FOR PLAN YEAR COMMENCING JANUARY 1, 2021

ANNUAL CERTIFICATION OF PLAN STATUS UNDER SECTION 432(b) OF THE INTERNAL REVENUE CODE, (SEC. 305(b) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974)

FOR

UFCW Unions and Participating Employers Pension Fund

EIN: 52-6117495
PN: 002

Plan Year 1/1/2021

Fund Contact Information
Mr. Jeff Ianniello
Associated Administrators, LLC
(410) 683-7764

March 31, 2021

CHEIRON

UFCW Unions & Participating Employers Pension Fund
c/o Mr. Jeff Ianniello
Associated Administrators, LLC
8400 Corporate Drive, Suite 430
Landover, MD 20785

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EIN: 52-6117495
PN: 002
Phone: (410) 683-7764

Re: Annual Certification of Plan Status under Internal Revenue Code §432(b) and Employee Retirement Income Security Act of 1974 §305(b) for UFCW Unions and Participating Employers Pension Fund

Dear Board of Trustees:

CERTIFICATION

As required by Section 432(b)(3) of the Internal Revenue Code ("Code") and Section 305(b)(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), we certify, for the plan year beginning January 1, 2021, that the Fund is classified as being in Critical and Declining status as this term is defined in Section 432(b) of the Code and Section 305(b) of ERISA as amended by the Multiemployer Pension Reform Act of 2014.

The Fund's Board of Trustees determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Fund could not reasonably be expected to emerge from Critical status within the 10-year Rehabilitation Period prescribed by law. A Rehabilitation Plan was adopted with a projected later emergence from Critical status as of December 31, 2039. Following the closure of a number of stores covered by the Fund in 2020, projections made on the assumptions set out herein show that the Fund is not expected to emerge from Critical status. As such, we certify that the Fund is not making scheduled progress.

This certification and its content is complete and has been prepared in accordance with the requirements of Section 432 of the Code, Section 305 of ERISA, and generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this certification. This certification does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This certification was prepared exclusively for the Trustees of the Pension Fund and the Secretary of Treasury. It only certifies the condition of the Fund under Code Section 432 as added by the Pension Protection Act of 2006 and should be used only for that purpose. Other users of this certification are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

In preparing this certification, we have relied on information (some oral and some written) supplied by Associated Administrators and the Fund's investment consultant, Investment Performance Services, Inc. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The attached appendices show the results for the statutory tests and describe the methodologies and assumptions used to perform the tests. Please contact the undersigned with any questions.

Sincerely,
Cheiron

Peter R. Hardcastle, FSA, EA (20-5197)
Principal Consulting Actuary

Brett Warren, FSA, EA (20-8320)
Consulting Actuary

Attachments: Appendix I: Tests of Fund Status
Appendix II: Detail for Actuarial Certification
Appendix III: Scheduled Progress
Appendix IV: Methodology and Assumptions

cc: Secretary of the Treasury

APPENDIX I – TESTS OF FUND STATUS

Critical Status – The Fund which has a 431(d) five-year automatic extension, was certified as Critical last year and will remain Critical unless it passes the two emergence tests:	**Condition Met?**
1 The Fund is not projected to have an accumulated funding deficiency for the current plan year or the next nine plan years.	NO
2 The Fund is not projected to become insolvent within 30 years.	NO

Critical and Declining Status – The Fund will be certified as Critical and Declining if it meets test 3.

3 The Fund is Critical and projected to become insolvent within the current or the next 14 (19 if the Fund's number of inactives is more than twice the number of actives or if the funding level is below 80%) plan years.	YES

The Fund is certified to be in Critical and Declining status for 2021.

APPENDIX II – DETAIL FOR ACTUARIAL CERTIFICATION

A. *Funding Standard Account Credit Balance (used for Test 1)*

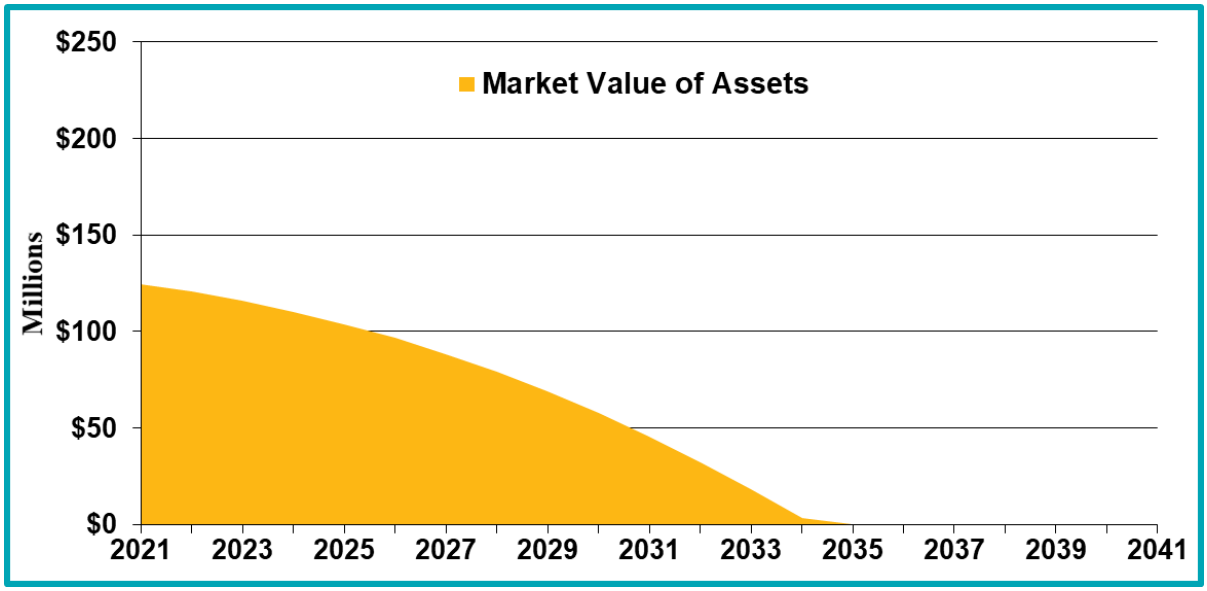
(takes into account 431(d)(1) amortization extensions.)

Date	Credit Balance	adjusted with interest to end of year Charges	Credits	Contributions
1/1/2021	$ (29,454,581)	$ 17,459,939	$ 1,522,842	$ 4,696,103
1/1/2022	(42,831,033)			

The projection of the funding standard account uses the methods and assumptions set out in Appendix IV.

B. *Solvency Projection (used for Tests 2 and 3)*

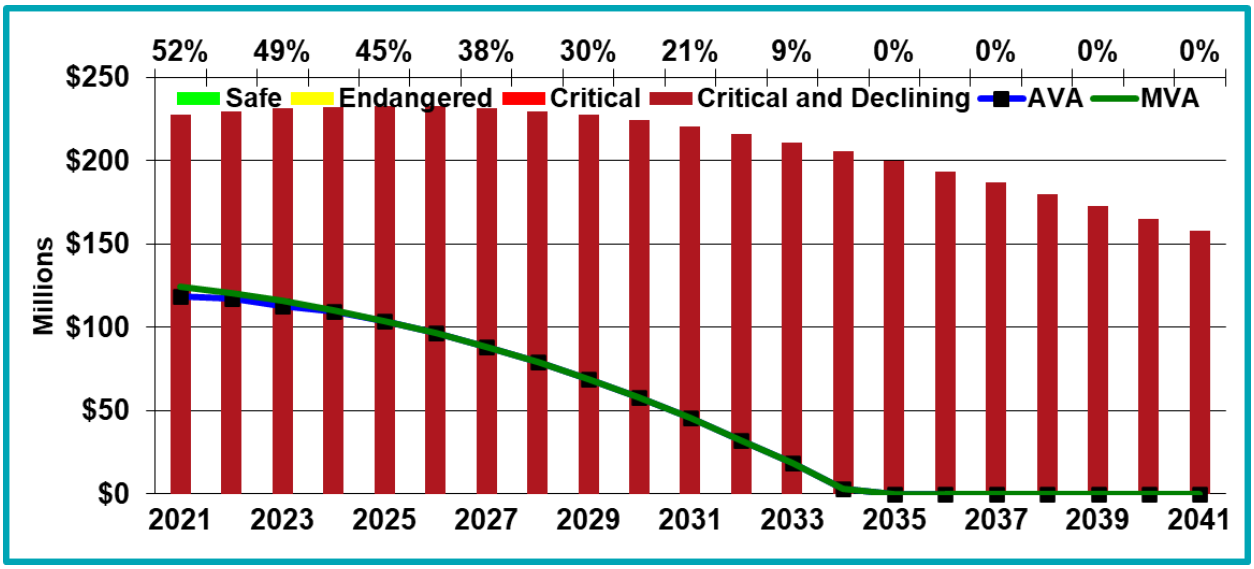
The chart below shows an asset projection over the next 20 years. The projection indicates that the Fund will run out of assets during 2034.



The projection of plan assets assumes future contributions are based on the Trustees' estimate of future industry activity and contribution increases continue to be bargained in the amounts specified in the 2020 Rehabilitation Plan. It is the Board's expectation that hours will decline 10% in 2021 and 2022 for its largest employer and then remain level for all future years. Future asset returns are assumed to equal the actuarial assumption, 7.25% per year net of investment expenses.

APPENDIX III – SCHEDULED PROGRESS

IRC §432(e)(3)(A)(i) and (ii) require that a critical plan adopt a Rehabilitation Plan that causes it to emerge from Critical status by the end of its Rehabilitation Period, or that such plan take "all reasonable measures" which enable it to emerge at a later date or which forestalls its possible insolvency. However, following the closure of a number of stores covered by the Fund in 2020, the chart showing the projection of assets in Appendix II shows assets exhausted in 2034, and consequently the Fund is not projected to emerge from Critical status. Therefore, the Fund is not making scheduled progress in meeting the requirements of its 2020 Rehabilitation Plan.



APPENDIX IV – METHODOLOGY AND ASSUMPTIONS

A. Actuarial Assumptions

1. Rates of Investment Return

Funding and disclosure purposes:

7.25% compounded annually net of investment expenses

2. Rates of Mortality

Funding and disclosure purposes:

Actives: RP-2000 Healthy mortality table (2014 base year – fully generational).

Healthy Inactives: RP-2000 Healthy mortality table (2014 base year – fully generational).

Disableds: RP-2000 Disabled Annuitant without projection for ages prior to 65. RP-2000 Healthy Annuitant for ages after 65 (2014 base year – fully generational).

An experience study was conducted to establish the current mortality and a projection to the current table has been incorporated to allow for future mortality improvements.

3. Rates of Retirement

A. Former Meat and Poultry Participants

100% at the later of age 62 and five years of service.

B. All Other Participants

Number Expected to Retire Annually Per 1,000			
Age	Number	Age	Number
55	50	62	100
56	50	63	100
57	50	64	100
58	50	65	500
59	50	66	500
60	100	67+	1,000
61	100		

Employees who terminate employment with entitlement to deferred vested pensions are assumed to commence receiving benefits when first eligible for unreduced benefits.

APPENDIX IV – METHODOLOGY AND ASSUMPTIONS

4. Rates of Turnover

Termination of employment for reasons other than death, disability, or retirement is assumed to be in accordance with annual rates as shown below.

Number Expected to Terminate Annually Per 1,000			
Service	Number	Service	Number
0	500	15	70
1	330	16	70
2	250	17	70
3	200	18	70
4	150	19	70
5	125	20	70
6	120	21	70
7	110	22	70
8	100	23	70
9	80	24	60
10	80	25	50
11	80	26	40
12	70	27	30
13	70	28	20
14	70	29	10

5. Disability

Disability incidence rates are assumed to be equal to 150 percent of the Group Long-Term Disability Insurance Crude Rates of Disablement (Male Experience Only) published in Transactions, Society of Actuaries, 1979 Reports. Rates were capped at 1% (10 participants per 1,000). The following table shows the Illustrative rates of disablement.

Age	Disablements Per 1,000 Participants
25	0.4
30	0.6
35	1.0
40	1.6
45	2.6
50	4.5
55	8.5

6. Pre-Retirement Spouse's Benefit

A. Former Meat and Poultry Participants

It was assumed that all active employees would be married at the time of death and, assuming service and age requirements were met, would therefore be eligible for the pre-retirement spouse's benefit. It was assumed that surviving spouses would begin to receive the benefits when first eligible.

B. Former Consolidated Participants

85% of male participants and 65% of female participants are assumed to be married. Husbands are assumed to be 3 years older than their wives. It was assumed that surviving spouses would begin to receive the benefits when first eligible.

C. All Other Participants

It was assumed that 80 percent of the male employees and 60 percent of the female employees would be married at the time of death and, assuming service and age requirements were met, would therefore be eligible for the pre-retirement spouse's benefit. It was assumed that surviving spouses would begin to receive benefits when first eligible.

7. Percent Electing Joint and Survivor Form of Pension

A. Former Meat and Poultry Participants

100% of participants are assumed to elect the QJSA form of payment.

B. Former Consolidated Participants

Married participants are assumed to elect the 50% Joint and Survivor form of payment. Single participants are assumed to elect Single Life Annuity. 85% of male participants and 65% of female participants are assumed to be married.

C. All Other Participants

It was assumed that 56 percent would retire with the joint and survivor option in effect with the balance of the retiring employees receiving their benefits under the single life form.

8. Spouse's Age

A. Former Meat and Poultry Participants

100% of participants are assumed to be married. Males are assumed to be four years older than females.

B. Former Consolidated Participants

85% of male participants and 65% of female participants are assumed to be married. Husbands are assumed to be 3 years older than their wives.

C. All Other Participants

It was assumed that husbands are three years older than their spouses.

9. Administrative Expenses

$1,600,000 as of the beginning of the year added to the normal cost.

10. Disclosures Regarding Models Used

Cheiron utilizes and relies upon ProVal, an actuarial valuation software leased from Winklevoss Technologies for the intended purpose of calculating liabilities, normal costs, and projected benefit payments. As part of the review process for this certification and the January 1, 2020 actuarial valuation, we have performed a number of tests to verify that the results are reasonable and appropriate. We are not aware of any material inconsistencies, unreasonable output resulting from the aggregation of assumptions, material limitations or known weaknesses that would affect this certification.

Projections in this certification were developed using P-Scan, our proprietary tool for the intended purpose of developing projections. The projections are based on the January 1, 2020 actuarial valuation results projected to December 31, 2020 using expected liabilities, and preliminary, unaudited December 31, 2020 assets, as well as the Trustees' estimate of future industry activity. These projections also assume the continuation of the plan provisions and actuarial assumptions in effect as of January 1, 2020. The projections assume that all future assumptions are met except where indicated with respect to future investment returns. The future outcomes become increasingly uncertain over time, and therefore the general trends and not the absolute values should be considered in the review of these projections.

11. Rationale for Assumptions

In accordance with Actuarial Standard of Practice No. 27, the justification for the 7.25% interest rate is based on the Trustees' risk preference, Plan's current asset allocation, and the investment manager's long-term capital market outlook.

In accordance with Actuarial Standard of Practice No. 35, the demographic assumptions other than mortality are held over from prior valuations. All demographic assumptions are monitored annually, and there have been no significant gains or losses from the Fund's liabilities which indicates that these assumptions are still appropriate. We will make adjustments as needed based on Fund experience.

12. Changes in Assumptions

The funding interest rate assumption was reduced from 7.75% to 7.25% to better reflect expected long-term investment returns.

The Mortality Table for Disabled Participants was updated to include generational improvements after age 65.

B. Actuarial Methods

1. Asset Valuation Method

The method used to value plan assets for funding purposes (i.e., for minimum funding purposes under IRS Code Section 412 and for deductibility under IRS Code Section 404) is that described under Approval #15 of Revenue Procedure 2000-40.

At 1/1/07, the actuarial value is set equal to market value. Going forward the actuarial value is taken to be the market value of assets less unrecognized returns (or plus unrecognized losses) in each of the last five years. An unrecognized return is equal to the difference between the actual return on the market value and the expected return on the market value and is recognized over a five-year period (20% in the year incurred, and an additional 20% in each subsequent year until fully recognized). The actuarial value is further adjusted so that in no event will it lie outside a range of 80%-120% of market value.

2. Funding Method: Unit Credit Cost Method

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

3. Changes in Methods Since Last Valuation

None.