761	\$ 102,392,918
2. Asset Value	92,690,276	92,666,162
3. Unfunded Liability	\$ 13,111,485	\$ 9,726,756
B. Actuarial Cost		
1. Normal Cost		
a. Cost of Benefit Accruals	\$ 1,017,202	\$ 971,467
b. Assumed Operating Expenses	375,000	375,000
c. Total	\$ 1,392,202	\$ 1,346,467
2. Unfunded Liability Amortization Payment	1,824,584	1,370,553
3. Total Actuarial Cost for Plan Year	\$ 3,216,786	\$ 2,717,020
C. Expected Employer Contributions		
1. Expected Weeks	11,100	11,700
2. Average Expected Contribution Rate per Week	\$ 302.62	\$ 274.36
3. Expected Contributions	\$ 3,359,082	\$ 3,210,012
D. Contribution Margin		
1. Contribution Margin for Plan Year (C.3. - B.3.)	\$ 142,296	\$ 492,992
2. Contribution Margin per Week (D.1. / C.1.)	\$ 12.82	\$ 42.14

Cost and contribution figures include interest adjustments to reflect payments at the middle of the year.

5. ASC 960 Information

The present value of accumulated benefits as of the last day of the plan year is disclosed in the Plan's financial statements, in accordance with the Accounting Standards Codification ("ASC") Number 960.

The present value of accumulated benefits is determined based on the unit credit cost method. The same actuarial assumptions that were used to determine the actuarial accrued liability as of the beginning of the plan year (e.g., July 1, 2019) were used to determine the actuarial present value of accumulated benefits as of the end of the prior plan year (e.g., June 30, 2019). The investment return assumption for ASC 960 reporting as of June 30, 2019 is 7.25% per annum and reflects the expected long-term rate of return on plan assets as determined by the plan sponsor. See **Appendix B** for more information.

The present value of vested benefits includes qualified pre-retirement survivor annuity death benefits, which are excluded from the present value of vested benefits for withdrawal liability (see **Section 6**).

Exhibit 5.1 - Present Value of Accumulated Plan Benefits

Measurement Date	6/30/2019	6/30/2018
Interest Rate Assumption	7.25%	7.50%
A. Participant Counts		
1. Vested Participants		
a. Retired Participants and Beneficiaries	659	667
b. Inactive Vested Participants	265	242
c. Active Vested Participants	157	178
d. Total Vested Participants	1,081	1,087
2. Non-Vested Participants	69	60
3. Total Participants	1,150	1,147
B. Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Retired Participants and Beneficiaries	\$ 77,651,828	\$ 76,840,869
b. Inactive Vested Participants	13,616,001	10,677,729
c. Active Vested Participants	13,821,231	14,307,916
d. Total Vested Benefits	\$ 105,089,060	\$ 101,826,514
2. Non-Vested Accumulated Benefits	712,701	566,404
3. Total Accumulated Benefits	\$ 105,801,761	\$ 102,392,918
C. Changes in Present Value of Accumulated Plan Benefits		
1. Present Value at End of Prior Plan Year	\$ 102,392,918	\$ 113,387,634
2. Increase (Decrease) during the Plan Year due to:		
a. Plan Amendment(s)	\$ 0	\$ (12,474,177)
b. Change(s) to Actuarial Assumptions	2,491,383	0
c. Benefits Accumulated and Actuarial (Gains)/Losses	1,599,886	1,241,766
d. Interest due to Decrease in the Discount Period	7,444,775	8,296,571
e. Benefits Paid	(8,127,201)	(8,058,876)
f. Merger or Transfer	0	0
g. Net Increase (Decrease)	\$ 3,408,843	\$ (10,994,716)
3. Present Value at End of Plan Year (Measurement Date)	\$ 105,801,761	\$ 102,392,918

6. Withdrawal Liability

The Multiemployer Pension Plan Amendments Act of 1980 ("MPPAA") provides that an employer who withdraws from a Plan after September 26, 1980 may be obligated to the plan for its share of any unfunded liability for vested benefits as of the last day of the plan year preceding the withdrawal.

With the exception of the interest rate assumption and the inclusion of operating expenses, the actuarial assumptions are the same as those used to determine the actuarial accrued liability as of July 1, 2019. See **Appendix B** for more information.

The present value of vested benefits reflects the plan provisions in effect on the measurement date. Plan benefits that are not considered to be vested for withdrawal liability – such as disability benefits (in excess of the value of deferred vested benefits) and death benefits– are not included in the calculation of the present value of vested benefits.

Unfunded vested benefits represent the shortfall between the Plan's asset value and the present value of vested benefits. The asset value is the market value of assets. Unfunded vested benefits are allocated among participating employers according to the Rolling-5 method, as described under Section 4221(c) of ERISA.

The table below shows the calculation of the unfunded vested benefits as of June 30, 2019, which will be allocated to employers withdrawing during the plan year beginning July 1, 2019. For reference, information for the prior year is also shown.

Exhibit 6.1 - Unfunded Vested Benefits for Withdrawal Liability

Measurement Date	6/30/2019	6/30/2018
For Employer Withdrawals in the Plan Year Beginning	7/1/2019	7/1/2018
Valuation Interest Rate	7.25%	7.50%
PBGC Immediate Interest Rate	3.07%	2.27%
PBGC Deferred Interest Rate	3.05%	2.59%
A. Present Value of Vested Benefits (Valuation Interest Rate)		
1. Active Participants	\$ 13,587,420	\$ 14,057,961
2. Inactive Vested Participants	13,357,507	10,442,863
3. Retired Participants and Beneficiaries	77,651,828	76,840,869
4. Total	\$ 104,596,755	\$ 101,341,693
B. Present Value of Vested Benefits (PBGC Interest Rates)		
1. Active Participants	\$ 28,870,948	\$ 35,697,957
2. Inactive Vested Participants	29,582,713	29,696,136
3. Retired Participants and Beneficiaries	113,678,109	125,686,012
4. Assumed Operating Expenses	1,183,860	1,137,898
5. Total	\$ 173,315,630	\$ 192,218,003
C. Unfunded Vested Benefits		
1. Asset Value	\$ 91,152,183	\$ 91,628,548
2. Blend Factor (C.1. / B.5.)	0.52593	0.47669
3. Blended Present Value of Vested Benefits	\$ 140,738,367	\$ 144,661,669
4. Unfunded Vested Benefits/(Surplus) (C.3. - C.1.)	\$ 49,586,184	\$ 53,033,121
D. Reductions in Adjustable Benefits		
1. Total Balance of Affected Benefits (Prior to Amortization)	\$ 13,106,770	\$ 13,106,770
2. Unamortized Balance of Affected Benefits	12,604,948	13,106,770

Effective January 1, 2018, certain "adjustable benefits" (including subsidized early retirement benefits) were reduced or eliminated as part of the Rehabilitation Plan. The affected benefits shown above in Section D represent the present value of the adjustable benefit reductions under the Rehabilitation Plan.

7. Risk

The deterministic actuarial models used in this valuation are based on a single set of assumptions and do not take into consideration the risk associated with deviations from those assumptions. The assumptions selected for this valuation – including the valuation interest rate – generally reflect average expectations over the long term.

If overall future economic or demographic experience is different than assumed, the level of plan costs determined in this valuation could increase or decrease dramatically in future valuations. In order to better understand the Plan's risk exposure, a summary of the significant risk factors for this pension plan is provided below.

Specific Risk Factors

The following is a brief overview of the most significant risk factors inherent in the Plan. We have identified these risks to be significant because small deviations will materially impact the results, or the likelihood of volatility is high, or both.

- **Investment Risk** is the risk that investment returns will be higher or lower than assumed.
 - Based on the market value of assets of \$91 million, underperformance of 1% during the plan year (e.g., 6.25% versus the assumed rate of 7.25%) is equal to \$0.91 million, or about \$8.83 per week for 15 years assuming 11,100 hours worked per year.
- **Contribution Risk** is the risk that actual contributions will differ from assumed contributions.
 - For example, if a large employer or a significant number of smaller employers were to withdraw from the Fund, the required contributions for remaining employers would likely increase.
- **Longevity Risk** is the risk that mortality rates will be higher or lower than assumed.
 - While the mortality tables we have selected for this valuation represent our best estimate of future experience under the Plan, it is important to understand how future changes in longevity would impact Plan funding. For example, advancements in medicine and health care could result in longer lifespans, which increases the Plan's liability, since promised benefits will be paid for a longer period of time. Such increases could have a significant impact on the contribution requirements shown in this valuation.

7. Risk

Risk Assessment

The commentary above is a broad overview of pension plan risk factors and includes information on the risk factors that are most significant for this pension plan. Other risks also apply. A more detailed risk assessment would allow the Trustees to better understand how deviations from the assumptions may affect the plan, and ultimately, how to better position the plan to respond to the inevitable deviations that will occur. A more detailed risk assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, or other information.

Plan Maturity

More mature pension plans generally have more risk exposure than less mature plans because they have fewer options to correct funding shortfalls that may develop as a result of adverse experience. For example, the contribution rate increase required to offset a year with a poor investment return would be larger for a plan with a decreasing active population than it would be for an otherwise similar plan with an increasing active population.

Historical actuarial measurements – including plan maturity measures – are shown in **Section 8** of this report.

8. Plan Experience

An experience gain or loss is the difference between the *actual* and the *expected* unfunded actuarial accrued liability. The *expected* unfunded accrued liability is the amount predicted from the previous year, based on the actuarial assumptions.

To further analyze the experience, the aggregate gain or loss is broken down between the gain or loss due to investment experience and the gain or loss due to other sources (principally the demographic experience).

The experience gains (losses) have been as follows during the last seven Plan Years:

Exhibit 8.1 - Historical Experience Gains and (Losses)

Plan Year Ended June 30	From Investment Experience	From Other Sources	Total Experience Gain / (Loss)	Percent Gain/(Loss) from Other Sources*
2019	(1,977,234)	(655,095)	(2,632,329)	-0.62%
2018	(2,191,590)	26,715	(2,164,875)	0.03%
2017	(1,744,441)	(1,224,031)	(2,968,472)	-1.08%
2016	(3,191,274)	233,876	(2,957,398)	0.21%
2015	549,056	(586,538)	(37,482)	-0.54%
2014	1,789,606	(197,618)	1,591,988	-0.18%
2013	138,011	(1,259,729)	(1,121,718)	-1.23%
5-Year Average	(1,711,097)	(441,015)	(2,152,111)	
7-Year Average	(946,838)	(523,203)	(1,470,041)	

* As a percent of Actuarial Accrued Liability

The actuarial assumptions for this valuation are summarized in **Appendix B**.

8. Plan Experience

Investment income consists of: interest, dividends, rental and real estate income, and adjustment for market value changes, net of investment expenses. The rate of return is the net investment income as a percentage of the average value of assets during the year.

The assumed rate of Plan earnings, net of investment expenses, used in this valuation is 7.50%. The actual rates of return earned during the past ten plan years are shown below for both the actuarial value of assets and the market value of assets.

The rates of return on the actuarial value of assets are compared against the Plan's actuarially assumed return. Comparisons of performance with other funds, investment institutions and market indexes are generally based on rates of return that reflect the market value of assets. The market value rates of return by themselves do not, however, necessarily indicate the relative success of the Plan's investment policy.

Exhibit 8.2 - Historical Investment Experience

<i>Net Investment Returns</i>			
<u>Plan Year Ended June 30</u>	<u>Assumed Return</u>	<u>Actuarial Value</u>	<u>Market Value</u>
2019	7.50%	5.31%	4.81%
2018	7.50%	5.08%	7.77%
2017	7.50%	5.57%	13.13%
2016	7.50%	4.02%	-1.58%
2015	7.50%	8.10%	3.10%
2014	7.50%	9.56%	15.84%
2013	7.50%	7.63%	13.64%
2012	7.50%	5.05%	1.61%
2011	7.50%	6.79%	21.15%
2010	7.50%	13.37%	14.15%
5-Year Annualized Return		5.61%	5.33%
10-Year Annualized Return		7.02%	9.14%

8. Plan Experience

A summary of employment activity and the average number of weeks of contributions received per active participant is shown below for the last ten years. We look to the Trustees for guidance as to the reasonableness of the industry activity assumption.

Exhibit 8.3 - Historical Weeks

Plan Year Ended June 30	TOTAL Weeks for ALL Participants		AVERAGE Weeks for ACTIVE Participants	
	Total	% Change	Total	% Change
2019	12,366	0.1%	48.04	0.7%
2018	12,351	2.6%	47.69	-3.3%
2017	12,039	2.2%	49.33	3.8%
2016	11,775	-11.6%	47.52	-0.1%
2015	13,316	-15.2%	47.55	-7.4%
2014	15,708	-3.5%	51.33	2.8%
2013	16,274	-16.7%	49.92	-2.4%
2012	19,537	-6.3%	51.15	1.1%
2011	20,842	-7.8%	50.59	-3.5%
2010	22,602	-	52.44	-
5-Year Average	12,369		48.03	
10-Year Average	15,681		49.56	

8. Plan Experience

A seven-year summary of the Plan's cash flow is provided in the table below.

Exhibit 8.4 - Historical Plan Cash Flows

Plan Year Ended June 30	Employer Contributions	Benefit Payments	Operating Expenses	Market Value of Assets at End of Year	Net Cash Flow as a Percent of Market Value*
2019	3,721,091	8,127,201	363,639	91,152,183	-5.3%
2018	3,435,385	8,058,876	368,193	91,628,548	-5.7%
2017	3,448,566	7,960,737	425,876	89,833,306	-6.1%
2016	3,152,597	7,674,181	362,799	84,061,238	-5.6%
2015	3,282,076	7,475,298	339,867	90,335,748	-5.1%
2014	3,372,831	7,220,174	327,475	92,085,047	-5.1%
2013	3,043,650	6,695,740	473,780	83,385,551	-5.5%
5-Year Average	3,407,943	7,859,259	372,075		-5.5%
7-Year Average	3,350,885	7,601,744	380,233		-5.5%

* Based on the average Market Value of Assets for the Plan Year

Year-end asset values are shown without regard to receivable withdrawal liability payments.

Notes

- **Net Cash Flow as a Percent of Market Value** = (Employer Contributions – Benefit Payments – Operating Expenses) / Average Market Value of Assets for the Plan Year.
 - Net Cash Flow is one indicator of plan maturity. It can be more difficult for plans with highly negative net cash flow to improve their funded position. Plans with highly negative net cash flow may also be more sensitive to near-term investment losses than plans with more neutral or positive net cash flow.

8. Plan Experience

A seven-year summary of selected plan maturity measures is provided in the table below.

Exhibit 8.5 - Historical Plan Maturity Measures

Plan Year Ended June 30	Inactive to Active Participant Ratio	Inactive to Active Liability Ratio	Total Liability per Active	Unfunded Liability per Active*
2019	4.1	6.3	468,149	64,821
2018	3.8	5.9	430,222	45,228
2017	3.9	3.9	476,419	98,968
2016	3.8	3.9	456,389	110,458
2015	3.5	3.6	413,283	72,394
2014	3.0	2.7	349,706	48,774
2013	2.9	2.4	314,414	58,630
5-Year Average	3.8	4.7	448,893	78,374
7-Year Average	3.6	4.1	415,512	71,325

* Based on the Market Value of Assets

- **Inactive to active participant ratio** = number of inactive participants / number of active participants.
- **Inactive to active liability ratio** = accrued liability for inactive participants / accrued liability for active participants.
 - Inactive participants include vested participants with deferred benefits, retirees in payment status, and beneficiaries in payment status.
 - It is generally more difficult for plans with higher inactive to active ratios to improve plan funding via changes to contributions and/or future benefit accruals.
- **Total liability per active** = total plan actuarial accrued liability / number of active participants.
 - In general, higher values of liability per active equate to higher levels of risk in the plan. It may be more difficult for plans with higher levels of liability per active to correct funding shortfalls that develop.
- **Unfunded liability per active** = (total plan actuarial accrued liability – market value of assets) / number of active participants.
 - Higher levels of unfunded liability per active equate to lower levels of current and future plan benefits because a more significant portion of the contributions are needed to fund legacy liabilities.
 - Historical changes in the amount of unfunded liability per active can provide insight into plan specific risk factors such as investment risk.

Appendix A: Additional Exhibits

Exhibit A.1 - Projection of Expected Benefit Payments

[Form 5500 Sch. MB, Line 8b(1)]

Plan Year Ending June 30	Expected Annual Benefit Payments
2020	\$ 8,548,723
2021	8,633,223
2022	8,629,818
2023	8,715,949
2024	8,673,956
2025	8,671,903
2026	8,668,966
2027	8,634,472
2028	8,553,009
2029	8,457,639

Notes

- Expected benefit payments provided above assume no additional accruals beyond the valuation date, no future new entrants to the Plan, and experience consistent with the valuation assumptions set forth herein.

Appendix A: Additional Exhibits

Exhibit A.2 - Distribution of Active Participants

Measurement Date: July 1, 2019

[Form 5500 Sch. MB, Line 8b(2)]

Years of Credited Service

Age	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 +	Total
Under 25	-	13	-	-	-	-	-	-	-	-	13
25 - 29	-	18	2	-	-	-	-	-	-	-	20
30 - 34	-	8	5	7	1	-	-	-	-	-	21
35 - 39	-	4	5	10	6	-	-	-	-	-	25
40 - 44	-	8	5	3	6	1	-	-	-	-	23
45 - 49	-	4	3	10	4	6	-	-	-	-	27
50 - 54	-	7	6	5	6	5	1	2	-	-	32
55 - 59	-	5	6	6	2	6	-	3	-	-	28
60 - 64	-	5	3	7	2	4	3	4	2	3	33
65 - 69	-	1	-	-	1	1	-	-	-	-	3
70 +	-	-	1	-	-	-	-	-	-	-	1
Total	-	73	36	48	28	23	4	9	2	3	226

Males	201
Females	25
Unknown	0
Total	226

Average Age	45.8
Average Credited Service	11.4
Number Fully Vested	157
Number Partially Vested	0

Notes

- As of July 1, 2019, there were no active participants with unknown dates of birth in the data.
- As of July 1, 2019, there were no active participants with unknown gender.
- Active participants who have not accumulated at least one pension credit as of the valuation date have been excluded from the valuation.

Appendix A: Additional Exhibits

Exhibit A.3 - Distribution of Inactive Participants

Measurement Date: July 1, 2019

Inactive Vested Participants

Attained Age	Count	Total Annual Benefits	Average Monthly Benefits
Under 40	34	\$ 421,341	\$ 1,033
40-44	34	463,225	1,135
45-49	38	548,329	1,202
50-54	47	751,964	1,333
55-59	50	646,162	1,077
60-64	53	501,224	788
65 and Over	9	55,357	513
Total	265	\$ 3,387,602	\$ 1,065

Participants and Beneficiaries Receiving Benefits

Attained Age	Count	Total Annual Benefits	Average Monthly Benefits
Under 55	27	\$ 508,761	\$ 1,570
55-59	40	788,493	1,643
60-64	78	1,530,610	1,635
65-69	88	1,519,997	1,439
70-74	100	1,264,912	1,054
75-79	112	1,148,533	855
80-84	92	639,590	579
85 and Over	122	624,164	426
Total	659	\$ 8,025,060	\$ 1,015

Notes

- As of July 1, 2019, there were no inactive vested participants with unknown dates of birth in the data.
- As of July 1, 2019, there were no inactive vested participants with unknown gender in the data.
- Inactive vested participants who have attained age 70 as of the valuation date have been excluded from the valuation.

Appendix A: Additional Exhibits

Exhibit A.4 - Reconciliation of Participants by Status

	Active	Inactive Vested	Non-Disabled Retirees	Disabled Retirees	Beneficiaries	Total
A. Count as of July 1, 2018	238	242	530	24	113	1,147
B. Status Changes During Plan Year						
1. Nonvested Terminations	(16)					(16)
2. Vested Terminations	(26)	26				0
3. Retirement	(4)	(2)	6			0
4. Disabled						0
5. Deceased	(1)	(1)	(21)		(4)	(27)
6. Certain Period Ended						0
7. Lump Sum						0
8. Rehires						0
9. New Entrants	35					35
10. New Beneficiaries					11	11
11. Net Adjustments						0
12. Net Increase (Decrease)	(12)	23	(15)	0	7	3
C. Count as of July 1, 2019	226	265	515	24	120	1,150

Notes

- Counts exclude 9 alternate payees with Plan benefits under a QDRO as of July 1, 2019, and 9 alternate payees as of July 1, 2018.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Plan Name	Industry & Local 338 Pension Plan
Plan Sponsor	Board of Trustees of the Industry & Local 338 Pension Plan
EIN / PN	51-6126649 / 001
Interest Rates	7.25% per annum (net of investment-related expenses) for the purpose of developing the Plan's funding liabilities. This is a change from the 7.50% used in the prior valuation. The investment return assumption used for purposes of the ERISA funding valuation is a reasonable estimate of the net investment return for the Plan's assets and, in combination with the other assumptions used, provides our best estimate of anticipated experience under the Plan. This rate was developed based on the Plan's investment policy and asset allocation, past experience, professional judgement, and considers the results of the Survey of Capital Market Assumptions by Horizon Actuarial Services, LLC. The highest rate within the IRS allowable range for determining Current Liability 3.07% per annum as of July 1, 2019.
Non-Disabled Mortality	<u>Non-annuitant:</u> 125% of the sex-distinct RP-2014 Blue Collar Employee Mortality Tables, adjusted to future years with a generational projection using Scale MP-2014 to anticipate future mortality improvement. <u>Annuitant:</u> 125% of the sex-distinct RP-2014 Blue Collar Annuitant Mortality Tables, adjusted to future years with a generational projection using Scale MP-2014 to anticipate future mortality improvement. The mortality assumptions, including future improvement, were chosen based on a review of standard mortality tables and projection scales, historical and current demographic data, and reflect anticipated future experience and professional judgment. For determining the RPA '94 Current Liability, the mortality tables prescribed by the Pension Protection Act of 2006 were used.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Disabled Mortality

125% of the sex-distinct RP-2014 Disabled Mortality Tables, adjusted to future years with a generational projection using Scale MP-2014 to anticipate future mortality improvement.

The mortality assumption, including future improvement, was chosen based on a review of standard mortality tables and projection scales, historical and current demographic data, and reflects anticipated future experience and professional judgment.

For determining the RPA '94 Current Liability, the mortality tables prescribed by the Pension Protection Act of 2006 were used.

Retirement Age

Active participants:

Retirement Rates

Age	Males	Females
55 -59	10.0%	10.0%
60-61	20.0%	20.0%
62	75.0%	75.0%
63-65	50.0%	50.0%
66-69	25.0%	25.0%
70+	100.0%	100.0%

The weighted average retirement age for active participants is age 62. This average is based on the active population in the July 1, 2019 valuation. All decrements are considered when projecting the current population to retirement. The weighted average retirement age is the average age at which the lives that reach the retirement decrement retire.

Inactive vested participants:

Age 55 with 15 or more years of Pension Credits; otherwise, age 65.

These assumptions were based on historical and current demographic data, adjusted to reflect anticipated future experience and professional judgment.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Withdrawal

Illustrations of the annual rates of withdrawal (for reasons other than mortality or disablement) are shown in the table below for selected ages:

Representative Withdrawal Rates

Age	Males	Females
20	6.58%	6.58%
25	5.27%	5.27%
30	4.83%	4.83%
35	4.47%	4.47%
40	3.84%	3.84%
45	3.21%	3.21%
50	1.52%	1.52%
55	0.33%	0.33%

Withdrawal rates cease to apply upon earliest eligibility for a pension.

These assumptions were based on historical and current demographic data, adjusted to reflect anticipated future experience and professional judgment.

Disability

Illustrations of the annual rates of disablement are shown in the table below for selected ages (the same rates are used for males and females):

Representative Disability Rates

Age	Males	Females
20	0.05%	0.05%
25	0.05%	0.05%
30	0.05%	0.05%
35	0.06%	0.06%
40	0.09%	0.09%
45	0.18%	0.18%
50	0.40%	0.40%
55	0.85%	0.85%
60	1.74%	1.74%

Disability rates cease to apply upon earliest eligibility for a pension.

These assumptions were based on historical and current demographic data, adjusted to reflect anticipated future experience and professional judgment.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Operating Expenses

Expenses are assumed to be \$375,000, for the plan year beginning July 1, 2019 (equivalent to \$361,882 payable at the beginning of the year). Investment-related fees are not included among assumed operating expenses.

The annual operating expenses were based on historical and current information, and reflect anticipated future experience and professional judgment.

Weeks Worked and Contribution Income

For the purpose of projecting future contribution income, it is assumed contributions are earned based on the total number of weeks worked for participants during the plan year. Participants are assumed to continue to work for the employer reported in the data and at the rate required by that employer's contract.

Each active participant is assumed to work 1,960 hours (49 weeks) in each future year.

Active Participant

Active participants are defined as those with at least two months of employment in the most recent plan year and who have accumulated at least one pension credit, excluding those who have retired as of the valuation date.

Inactive Vested Participants

Inactive vested participants over age 70 are excluded from the valuation.

Reemployment

It is assumed that participants will not be reemployed following a break in service.

Form of Payment

All single participants are assumed to elect a Life Annuity.

All married participants are assumed to elect a 75% Joint and Survivor Annuity.

Marriage

75% of non-retired participants are assumed to be married.

Spouse Ages

Male spouses are assumed to be three years older than female spouses, if actual age is unknown.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Cost Method

The Unit Credit Cost Method is used to determine the normal cost and the actuarial accrued liability. The actuarial accrued liability is the present value of the accrued benefits as of the beginning of the year for active participants and is the present value of all benefits for other participants. The normal cost is the present value of the difference between the accrued benefits as of the beginning and end of the year. The normal cost and actuarial accrued liability for the plan are the sums of the individually computed normal costs and actuarial accrued liabilities for all plan participants.

Asset Valuation Method

The actuarial value of assets is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20% per year. Expected investment return is calculated using the net market value of assets as of the beginning of the plan year and the benefit payments, employer contributions and operating expenses, weighted based on the timing of the transactions during the year. The actuarial value is subject to a restriction that it be not less than 80% nor more than 120% of the market value.

Participant Data

Participant census data as of July 1, 2019 was provided by the Associated Administrators, LLC.

Missing or Incomplete Participant Data

Assumptions were made to adjust for participants and beneficiaries with missing or incomplete data, based on those exhibited by participants with similar known characteristics.

Financial Information

Financial information was obtained from the audited financial statements provided by Schultheis & Panettieri, LLP.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Nature of Actuarial Calculations

The valuation results presented in this report are estimates. The results are based on data that may be imperfect and on assumptions made about future events. Certain plan provisions may be approximated or deemed immaterial for the purposes of the valuation. Assumptions may be made about missing or incomplete participant census data or other factors. Reasonable efforts were made to ensure that significant items and factors are included in the valuation and treated appropriately. A range of results different from those presented in this report could also be considered reasonable.

The actuarial assumptions selected for this valuation – including the valuation interest rate – generally reflect average expectations over the long term. If overall future demographic or investment experience is less favorable than assumed, the relative level of plan costs determined in this valuation will likely increase in future valuations. Investment returns and demographic factors may fluctuate significantly from year to year. The deterministic actuarial models used in this valuation do not take into consideration the possibility of such volatility.

Unfunded Vested Benefits for Employer Withdrawals

Interest:

- For liabilities up to the market value of assets, liabilities are valued using interest rates used by PBGC for plan terminations. For the July 1, 2019 valuation, these are 3.07% and 3.05% (for 20 years and thereafter, respectively). Operating expenses as prescribed by PBGC formula (29 CFR Part 4044, Appendix C) are included for liabilities determined using PBGC termination interest rates.
- For liabilities in excess of the market value of assets, valued using 7.25% for all years.

All other assumptions:

Same as those used for the funding valuation.

Appendix B: Actuarial Assumptions and Methods

(Form 5500 Schedule MB, line 6)

Changes in Assumptions Since the prior valuation, the following assumptions have been changed:

Funding:

- The interest rate assumption used for purposes of the ERISA funding valuation was changed from 7.50% to 7.25% per annum, compounded annually, net of investment expense.

Unfunded Vested Benefits for Withdrawal Liability:

- For liabilities determined at PBGC interest rates used for plan terminations, the rates as of June 30, 2019 are 3.07% for the first 20 years and 3.05% thereafter. As of June 30, 2018 the rates were 2.27% for the first 20 years and 2.59% thereafter.

**Justification for
Changes in Assumptions
and Methods**

The change in the interest rate used for funding was made to more accurately reflect the expected experience of the Plan.

The change in the discount rates for determining unfunded vested benefits for withdrawal liability purposes reflect updated PBGC interest rates as of the valuation date.

Appendix C: Summary of Plan Provisions

(Form 5500 Schedule MB, line 6)

This appendix summarizes the major provisions of the Plan that were reflected in the actuarial valuation. This summary of provisions is not intended to be a comprehensive statement of all provisions of the Plan.

Plan Name	Industry & Local 338 Pension Plan										
Plan Sponsor	Board of Trustees of the Industry & Local 338 Pension Plan										
EIN / PN	51-6126649 / 001										
Effective Date and Most Recent Amendment	The original effective date of the Plan is May 1, 1950. The most recent amendment to the Plan is effective January 1, 2018.										
Plan Year	The twelve-month period beginning July 1 and ending June 30.										
Employers	A contributing Employer is any person or entity that has been accepted for participation in the Plan and that is required to contribute to the Plan pursuant to a collective bargaining agreement or participation agreement.										
Participants	All employees working in covered employment for a contributing employer are eligible to participate in the Plan on the earliest January 1 or July 1 following four months of work in Covered Employment during a 12 consecutive month period. For this purpose, a month of work is any calendar month in which an employee is paid for at least one Hour of Service.										
Pension Credit	Pension Credit is used for purposes of determining eligibility for retirement and other benefits and is determined on a plan year basis. A participant receives Pension Credits for work prior to July 1, 1976 according to the Plan effective at that time. For work on or after July 1, 1976, Pension Credits are earned under the following schedule: <table><tr><th>Months Worked in a Plan Year</th><th>Pension Credit</th></tr><tr><td>2 but less than 4</td><td>0.25</td></tr><tr><td>4 but less than 6</td><td>0.50</td></tr><tr><td>6 but less than 8</td><td>0.75</td></tr><tr><td>8 or more</td><td>1.00</td></tr></table>	Months Worked in a Plan Year	Pension Credit	2 but less than 4	0.25	4 but less than 6	0.50	6 but less than 8	0.75	8 or more	1.00
Months Worked in a Plan Year	Pension Credit										
2 but less than 4	0.25										
4 but less than 6	0.50										
6 but less than 8	0.75										
8 or more	1.00										

Appendix C: Summary of Plan Provisions

(Form 5500 Schedule MB, line 6)

Vesting Service

Vesting Service is determined on a plan year basis.
Effective from July 1, 1976 - One year of vesting service is granted for 4 months of employment.

Normal Retirement Age

The later of attaining age 65 or the fifth anniversary of an active Participant's Plan participation excluding participation before January 1, 1988 (or the tenth anniversary including participation before January 1, 1988).

Break-In-Service

Completion of less than 2 months of service in a Plan Year.

Regular Pension

Eligibility:

Age 65 and 15 Pension Credits.

Amount of Benefit:

The monthly amount of the Regular Pension is equal to:

Pension Credits earned (To a Maximum of 35)	Benefit Accrual per Pension Credit
After 6/30/2016	0.9% of total contributions
7/1/2010 – 6/30/2016	\$37.00 per \$1 of hourly contribution rate
7/1/1997 – 6/30/2010	\$49.00 per \$1 of hourly contribution rate
prior to 7/1/1997	Accrued Benefit based on prior plan formula • increased by 20.75% if active at 7/1/1997 • increased by 15.0% if inactive vested at 7/1/1997

For Pension Credits earned between September 28, 2006 and June 30, 2016, special supplemental contributions are not be included in the calculation of benefits.

Appendix C: Summary of Plan Provisions

(Form 5500 Schedule MB, line 6)

Service Pension

Eligibility:

20, 25, 30 or 35 Pension Credits. An additional $\frac{1}{2}$ Pension Credit is granted for determining eligibility only for a Service Pension.

Amount of Benefit:

- For retirements on or after January 1, 2018 the service pension will be the calculated Regular Pension actuarially reduced for early commencement.
- For retirements prior to January 1, 2018 the calculated Regular Pension reduced as follows:

Service Pension	% of Regular Pension
20	50%
25	90%
30	95%
35	100%

Early Retirement Pension

Eligibility:

Between age 55 and age 65 with at least 15 Pension Credits.

Amount of Benefit:

- For retirements on or after January 1, 2018 the service pension will be the calculated Regular Pension actuarially reduced for early commencement.
- For retirements prior to January 1, 2018 the early retirement pension will be the calculated Regular Pension accrued prior to July 1, 2010 reduced by 2% for each year the retiring employee is under age 65, plus the calculated Regular Pension accrued on and after July 1, 2010 reduced by 6% for each year the retiring employee is under age 65.

Disability Pension

Participants who become disabled on or after January 1, 2018 are not entitled to a disability pension. Participants who became disabled prior to January 1, 2018 continue to receive their disability pension.

Vested Benefit

Eligibility:

5 or more years of Vesting Service.

Amount of Benefit:

Regular pension accrued payable at Normal Retirement Age or, if eligible, Service pension payable at Early Retirement Age, determined under the terms of the Plan in effect at the time the participant separates from covered employment.

Appendix C: Summary of Plan Provisions

(Form 5500 Schedule MB, line 6)

Pre-Retirement Death Benefits

Spouse's Benefit:

If a deceased married participant had not retired but had met the eligibility for pension benefits, his spouse receives a survivor's annuity. The survivor's annuity is payable for life, commencing with the month following the participant's death. The monthly amount is the survivor's portion of the Regular Pension earned through the date of death, reduced for payment prior to normal retirement age, based on a 75% Joint and Survivor Annuity. For participants who die prior to attainment of age 55, the monthly benefit is determined as if the Participant had reached age 55.

Forms of Payment

Normal Form:

- (a) For married participants, retirement benefits are paid in the form of an actuarially reduced 75% Joint and Wife Annuity unless this form is rejected by a Participant and his or her spouse.
- (b) If the 75% Joint and Wife Annuity is rejected or if the Participant is not married, benefits are payable as a Life Annuity.

Optional Forms:

- (a) 50% Joint and Survivor Annuity, actuarially reduced (spouse only)
- (b) 100% Joint and Survivor Annuity, actuarially reduced (spouse only)
- (c) Life Annuity with 120-month guarantee, actuarially reduced

Actuarial Equivalence

Benefits under optional forms of payment are converted from the amount payable under the Life, based on assumptions of 7.0% interest and the 1971 Group Annuity Mortality Table with the Male table used for the Participant and the Female Table used for the Spouse.

Contribution Rates

Various contribution rates ranging from \$322.98 to \$242.64 per week as of July 1, 2019.

Changes in Plan Provisions

There have been no changes in plan provisions from the prior valuation.

Appendix D: Current Liability (for Form 5500 Schedule MB)

Exhibit D.1 - "RPA '94" Current Liability and Additional Information for Form 5500 Schedule MB

Measurement Date	7/1/2019	7/1/2018
Current Liability Interest Rate	3.07%	3.00%
A. Number of Participants		
1. Retired Participants and Beneficiaries	659	667
2. Inactive Vested Participants	265	242
3. Active Participants		
a. Non-Vested Benefits	69	60
b. Vested Benefits	157	178
c. Total Active	226	238
4. Total	1,150	1,147
B. Current Liability Normal Cost		
1. Cost of Benefit Accruals	\$ 2,326,944	\$ 2,343,568
2. Assumed Operating Expenses	361,882	360,672
3. Total	\$ 2,688,826	\$ 2,704,240
C. Current Liability		
1. Retired Participants and Beneficiaries	\$ 117,663,462	\$ 121,188,984
2. Inactive Vested Participants	30,029,512	26,213,032
3. Active Participants		
a. Non-Vested Benefits	\$ 1,751,268	\$ 1,558,721
b. Vested Benefits	27,840,707	30,768,019
c. Total Active	\$ 29,591,975	\$ 32,326,740
4. Total	\$ 177,284,949	\$ 179,728,756
D. Current Liability Expected Benefit Payments	\$ 8,566,718	\$ 8,430,350
E. Additional Information for Form 5500 Schedule MB		
1. Current Liability Normal Cost [Sch. MB Line 1d(2)(b)]	\$ 2,326,944	\$ 2,343,568
2. Expected Release [Sch. MB Line 1d(2)(c)]	8,566,718	8,430,350
3. Expected Disbursements [Sch. MB Line 1d(3)]	8,941,718	8,805,350

The primary use for Current Liability is to determine the amount of the maximum tax-deductible contribution for the plan year. Current Liability is also reported on the Schedule MB to the Form 5500; however, it rarely affects the determination of the ERISA minimum required contribution.

Current Liability is calculated similarly to the actuarial accrued liability under the unit credit cost method, but based on interest and mortality assumptions that are mandated by the Internal Revenue Service (IRS). The Current Liability interest rate assumption is based on 30-year Treasury yields and does not reflect the expected return on plan assets.

Current Liability and the expected increase in Current Liability attributable to benefits accruing during the plan year are shown above, as of the valuation date. Also shown above are the expected benefit payments for the plan year, based the same actuarial assumptions used to measure Current Liability.

Appendix E: Glossary

Actuarial Accrued Liability: This is computed differently under different actuarial cost methods. The Actuarial Accrued Liability generally represents the portion of the cost of the participants' anticipated retirement, termination, death and disability benefits allocated to the years before the current plan year.

Actuarial Cost: This is the contribution required for a plan year in accordance with the Trustees' funding policy. It consists of the Normal Cost plus an amortization payment to pay interest on and amortize the Unfunded Actuarial Accrued Liability based on the amortization schedule adopted by the Trustees.

Actuarial Gain or Loss: From one plan year to the next, if the experience of the plan differs from that anticipated using the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust earned 12.0% for the year while the assumed rate of return used in the valuation was 7.5%.

Actuarial Value of Assets: This is the value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purposes of an actuarial valuation. It may be equal to the market value, or a smoothed value that recognizes changes in market value systematically over time.

Credit Balance: The Credit Balance represents the historical excess of actual contributions over the minimum required contributions under ERISA. The Credit Balance is also equal to the cumulative excess of credits over charges to the Funding Standard Account.

Current Liability: This is computed the same as the Present Value of Accumulated Benefits, but using interest rate and mortality assumptions specified by the IRS. This quantity is used in the calculation to determine the maximum tax-deductible contribution to the plan for the year.

Funding Standard Account: This is the account which a plan is required to maintain in compliance with the minimum funding standards under ERISA. It consists of annual charges and credits needed to fund the Normal Cost and amortize the cost of plan amendments, actuarial method and assumption changes, and experience gains and losses.

Normal Cost: The Normal Cost is computed differently under different actuarial cost methods. The Normal Cost generally represents the portion of the cost of the participants' anticipated retirement, termination, death and disability benefits allocated to the current plan year. Employer Normal Cost generally also includes the cost of anticipated operating expenses.

Present Value of Accumulated Benefits: The Present Value of Accumulated Benefits is computed in accordance with ASC 960. This quantity is determined independently from the plan's actuarial cost method. This is the present value of a participant's accrued benefit as of the valuation date, assuming the participant will earn no more credited service and will receive no future salary.

Present Value of Future Benefits: This is computed by projecting the total future benefit cash flow from the plan, using actuarial assumptions, and then discounting the cash flow to the valuation date.

Present Value of Vested Benefits: This is the portion of the Present Value of Accumulated Benefits in which the employee would have a vested interest if the employee were to separate from service with the employer on the valuation date. It is also referred to as Vested Benefit Liability.

Unfunded Actuarial Accrued Liability: This is the amount by which the Actuarial Accrued Liability exceeds the Actuarial Value of Assets.

Withdrawal Liability: This is the amount an employer is required to pay upon certain types of withdrawal from a pension plan. It is an employer's allocated portion of the unfunded Present Value of Vested Benefits