The McKeogh Company

VIA ELECTRONIC MAIL

September 23, 2022

Ms. Dawn Welch, Account Executive
Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152
dawnw@associated-admin.com

Dear Dawn:

PRESSMEN WELFARE FUND – ASC 965 VALUATION

Enclosed is a copy of our report on the actuarial valuation of the retiree medical benefits provided under the Pressmen Welfare Fund for the fiscal year ending December 31, 2021. The valuation was prepared in accordance with our understanding of the FASB Accounting Standards Codification 965.

If there are any questions or if other information is required, please contact the undersigned.

Sincerely,

Karen B. Crossin

Karen B. Crossin, CEBS, ISCEBS Fellow

KBC:rlh

Enclosure

cc w/enclosure: Joseph Herishen, CPA
jherishen@Calibrecpa.com

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PRESSMEN WELFARE FUND

Actuarial Valuation Report for
Fiscal Year Ending December 31, 2021

Prepared in Compliance with FASB Accounting Standards Codification Topic 965

The McKeogh Company

September 2022

September 23, 2022

Board of Trustees
Pressmen Welfare Fund
c/o Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152

Dear Trustees:

This report presents the results of the actuarial valuation of the Pressmen Welfare Fund for the fiscal year ending December 31, 2021 prepared in compliance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 965 (ASC 965).

The primary purpose of the report is to develop information required to be disclosed in accordance with ASC 965 which includes:

- Computation of the accumulated postretirement benefit obligation (APBO) and accompanying assumptions used to determine this amount.
- Allocation of the APBO between certain groups of participants (retirees, participants fully eligible for benefits and participants not fully eligible for benefits).
- Reconciliation of changes in the APBO from the prior year.
- Effect of a 1% increase in assumed health care cost trend rate on the APBO.

We will be pleased to review this report at your convenience.

Respectfully submitted,

William H. Thompson, ASA

Karen B. Crossin, CEBS, ISCEBS
Fellow

WHT/KBC:rlh

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<u>Actuarial Certification for the Pressmen Welfare Fund</u>

This valuation report has been prepared on an ongoing plan basis. The report is intended for the use of both the Trustees and the Plan's auditors and is only to be used in its entirety. Use of this report for purposes other than those which are specifically stated in the cover letter may be inappropriate.

In preparing the valuation results, we have relied upon the census data, plan provisions and financial information provided from the fund office and from the auditors. We have reviewed this information for reasonableness but have not audited it. We have chosen the economic assumptions based upon our best estimate of anticipated experience under the plan.

To the best of our knowledge, all of the disclosure information provided by The McKeogh Company was determined in accordance with the FASB's ASC Topic 965 – Plan Accounting – Health and Welfare Benefit Plans.

As a member of the American Academy of Actuaries who meets the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States", I hereby certify that all of our calculations have been performed in conformity with generally accepted actuarial principles and practices, and that the actuarial assumptions are reasonable and should produce values in line with anticipated experience under the Plan.

William H. Thompson, ASA
Member, American Academy of Actuaries

PART I

DISCUSSION OF PRINCIPAL VALUATION RESULTS

Section 1.1

Comparison of Key Valuation Results With Those of the Prior Valuation

	Fiscal Year Ending December 31, 2021	Fiscal Year Ending December 31, 2020	Percent Change
Liabilities			
Claims Incurred but not Paid	$ 0	$ 0	N/A
Accumulated Eligibility Credits	$ 0	$ 0	N/A
Accumulated Postretirement Benefit Obligation (APBO)	$ 156,041	$ 309,518	-49.6%
Discount Rate	4.50%	5.00%	
Participant Counts			
Active Participants			
– Fully Eligible to Receive Benefits	36	38	-5.3%
– Not Fully Eligible to Receive Benefits	87	81	7.4%
– Total Active Participants	123	119	3.4%
Retirees and Beneficiaries Eligible for Benefits[1]	0	2	N/A
Terminated Employees Fully Eligible for Benefits	0	0	N/A
Total Participant Count	123	121	1.7%

[1] Includes retirees not currently receiving benefits due to Medicare eligibility or death but whose spouses are receiving benefits until they become eligible for Medicare.

Section 1.2

Statement of Changes from Prior Valuation

Actuarial Basis

There were four changes in the actuarial basis from the prior valuation:

(1) The assumed premium cost for all benefits was changed to reflect actual plan experience as shown in Section 4.2.

(2) The assumed trend rates were reset to reflect anticipated plan experience as described in Section 4.2.

(3) The discount rate was changed from 5.00% to 4.50% to reflect anticipated experience due to the current asset allocation.

(4) The percentage of eligible retirees assumed to participate was changed from 20% to 10% to reflect anticipated plan experience as described in Section 4.2.

Plan of Benefits

There were no changes to the plan of benefits since the prior valuation.

PART II

DISCLOSURE INFORMATION

Section 2.1

Statement of Accumulated Postretirement Benefit Obligation

	Fiscal Year Ending December 31, 2021	2020	Percent Change
For Active Participants			
– Fully Eligible to Receive Benefits	$ 75,718	$ 148,461	-49.0%
– Not Fully Eligible to Receive Benefits	$ 80,323	$ 152,160	-47.2%
– Total for Actives	$ 156,041	$ 300,621	-48.1%
For Retirees and Beneficiaries	$ 0	$ 8,897	N/A
Total APBO	$ 156,041	$ 309,518	-49.6%

Sensitivity – a one percentage point increase/decrease in the assumed health care cost trend rate would change the total APBO as follows:

	2021	2020	Percent Change
1% increase in trend	$ 168,924	$ 334,554	-49.5%
1% decrease in trend	$ 144,499	$ 286,998	-49.7%

Section 2.1

Statement of Accumulated Postretirement Benefit Obligation (continued)

Fiscal Year Ending December 31, 2021

	Gross APBO	Participant Contributions	Net APBO
For Active Participants			
– Fully Eligible to Receive Benefits	$ 196,587	$ (120,869)	$ 75,718
– Not Fully Eligible to Receive Benefits	$ 216,691	$ (136,368)	$ 80,323
– Total for Actives	$ 413,278	$ (257,237)	$ 156,041
For Retirees and Beneficiaries	$ 0	$ 0	$ 0
Total APBO	$ 413,278	$ (257,237)	$ 156,041

Fiscal Year Ending December 31, 2020

	Gross APBO	Participant Contributions	Net APBO
For Active Participants			
– Fully Eligible to Receive Benefits	$ 407,622	$ (259,161)	$ 148,461
– Not Fully Eligible to Receive Benefits	$ 434,777	$ (282,617)	$ 152,160
– Total for Actives	$ 842,399	$ (541,778)	$ 300,621
For Retirees and Beneficiaries	$ 19,505	$ (10,608)	$ 8,897
Total APBO	$ 861,904	$ (552,386)	$ 309,518

Section 2.2

Statement of Changes in APBO

	Fiscal Year Ending December 31,	
	2021	**2020**
APBO at Beginning of Year	$ 309,518	$ 298,386
Changes During Year Due to:		
– Plan Amendment	$ 0	$ 0
– Changes in Nature of Plan	0	0
– Changes in Actuarial Basis	(139,001)	74,675
– Benefit Accumulation	29,215	22,111
– Passage of Time	16,734	15,862
– Benefits Paid	(8,111)	(6,513)
– (Gain)/Loss	(52,314)	(95,003)
Total Change During Year	$ (153,477)	$ 11,132
APBO at End of Year	$ 156,041	$ 309,518

PART III

DEMOGRAPHIC INFORMATION

Section 3.1

Historical Participant Information

December 31	Actives	Retirees[1]	Retiree Spouses	Total
2021	123	0	0	123
2020	119	1	1	121
2019	141	1	1	143
2018	158	1	1	160
2017	209	1	1	211
2016	224	2	2	228
2015	232	2	2	236
2014	246	2	2	250
2013	270	2	2	274
2012	296	5	5	306
2011	311	7	4	322
2010	332	6	5	343
2009	348	11	7	366
2008	430	13	8	451
2007	433	18	10	461

[1] Includes retirees not currently receiving benefits due to Medicare eligibility or death but whose spouses are receiving benefits until they become eligible for Medicare.

Section 3.2

Reconciliation of Participants

	Actives	Retirees[1]	Retiree Spouses	Total
Counts as of December 31, 2020	119	1	1	121
New Entrants	23	0	0	23
Terminated	(19)	0	0	(19)
Retired/Elected Coverage	0	0	0	0
Coverage Ended[2]	0	(1)	(1)	(2)
Data Corrections	0	0	0	0
Net Change	4	(1)	(1)	2
Counts as of December 31, 2021	123	0	0	123

1 Includes retirees not currently receiving benefits due to Medicare eligibility or death but whose spouses are receiving benefits until they become eligible for Medicare.

2 Includes retirees or spouses who died during the Plan Year.

Section 3.3

Active Participant Age/Service Distribution

Attained Age	Years of Credited Service at January 1, 2022 0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Totals
Under 25	4	0	0	0	0	0	0	0	0	4
25 to 29	9	0	0	0	0	0	0	0	0	9
30 to 34	2	2	1	0	0	0	0	0	0	5
35 to 39	3	1	1	0	0	0	0	0	0	5
40 to 44	7	4	0	0	0	0	0	0	0	11
45 to 49	10	4	1	0	0	0	0	0	0	15
50 to 54	8	8	6	1	0	2	0	0	0	25
55 to 59	8	3	4	3	0	4	1	0	0	23
60 to 64	5	12	4	2	0	0	1	1	0	25
65 to 69	0	0	0	0	0	1	0	0	0	1
70 & Up	0	0	0	0	0	0	0	0	0	0
Total	56	34	17	6	0	7	2	1	0	123

Average Age = 50.02

Average Service = 7.75

PART IV

ACTUARIAL BASIS

Section 4.1

Methodology

Actuarial Cost Method

The actuarial cost method used to determine the accumulated postretirement benefit obligation was the Projected Unit Credit Cost Method. Benefits were attributed to each employee's service up to the date on which he or she attains full eligibility for the benefits.

Incurred but not Paid Claims

Since this plan is fully insured, there are no claims that were incurred during the Plan Year and not paid as of the measurement date.

Accumulated Eligibility

Since there is no active coverage provided after termination, there is no accumulated eligibility.

Section 4.2

Actuarial Assumptions

Interest Rate Assumption

Discount Rate	4.50% per year

Demographic Assumptions

Mortality	RP-2014 Blue Collar Mortality projected to 2019 with Scale MP-2014

Withdrawal Rates — Rates vary by age as illustrated:

Age	Withdrawal Rate	
	Males	Females
25	0.099	0.099
35	0.050	0.050
45	0.017	0.017

Retirement Rates — Rates vary by age as illustrated:

Age	Probability of Retirement
55-61	0.05
62	0.30
63-64	0.10
65	1.00

Disability Incidence Rates — Rates vary by age as illustrated:

Age	Disability Incidence	
	Males	Females
25	0.002	0.002
35	0.003	0.003
45	0.006	0.006

Section 4.2

Actuarial Assumptions
(continued)

Family Composition	Actual data was used for retirees. Costs for retired participants with family coverage are based on the assumption that the family unit consists of the retiree and spouse only.
Participation	The percentage of eligible retirees assumed to participate is 10%. Of these, 50% are assumed to be both married and elect coverage for their spouse.

Other Assumptions

Administrative Expenses	A load of 4.2% was applied to the gross medical premiums to estimate the annual administrative expense cost.
Trend Rates	The trend rates are based on the expectation of future growth, grading down to a 5% ultimate rate over a period of five years.

Year 1 Trend:	10%
Ultimate Trend:	5%
Grading Per Year:	1%

Section 4.2

Actuarial Assumptions (continued)

Premium Cost Assumption Development

Actual insurance premiums and claims by source were examined for the 2020 and 2021 Plan Years. The premium assumptions were based on the actual premium rates in effect as of the valuation date. The premiums for the various coverage plans available were blended and a weighted average premium was used in the valuation.

Annual Amount

Composite Rate	2021		2020		Percent Change	
	Males	Females	Males	Females	Males	Females
Gross Premium						
Age						
55 - 59	$15,158	$15,986	$14,914	$15,728	1.6%	1.6%
60 - 64	$19,453	$19,026	$19,139	$18,719	1.6%	1.6%
Retiree Contributions						
Age						
55 - 59	$12,239	$12,239	$12,439	$12,439	-1.6%	-1.6%
60 - 64	$12,239	$12,239	$12,439	$12,439	-1.6%	-1.6%
Net Plan Premiums						
Age						
55 - 59	$2,919	$3,747	$2,475	$3,289	17.9%	13.9%
60 - 64	$7,214	$6,787	$6,700	$6,280	7.7%	8.1%

PART V

BENEFIT SUMMARY

Section 5.1

Benefit Summary

Eligibility

Employees who retire from Covered Employment after attaining age 55 and 5 years of service may continue to receive benefits under the Plan until they become eligible for Medicare. Benefits are similar to those received as an Active Employee but are limited to medical, prescription and limited vision coverage only.

Dependent Coverage

Upon the Retiree's termination of coverage due to Medicare eligibility or death, his/her spouse may continue benefits until he/she becomes eligible for Medicare.

Cost Sharing

Contributions are required for coverage. Retirees must pay the premium premium determined by the Trustees. The monthly premiums are as follows:

Plan	2021 Premium	2020 Premium
HMO Signature Plan	$1,307	$1,307
DHMO Signature Plan	$884	$884
DHMO Select Plan	$1,764	$1,764
Minimum Value DHMO Signature	$664	$664