United Food and Commercial Workers (UFCW) Unions and Participating Employers Health and Welfare Fund

Reserve Determination Report

PNC Statements Through July 31, 2020
Administrative Manager's Reports Through June 30, 2020

August 2020

5972444v1/13783.005

Segal

Actionable Items

- All credits which have been calculated before and including June 30, 2020 have been approved by the Board of Trustees.
- At the June Board of Trustees meeting, the Trustees agreed to provide the outstanding amortized credits of $122,178 per month to Shoppers for the next six months. These credits began being used to offset contributions paid starting in July.
- **No credits for July 2020 have been calculated as outlined in the August 25, 2017 MOA language.**
- An additional line has been added to the reserve charts. In June, a lump sum contribution payment was made to the Fund to pay for 4-months of continued benefits offered as part of a worker layoff agreement. As these contributions are for future eligibility, the pre-paid contributions were removed from the PNC balance to be amortized over the next four months. This way the assets used to calculate the credits, if any, will not include the prepaid contributions until they are earned.
- Please note that the Coronavirus (COVID-19) pandemic will as impacted the 2020 US economy for most Health Plan Sponsors. As a result, health plan claims expenses could be significantly altered. The credits calculated are based on a continuation value calculation that does not include any adjustments such as changes in eligibility, income or increases in healthcare costs.

Most Recent Reserve Position Based on PNC Statements

- Based on the August 25, 2017 MOA language, July 2020 reserves have not resulted in an adjustment due to reserves less than 4.0 months and greater than 3.0 months.

Historical Reserve Position based on PNC Statements												
	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	4/30/2020	5/31/2020	6/30/2020	7/31/2020
A) PNC Statement (Beginning of Month)	$10,782,283	$10,392,971	$10,506,401	$11,016,502	$11,363,768	$11,295,327	$11,711,649	$10,025,810	$8,422,660	$7,399,788	$7,327,330	$9,003,338
B) PNC Receipts and Earnings	$1,920,139	$1,822,011	$2,038,658	$1,748,935	$1,760,138	$2,062,592	$100,444	$13,519	$781,951	$1,727,425	$2,913,794	$1,018,116
C) PNC Disbursements	($2,309,451)	($1,708,581)	($1,528,557)	($1,401,669)	($1,828,579)	($1,646,270)	($1,786,283)	($1,616,669)	($1,804,823)	($1,799,883)	($1,237,786)	($1,526,253)
D) Monthly Surplus/(Deficit) (B)+(C)	($389,312)	$113,430	$510,101	$347,266	($68,441)	$416,322	($1,685,839)	($1,603,150)	($1,022,872)	($72,458)	$1,676,008	($508,137)
1) PNC Statement (End of Month) (A)+(D)	**$10,392,971**	**$10,506,401**	**$11,016,502**	**$11,363,768**	**$11,295,327**	**$11,711,649**	**$10,025,810**	**$8,422,660**	**$7,399,788**	**$7,327,330**	**$9,003,338**	**$8,495,201**
A) Kroger Roanoke Retirees Adjustment [1]	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)
B) Pre-Paid Contributions[2]	-	-	-	-	-	-	-	-	-	-	($1,738,736)	($1,304,052)
C) Unrealized Amortized Reserve Adjustments[3]	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($3,072,583)	($1,443,880)	($733,068)	($733,068)	($733,068)	($610,890)
2) Total Adjustments (A)+(B)+(C)	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($3,205,724)**	**($1,577,021)**	**($866,210)**	**($866,210)**	**($2,604,946)**	**($2,048,084)**
3) Total MOB Assets After Adjustments (1)+(2)	**$6,212,623**	**$6,326,053**	**$6,836,154**	**$7,183,420**	**$7,114,979**	**$7,531,301**	**$6,820,086**	**$6,845,639**	**$6,533,578**	**$6,461,120**	**$6,398,392**	**$6,447,117**
4) MOB Expenses[4]	**$20,859,172**	**$21,559,069**	**$21,559,069**	**$21,559,069**	**$20,465,812**	**$20,465,812**	**$20,465,812**	**$20,524,907**	**$20,524,907**	**$20,524,907**	**$19,404,246**	**$19,404,246**
5) Number of Reserve Months (3) / (4) * 12 [5]	**3.574**	**3.521**	**3.805**	**3.998**	**4.172**	**4.416**	**3.999**	**4.002**	**3.820**	**3.778**	**3.957**	**3.987**

[1] *Includes incurred but not reported claims less any payments already made by Kroger. Amount has been updated for the final payment figure.*

[2] *4 months of contributions paid in a lump sum.*

[3] *Based on the total credits calculated less credits paid. Includes credits calculated, but not yet approved by the Trustees.*

[4] *Based on paid expenses as provided in Associated's AMRs for the prior twelve-month period.*

[5] *Months with reserves exceeding 4 months represent a month when a reserve adjustment has been calculated.*

- A lump sum contribution payment was made to the Fund in June to pay for 4-months of continued benefits offered as part of a worker layoff agreement. As these contributions are for future eligibility, the pre-paid contributions were removed from the PNC balance to be amortized over the next four months.

Amortization History and Schedule

Month	Outstanding Balance at the Beginning of the Month (A)	Credits: Amount (B)	Credits: Status (C)	Outstanding Balance Before Adjustment (A) + (B) (D)	Reserve Adjustments Calculated: 6-Month Amortized Amount (E)	Reserve Adjustments Calculated: Total Amount (F)	Outstanding Balance After Adjustment (D) + (F) (G)
May 2018	$0	$0	Paid	$0	($13,942)	($83,652)	($83,652)
June 2018	($83,652)	$0	Paid	($83,652)	($1,654)	($9,923)	($93,575)
July 2018	($93,575)	$0	Paid	($93,575)	($96,953)	($581,719)	($675,294)
August 2018	($675,294)	$0	Paid	($675,294)	$0	$0	($675,294)
September 2018	($675,294)	$0	Paid	($675,294)	$0	$0	($675,294)
October 2018	($675,294)	$225,098	Paid	($450,196)	($375,586)	($2,253,518)	($2,703,714)
November 2018	($2,703,714)	$112,549	Paid	($2,591,165)	($35,625)	($213,749)	($2,804,914)
December 2018	($2,804,914)	$112,549	Paid	($2,692,365)	$0	$0	($2,692,365)
January 2019	($2,692,365)	$488,135	Paid	($2,204,230)	($104,252)	($625,515)	($2,829,744)
February 2019	($2,829,744)	$488,135	Paid	($2,341,609)	($96,449)	($578,696)	($2,920,305)
March 2019	($2,920,305)	$488,135	Paid	($2,432,170)	($43,951)	($263,707)	($2,695,877)
April 2019	($2,695,877)	$375,586	Paid	($2,320,291)	($183,508)	($1,101,048)	($3,421,340)
May 2019	($3,421,340)	$0	No Credit Approved	($3,421,340)	$0	$0	($3,421,340)
June 2019	($3,421,340)	$0	No Credit Approved	($3,421,340)	($104,311)	($625,866)	($4,047,206)
July 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
August 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
September 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
October 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
November 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
December 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
January 2020	($4,047,206)	$0	No Credit Approved	($4,047,206)	($118,227)	($709,362)	($4,756,568)
February 2020	($4,756,568)	$1,683,987	Paid	($3,072,581)	$0	$0	($3,072,581)
March 2020	($3,072,581)	$1,628,703	Paid	($1,443,878)	($3,951)	($23,706)	($1,467,584)
April 2020	($1,467,584)	$734,516	Paid	($733,068)	$0	$0	($733,068)
May 2020	($733,068)	$0	No Credit Approved	($733,068)	$0	$0	($733,068)
June 2020	($733,068)	$0	No Credit Approved	($733,068)	$0	$0	($733,068)
July 2020	($733,068)	$122,178	Paid	($610,890)	$0	$0	($610,890)
August 2020	($610,890)	$122,178	Credit Approved	($488,712)	-	-	($488,712)
September 2020	($488,712)	$122,178	Credit Approved	($366,534)	-	-	($366,534)
October 2020	($366,534)	$122,178	Credit Approved	($244,356)	-	-	($244,356)
November 2020	($244,356)	$122,178	Credit Approved	($122,178)	-	-	($122,178)
December 2020	($122,178)	$122,178	Credit Approved	($0)	-	-	($0)

"Reserve Adjustments Calculated" are illustrated as of the month-end when the figures were determined.
"Credits" are illustrated as of the month the amounts were applied.

Summarized Most Recent Experience
MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start: Period End: Months in Period	7/1/2017 9/30/2017 3.0	10/1/2017 12/31/2017 3.0	1/1/2018 3/31/2018 3.0	4/1/2018 6/30/2018 3.0	7/1/2018 9/30/2018 3.0	10/1/2018 12/31/2018 3.0	1/1/2019 3/31/2019 3.0	4/1/2019 6/30/2019 3.0	7/1/2019 9/30/2019 3.0	10/1/2019 12/31/2019 3.0	1/1/2020 3/31/2020 3.0	4/1/2020 6/30/2020 3.0
Participants	2,748	2,716	2,879	2,697	2,425	2,378	2,304	2,291	2,209	2,147	1,871	2,164
Income												
Active Contributions	$6,645,315	$6,695,443	$7,020,409	$6,953,511	$5,695,101	$5,089,940	$4,313,324	$5,558,858	$5,336,959	$5,164,487	$481,600	$5,443,689
Retiree Contributions	55,229	53,222	51,727	51,893	52,983	52,461	49,570	48,766	46,676	47,108	44,910	47,636
Total	**$6,700,544**	**$6,748,665**	**$7,072,136**	**$7,005,404**	**$5,748,084**	**$5,142,401**	**$4,362,894**	**$5,607,624**	**$5,383,635**	**$5,211,595**	**$526,510**	**$5,491,325**
Paid Expenses												
Medical	$3,062,146	$3,431,667	$3,028,068	$3,807,884	$2,880,214	$3,114,455	$2,312,992	$3,479,711	$3,484,313	$2,298,543	$2,673,229	$2,075,738
HMO	42,097	45,441	38,442	43,085	28,533	32,389	25,711	29,755	35,998	33,740	22,920	28,342
Life/AD&D	22,421	22,299	22,126	21,986	20,151	18,129	17,873	17,758	17,209	16,503	15,919	11,879
Disability	247,873	226,445	262,405	241,226	211,330	194,030	175,668	201,581	204,873	199,594	171,501	158,266
Dental	236,496	234,028	231,945	228,201	192,033	189,629	186,976	183,176	176,114	171,148	168,763	154,309
Optical	22,839	22,575	22,420	22,075	18,562	18,349	18,141	17,815	17,174	16,622	16,536	16,195
Drug	1,341,294	1,122,862	1,389,731	1,139,554	883,743	1,031,466	766,146	657,902	897,785	989,640	622,626	949,548
Retirees	588,317	490,156	695,640	596,963	354,551	655,662	641,181	475,320	563,332	548,554	585,406	558,447
Medical Adm.	87,879	86,536	86,020	83,456	71,731	70,781	72,472	70,893	68,013	65,748	67,032	65,534
Mental Health Manager	93,504	78,741	50,038	145,419	29,320	87,227	143,201	77,789	23,112	59,283	53,803	30,694
PPO	45,120	44,013	43,870	47,705	35,606	34,580	31,322	33,663	32,798	29,654	29,913	29,571
EAP	2,584	2,571	2,556	2,507	2,125	2,101	2,064	2,030	1,943	1,919	1,877	1,843
UM/DM	69,369	70,486	84,614	74,140	52,989	49,509	53,656	53,008	59,327	42,730	49,691	55,225
Operating Expenses	279,148	358,218	247,574	175,047	246,448	222,643	164,312	198,770	145,242	154,015	191,594	242,919
Total	**$6,141,087**	**$6,236,038**	**$6,205,449**	**$6,629,248**	**$5,027,336**	**$5,720,950**	**$4,611,715**	**$5,499,171**	**$5,727,233**	**$4,627,693**	**$4,670,810**	**$4,378,510**
Operating Surplus/(Deficit)	$559,457	$512,627	$866,687	$376,156	$720,748	($578,549)	($248,821)	$108,453	($343,598)	$583,902	($4,144,300)	$1,112,815
Other Operating Surplus/(Deficit)[1]	($274,483)	$275,949	$545,209	$59,888	$1,270,043[2]	$74,302	$64,871	$59,539	$59,016	$49,008	$46,780	$42,442
Total Fund Operating Surplus/(Deficit)	**$284,974**	**$788,576**	**$1,411,896**	**$436,044**	**$1,990,791**	**($504,247)**	**($183,950)**	**$167,992**	**($284,582)**	**$632,910**	**($4,097,520)**	**$1,155,257**
Quarterly Per Capita Expenses	$744.92	$765.35	$718.47	$819.34	$691.04	$801.93	$667.20	$800.11	$864.23	$718.47	$832.14	$674.45
Current 12-Month Per Capita Expenses	$753.47	$775.32	$761.08	$761.23	$749.53	$757.39	$747.63	$739.84	$782.66	$762.14	$803.20	$770.84
Prior 12-Month Per Capita Expenses	$796.10	$789.88	$793.63	$765.67	$753.47	$775.32	$761.08	$761.23	$749.53	$757.39	$747.63	$739.84
Year Over Year Change	-5.4%	-1.8%	-4.1%	-0.6%	-0.5%	-2.3%	-1.8%	-2.8%	4.4%	0.6%	7.4%	4.2%

Based on income, expenses and participation as reported on the Administrative Manager's Reports (AMR).
[1] Includes Kroger experience, interest and dividends, and miscellaneous income.
[2] Other Operating Surplus for July 1, 2018 through September 30, 2018 includes recovery proceeds from ESI audit for period ending 2006.

- Current 12-month per capita expenses have increased 4.2%, from $739.84 during the 12-month period July 1, 2018 through June 30, 2019 to $770.84 during the 12-month period July 1, 2019 through June 30, 2020.

Summarized Historical Experience (Continued)
MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	7/1/2014	10/1/2014	1/1/2015	4/1/2015	7/1/2015	10/1/2015	1/1/2016	4/1/2016	7/1/2016	10/1/2016	1/1/2017	4/1/2017
Period End:	**9/30/2014**	**12/31/2014**	**3/31/2015**	**6/30/2015**	**9/30/2015**	**12/31/2015**	**3/31/2016**	**6/30/2016**	**9/30/2016**	**12/31/2016**	**3/31/2017**	**6/30/2017**
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	3,073	3,040	3,022	3,031	2,973	2,878	2,864	2,843	2,834	2,784	2,753	2,754
Income												
Active Contributions	$5,977,553	$4,012,461	$6,071,581	$6,357,289	$6,280,668	$6,126,830	$5,838,383	$6,659,494	$6,573,904	$6,529,727	$6,453,088	$6,402,999
Retiree Contributions	28,731	28,915	29,987	32,842	32,772	31,055	53,362	58,162	57,074	57,068	57,499	52,434
Total	**$6,006,284**	**$4,041,376**	**$6,101,568**	**$6,390,131**	**$6,313,440**	**$6,157,885**	**$5,891,745**	**$6,717,656**	**$6,630,978**	**$6,586,795**	**$6,510,587**	**$6,455,433**
Paid Expenses												
Medical	$3,892,383	$3,287,131	$2,892,717	$3,967,482	$3,667,397	$2,878,731	$3,655,085	$4,750,671	$3,973,535	$2,905,819	$3,457,790	$3,995,228
HMO	62,155	63,987	66,112	52,959	26,110	38,990	38,988	32,685	41,738	26,819	44,024	35,792
Life/AD&D	21,276	21,225	21,181	21,076	26,837	22,662	22,361	22,047	22,012	22,468	22,565	22,719
Disability	275,104	253,693	207,084	258,246	290,716	358,016	228,000	287,105	325,849	247,119	273,061	241,943
Dental	280,540	281,132	278,725	277,071	276,003	272,097	260,402	257,441	256,793	252,823	243,995	238,393
Optical	33,352	33,045	33,234	32,330	31,830	31,525	24,230	23,887	23,957	23,531	23,296	23,071
Drug	1,403,539	1,281,009	1,356,813	1,303,835	1,183,450	1,333,799	1,065,654	1,326,103	959,718	1,096,492	1,165,690	1,195,118
Retirees	715,234	569,497	730,675	668,077	658,068	632,726	592,878	719,224	662,364	644,746	641,028	593,038
Medical Adm.	91,775	91,469	90,984	90,663	90,137	89,445	88,280	88,910	89,822	88,095	87,633	86,896
Mental Health Manager	69,099	91,963	61,303	90,247	65,897	95,105	106,873	77,215	47,583	48,735	43,808	33,348
PPO	89,827	79,233	82,664	81,738	54,108	51,721	51,258	49,190	48,635	48,234	46,549	46,618
EAP	2,848	2,992	2,968	2,969	2,955	2,918	2,753	2,693	2,691	2,631	2,641	2,615
UM/DM	73,562	71,545	74,962	72,300	76,678	76,716	74,197	60,542	70,082	64,609	64,714	61,589
Operating Expenses	258,077	150,514	436,708	250,074	248,731	222,008	312,338	201,821	217,951	198,422	269,626	178,261
Total	**$7,268,771**	**$6,278,435**	**$6,336,130**	**$7,169,067**	**$6,698,917**	**$6,106,459**	**$6,523,297**	**$7,899,534**	**$6,742,730**	**$5,670,543**	**$6,386,420**	**$6,754,629**
Operating Surplus/(Deficit)	($1,262,487)	($2,237,059)	($234,562)	($778,936)	($385,477)	$51,426	($631,552)	($1,181,878)	($111,752)	$916,252	$124,167	($299,196)
Other Operating Surplus/(Deficit) [1]	($563,837)	($457,491)	($508,461)	($492,202)	($223,324)	$185,001	($244,058)	($120,025)	($290,898)	$181,340	$537,992	($187,429)
Total Fund Operating Surplus/(Deficit)	**($1,826,324)**	**($2,694,550)**	**($743,023)**	**($1,271,138)**	**($608,801)**	**$236,427**	**($875,610)**	**($1,301,903)**	**($402,650)**	**$1,097,592**	**$662,159**	**($486,625)**
Quarterly Per Capita Expenses	$788.46	$688.42	$698.89	$788.42	$751.08	$707.26	$759.23	$926.20	$793.08	$678.94	$773.27	$817.55
Current 12-Month Per Capita Expenses	$665.78	$674.17	$704.47	$741.20	$731.60	$736.74	$751.96	$785.26	$796.10	$789.88	$793.63	$765.67
Prior 12-Month Per Capita Expenses	$680.01	$674.85	$658.20	$639.94	$665.78	$674.17	$704.47	$741.20	$731.60	$736.74	$751.96	$785.26
Year Over Year Change	-2.1%	-0.1%	7.0%	15.8%	9.9%	9.3%	6.7%	5.9%	8.8%	7.2%	5.5%	-2.5%

Based on income, expenses and participation as reported on the Administrative Manager's Reports (AMR).
[1] Includes Kroger experience, interest and dividends, and miscellaneous income.

Segal