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UFCW Unions and Participating Employers Pension Fund

Actuarial Valuation Report as of January 1, 2020

Produced by Cheiron

February 2021

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February 18, 2021

UFCW Unions and Participating Employers Pension Fund
c/o Mr. Jeff Ianniello
Associated Administrators, LLC
8400 Corporate Drive Suite 430
Landover, MD 20785-2361

Dear Board of Trustees:

At your request, we have performed the January 1, 2020 Actuarial Valuation of the UFCW Unions and Participating Employers Pension Fund.

This report contains information on the Fund's assets and liabilities and discloses contribution levels, including the minimum required amount as mandated by Federal law.

Your attention is called to the Foreword section in which we refer to the general approach employed in the preparation of this report. We also comment on the sources and reliability of both, the data and the actuarial assumptions on which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief. The results of this report are only applicable to the 2020 Plan Year and rely on future fund experience conforming to the underlying assumptions. To the extent that actual fund experience deviates from the underlying assumptions, the results would vary accordingly.

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

This report was prepared exclusively for the UFCW Unions and Participating Employers Pension Fund for the purpose described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

PRHardcastle

Peter R. Hardcastle, CFA, FSA, EA, MAAA
Principal Consulting Actuary

Brett Warren

Brett Warren, FSA, CERA, EA, MAAA
Consulting Actuary

FOREWORD

Cheiron has performed the actuarial valuation of the UFCW Unions and Participating Employers Pension Fund as of January 1, 2020. The purpose of this report is to:

1) **Measure and disclose**, as of the valuation date, the current and projected financial status of the Fund, and
2) **Provide specific information** and documentation required by the Federal Government and the auditors of the Fund.

An actuarial valuation establishes and analyzes fund assets, liabilities, and contributions on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the fund's investment performance as well as an analysis of actuarial liability gains and losses. The valuation report is organized as follows:

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

Section II discloses specific risks that may significantly affect the Plan's future financial condition.

Section III contains exhibits relating to the valuation of assets.

Section IV shows the various measures of liabilities.

Section V shows the development of the minimum and maximum contributions.

Section VI contains Withdrawal Liability information.

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

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

In preparing our report, we relied on information (some oral and some written) supplied by Associated Administrators, LLC, PNC Bank, and WithumSmith+Brown, PC. This information includes, but is not limited to, the plan provisions, participant 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 actuarial assumptions, when analyzed individually, reflect our understanding of the likely future experience of the Fund. The results of this report are dependent upon future experience conforming to these assumptions. Future experience may differ significantly from the current assumptions presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

Please note this valuation was prepared using census data and financial information as of the valuation date. Therefore, events following that date are not, and should not be reflected in this report. Whereas there remains a lot of uncertainty during the COVID-19 pandemic, we continue to monitor developments and the impact it may have on the Fund. Actual experience, both demographic and economic, will be reflected in subsequent valuations as experience emerges.

SECTION I – SUMMARY

The table below sets out the principal results of this year's valuation and compares them to last year's results.

Table I -1
UFCW Unions and Participating Employers Pension Fund
Summary of Principal Results

	1/1/2019	1/1/2020		Change
Participant Counts				
Actives	3,482	3,177		-8.8%
Terminated Vesteds	6,109	6,200		1.5%
In Pay Status	3,194	3,285		2.8%
Total	12,785	12,662		-1.0%
Financial Information				
Market Value of Assets(MVA)	$ 111,684,793	$ 123,497,826		10.6%
Actuarial Value of Assets(AVA)	118,711,443	119,808,370		0.9%
Actuarial / Accrued Liability	$ 209,040,356	$ 224,117,752		7.2%
Surplus (Unfunded-AVA basis)	(90,328,913)	(104,309,382)		13.4%
Actuarial Liability Funding Ratio	56.8%	53.5%		N/A
Present Value of Vested Benefits (for ASC 960)	$ 208,074,550	$ 223,192,366		7.3%
Vested Benefit Surplus (Unfunded-MVA basis)	(96,389,757)	(99,694,540)		-3.4%
Vested Benefit Funding Ratio	53.7%	55.3%		N/A
Present Value of Vested Benefits (for Withdrawal)	$ 258,840,456	$ 278,038,493		7.4%
Vested Benefit Surplus (Unfunded-MVA basis)	(147,155,663)	(154,540,667)		-5.0%
Vested Benefit Funding Ratio	43.1%	44.4%		N/A
Contributions and Cash Flows				
ERISA Credit Balance / (Funding Deficiency)	$ (7,970,158)	$ (16,459,313)		106.5%
Employer Contributions	6,571,439	4,600,000	*	-30.0%
ERISA Minimum Required Contribution (End of Year)	16,491,126	34,219,195	**	107.5%
Prior Year Administrative Expenses	1,701,792	1,356,516		-20.3%

* Contributions are estimated.
** Minimum Required Contribution for the 2020 Plan Year includes an expense assumption of $1,600,000.

SECTION I – SUMMARY

General Comments

The key results of the January 1, 2020 actuarial valuation are as follows:

- The Fund's funding ratio (AVA as a percentage of accrued liability) decreased from 56.8% as of January 1, 2019 to 53.5% as of January 1, 2020.

- The assumed return on plan assets used to discount future benefit payments was reduced from 7.75% to 7.25% and a mortality improvement assumption was adopted for disabled retirees. These changes increased the liabilities by $10.9 million. For determining the minimum required contribution, this increase will be amortized over 15 years. Please refer to Appendix C for more details on the actuarial assumptions.

- The Market Value of Assets (MVA) returned 17.15%, compared to the 2019 assumed return of 7.75%.

- For determining minimum required contributions, the Fund uses a smoothed Actuarial Value of Assets (AVA). Due to the phase-in of gains and losses in prior years, the rate of return on an actuarial value basis was 7.21%, resulting in an actuarial investment loss of $0.6 million for minimum funding purposes.

- The Fund experienced a liability gain of $0.3 million over 2019. This net gain is comprised of a gain of $1.0 million due to experience, or behavior of the population differing from what was expected and a net loss of $0.7 million due to data corrections.

- When the liability gain is combined with the actuarial investment loss, the Fund experienced a total net actuarial loss of $0.3 million. For determining the minimum required contribution, this net loss will be amortized over 15 years.

- The Plan had a deficiency in the Funding Standard Account at the valuation date. After adding the cost of benefit accruals and net amortization charges the contribution needed to remove the deficiency by the year end increased to $34.2 million.

- The unfunded vested benefits used in calculating Withdrawal Liability (vested benefits on a funding basis and Market Value of Assets) increased from $147.2 million in the previous year to $154.5 million which reflects the impact of the changes in the blended rate due to reduction of the discount rate to 7.25% and changes in PBGC rates.

- The Fund's actuarial certification under the Pension Protection Act was filed on March 31, 2020. The Fund was certified to be in Critical and Declining status.

Historical Review

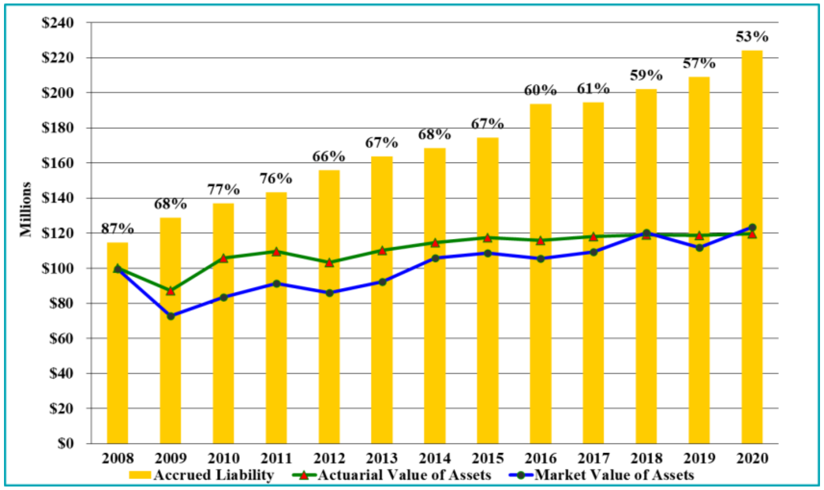
It is important to take a step back from the current year's results and view them in the context of the Fund's recent history. On the next page, we present two charts which display key valuation results for the last 13 years. Additional historical charts can be found in the Risk Analysis Section.

SECTION I – SUMMARY

Assets and Liabilities

The graph below shows the assets and liabilities of the Fund. The gold bars show the value of accrued liability used for testing the Fund's PPA status. The green line shows the AVA and the blue line shows the MVA.

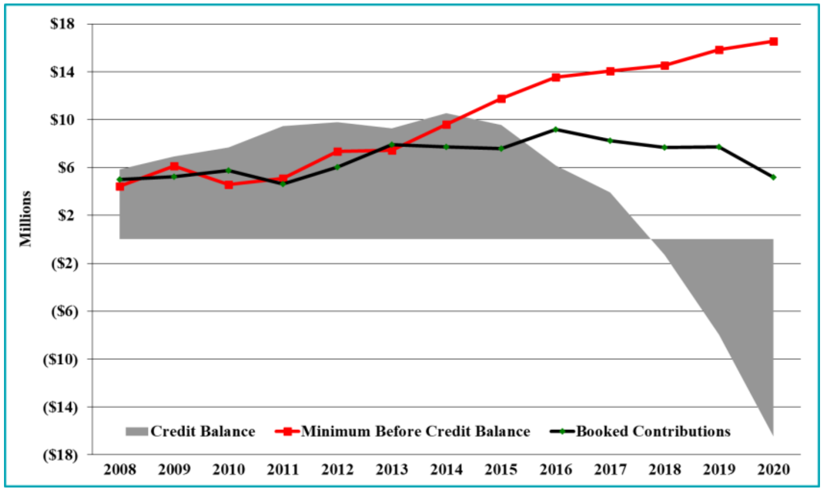
The Fund's funding ratio (AVA as a percent of accrued liabilities shown along the top) has decreased over the period to its current level of 53%. The increases in accrued liability in 2016 and 2020 are due to the changes in discount rate assumption, from 8.00% to 7.75% and then to 7.25%, respectively.



Minimum Funding

The next graph shows the Credit Balance (grey area) which represents accumulated contributions in excess of the Minimum Required Contribution (MRC) (red line, before Credit Balance) and the actual contributions (black line). Generally, when the black line is more than the red line, the Credit Balance increases, and when it is less, the Credit Balance decreases.

The Credit Balance has decreased since 2014, when the actual contributions were lower than the MRC. In 2018, the Credit Balance went negative causing a Funding Deficiency.



SECTION II – RISK ANALYSIS

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be significantly different. This section of the report is intended to identify the primary risks to the Fund, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk facing a defined benefit pension plan is that the contributions required to fund the benefits become unaffordable for the contributing employers. If that happens, then the risk converts to whether the plan's assets and future contributions prove to be inadequate to pay promised benefits as they become due. The principal purpose of an actuarial valuation is to check whether the Fund is likely to meet its promises and to provide information to the Trustees so that imbalances can be corrected, if at all possible.

In 2019, the largest employer in the Fund announced its intention to leave the retail grocery business. Based on publicly available information about the imminent closing of a number of this employer's stores, the Fund was certified to be in Critical and Declining status for 2020. Being Critical and Declining means that the current assets and planned contribution rate increases are not likely to be sufficient to meet promised benefits as they become due and the Fund is expected to become insolvent by approximately 2033.

Leaving aside the projected insolvency, from an actuarial standpoint, the risks facing the Fund are tied up with the fact that future experience may not match the assumptions. There are a number of these risks including investment risk, contribution risk, and longevity risk. Other risks not identified may also turn out to be important, including the possibility that the legal framework under which the plan operates may be changed by Congress.

We believe the primary risks facing this plan are:

- ***Investment Risk:*** the potential for investment returns to be different than expected. Lower investment returns than anticipated will decrease the expected future funding ratio and increase the contribution requirement. The potential volatility of future investment returns is influenced by the Fund's asset allocation and the impact of the investment risk is correlated to the amount of assets invested relative to the size of the contribution base.

- ***Contribution Risk:*** the potential for actual future contributions to deviate from expected future contributions. There are different sources of contribution risk ranging from the hours declining, causing a drop in contributions, to Withdrawal Liability assessments or other anticipated payments not being made. Since contributions are the source of funding any change to them will impact the future.

SECTION II – RISK ANALYSIS

Plan Maturity Measures

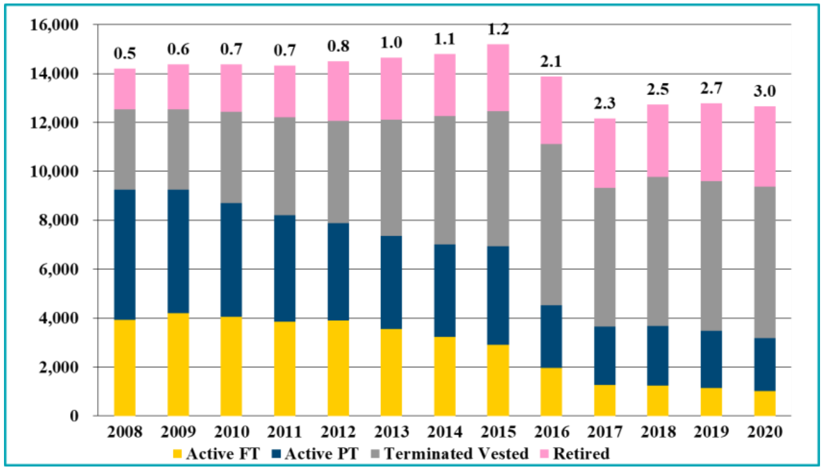
Mature pension plans are more sensitive to each of the risks identified above than less mature plans. Before assessing each of these risks, it is important to understand the maturity of the Plan compared to other plans and how the maturity has changed over time.

The more mature a plan is the more sensitive the Plan will be to other risks. More mature plans typically have higher asset and liability values relative to contributions of the Plan, so unexpected events (investment or demographic) will have larger effects on the sustainability of the Plan. The maturity measures below have been selected as the most important in understanding the primary risks identified for the Plan.

Inactives per Active
Support Ratio

One simple measure of plan maturity is the support ratio, which is the number of inactive members (those receiving benefits or entitled to a deferred benefit) to the number of active members. The contributions supporting the Fund is usually proportional to the number of active members, so a relatively high number of inactive members compared to the number of active members indicates a more mature plan that is more sensitive to risk factors. The higher the ratio, the more sensitive the Fund is to investment or other losses, since generally active member contributions will be needed to fund any losses.

The graph that follows shows the participants of the Fund at successive valuations. The numbers above the bars represent the support ratio. The increase in this value means there is an increasing proportion of the population of non-active participants relative to the active participants covered by the Fund.



The support ratio has increased from less than one inactive participant per active participant to three inactive participants at the valuation date. With the closure of several stores, this number is set to rise.

Assessing Costs and Risks

The projections that led to an insolvency date of 2033 were based on assumed investment returns of 7.25% each year. If returns are 1% lower at 6.25% per year, the insolvency date would move to 2032. If returns are 1% higher at 8.25% per year, the insolvency date would move to 2034.

The projections are also based on assumptions for the future contributions which anticipate a steady 5% per year decline in hours for the main employer, expected contribution increases follow the current Rehabilitation Plan, and all other actuarial assumptions are exactly realized. If the hours decline were higher at 10% per year, the insolvency date would move to 2032. Conversely, if there were no further hours decline, the insolvency date would move to 2035.

Limitations of Assessments of Risk

This analysis is not intended to be a comprehensive assessment of risk and is limited in scope. A more detailed assessment can be valuable to enhance the understanding of the risks identified above, especially when considering the effects of volatility from multiple drivers at the same time. However, given the risk assessment presented in this report and the discussions with the Board of Trustees during meetings, we believe this analysis covers the primary risks facing the Fund.

SECTION III – ASSETS

Assets at Market Value

Market values are "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. The market value for valuation purposes removes the receivable for future Withdrawal Liability payments.

Table III - 1
Statement of Assets at Market Value, December 31,

	2018	2019
Invested Assets		
Corporate Stocks	$ 17,266,934	$ 19,135,825
Corporate Obligations	7,804,684	8,031,370
U.S. Government Obligations	1,702,803	1,747,306
Temporary Cash Investments	1,432,561	1,435,562
Common/Collective Trusts	30,860,314	35,817,645
Real Estate Funds	29,893,347	40,060,541
Hedge Funds	6,306,850	9,082,966
Pooled Separate Account	11,847,561	6,294,835
Total Investments:	$107,115,054	$ 121,606,050
Other Assets		
Cash or Cash Equivalents	$ 1,092,161	$ 1,267,800
Accrued Interest and Dividends	109,839	122,585
Due from Broker	2,865,333	171,745
Contributions Receivable	1,879,670	832,610
Other Receivables	16,829	15,276
Accounts Payable	(174,898)	(180,283)
Due to Broker	(25,000)	0
Net Receivable:	$ 5,763,934	$ 2,229,733
Assets per audit	$112,878,988	$ 123,835,783
Receivable contribution adjustment	$ (1,194,195)	$ (337,957)
Net Assets for Valuation	$111,684,793	$ 123,497,826

Changes in Market Value

The components of asset change are:

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

The specific changes during 2019 are presented below.

Table III - 2
Changes in Market Values

Value of Assets - January 1, 2019	$ 111,684,793
Employer Contributions	$ 6,571,439
Withdrawal Liability Payments	1,137,390
Investment Return (Gross)	19,190,047
Benefit Payments	(13,111,330)
Administrative Expenses	(1,356,516)
Investment Expenses	(617,997)
Value of Assets January 1, 2020	$ 123,497,826

SECTION III – ASSETS

Assets at Actuarial Value

The Actuarial Value of Assets is calculated under a smoothed market value method that phases in asset gains and losses over five years. Details on the method used for determining the Actuarial Value of Assets are provided in Appendix C.

Table III - 3
Actuarial Value of Assets

Market Value of Assets at January 1, 2020				$ 123,497,826
Plan Year	Investment Gains / (Losses)	Percent Recognized	Percent Deferred	Amount Deferred
12/31/2016	(1,815,128)	80%	20%	(363,026)
12/31/2017	7,422,819	60%	40%	2,969,128
12/31/2018	(11,759,081)	40%	60%	(7,055,449)
12/31/2019	10,173,504	20%	80%	8,138,803
Total				$ 3,689,456
Preliminary Actuarial value of assets January 1, 2020				$ 119,808,370
120% of MV, upper limit for actuarial value				$ 148,197,391
80% of MV, lower limit for actuarial value				$ 98,798,261
Actuarial value of assets January 1, 2020				$ 119,808,370
Actuarial value as a percent of Market value				97.0%

Impact of Investment Performance

The following table calculates the investment related actuarial gain/(loss) and the return for the prior plan year on both a market value and actuarial value basis. The market value return is an appropriate measure for comparing the actual asset performance to the long-term assumption. The actuarial gain/(loss) on the actuarial value basis is one component of the Fund's experience gain/(loss) recognized in minimum funding and incorporates a significant level of smoothing.

Table III - 4

Item	Market Value	Actuarial Value
January 1, 2019 Value	$ 111,684,793	$ 118,711,443
Employer Contributions	6,571,439	6,571,439
Withdrawal Liability Payments	1,137,390	1,137,390
Benefit Payments	(13,111,330)	(13,111,330)
Administrative Expense	(1,356,516)	(1,800,000)
Expected Investment Earnings (7.75%)	8,398,546	8,855,196
Expected Value December 31, 2019	$ 113,324,322	$ 120,364,138
Investment Gain/(Loss)	10,173,504	(555,768)
January 1, 2020 Value	$ 123,497,826	$ 119,808,370
Return	17.15%	7.21%

SECTION IV – LIABILITIES

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

- **Disclosure** of fund liabilities at January 1, 2019 and January 1, 2020; and,
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which they are being used.

- **Actuarial Liabilities:** Used for ensuring minimum funding standards are met, this liability is determined using an actuarial funding method to apportion the Present Value of Future Benefits between the past and the future. For this Fund, that method is Unit Credit. The Actuarial Liability under the Unit Credit Cost Method is the total amount of money needed to fully pay off all future obligations of the Fund, assuming no further accrual of benefits.
- **Accrued Liabilities/Present Value of Accrued Benefits:** These liabilities are used for determining funded status under PPA. The law requires them to be compared to the Actuarial Value of Assets to measure funded status. They can also be used to establish comparative benchmarks with other plans. The liabilities are determined using the Unit Credit Cost Method, and therefore for this Fund will equal the Actuarial Liabilities.

  The accrued liabilities are also included in the Fund's financial statements for accounting disclosure purposes (FASB ASC Topic No. 960). However, the accounting disclosure must also include the present value of future administrative expenses. This sum is called the Present Value of Accumulated Benefits.

  These benefit liabilities are also determined using the Unit Credit Cost Method and therefore, the accrued liabilities equal the Actuarial Liabilities.

- **Vested Liabilities:** Used for administrative purposes in determining employer Withdrawal Liability. This liability is that portion of the accrued liabilities which are vested. These are developed using Withdrawal Liability assumptions which are different than the funding assumptions.
- **Current Liabilities:** The calculation of this liability is defined by the Internal Revenue Code. It is used to determine the maximum allowable tax-deductible contributions.

The table on the following page discloses each of these liabilities for the current valuation and the prior one. With respect to each disclosure, a subtraction of the appropriate value of fund assets yields, for each respective type, a net surplus or an unfunded liability.

SECTION IV – LIABILITIES

Table IV - 1
Liabilities/Net Surplus (Unfunded)

	1/1/2019	1/1/2020
ACTUARIAL & ACCRUED LIABILITY		
Active Participant Benefits	$ 52,585,611	$ 53,331,705
Terminated Vested Participant Benefits	51,788,467	63,339,413
Retiree Benefits	104,666,278	107,446,634
Actuarial & Accrued Liability	**$ 209,040,356**	**$ 224,117,752**
Actuarial Value of Assets	118,711,443	119,808,370
Net Surplus (Unfunded)	**$ (90,328,913)**	**$ (104,309,382)**
VESTED LIABILITY		
Accrued Liability	$ 209,040,356	$ 224,117,752
Less Present Value of Non-Vested Benefits	965,806	925,386
Vested Liability	**$ 208,074,550**	**$ 223,192,366**
Actuarial Value of Assets	118,711,443	119,808,370
Net Surplus (Unfunded)	**$ (89,363,107)**	**$ (103,383,996)**
CURRENT LIABILITY (RPA 1994)	**$ 389,083,649**	**$ 400,237,214**
Actuarial Value of Assets	118,711,443	119,808,370
Net Surplus (Unfunded)	**$ (270,372,206)**	**$ (280,428,844)**

SECTION IV – LIABILITIES

Allocation of Liabilities by Type

The fund participants may qualify for a benefit upon death, termination, and disability as well as upon retirement. The value of the liabilities arising from each of these sources is shown in the following table. These liabilities are as of the valuation date of January 1, 2020.

Table IV - 2

Benefit Type	Retirement	Termination	Death	Disability	Total
Unit Credit Normal Cost	$ 1,301,116	$ 228,853	$ 22,936	$ 118,344	$ 1,671,249
Unit Credit Actuarial Liability					
Actives	$ 45,131,602	$ 4,004,427	$ 702,861	$ 3,492,817	$ 53,331,707
Terminated Vesteds	$ 0	$ 63,339,413	$ 0	$ 0	$ 63,339,413
Retirees and Beneficiaries	$ 97,021,769	$ 0	$ 5,810,597	$ 4,614,268	$ 107,446,634
Total	$ 142,153,371	$ 67,343,840	$ 6,513,458	$ 8,107,085	$ 224,117,754
Current Liability Normal Cost	$ 2,764,343	$ 688,991	$ 24,401	$ 278,158	$ 3,755,893
Current Liability					
Actives	$ 88,074,429	$ 10,254,545	$ 682,083	$ 7,574,351	$ 106,585,408
Terminated Vesteds	$ 0	$ 133,224,234	$ 0	$ 0	$ 133,224,234
Retirees and Beneficiaries	$ 143,919,269	$ 0	$ 8,605,303	$ 7,903,000	$ 160,427,572
Total	$ 231,993,698	$ 143,478,779	$ 9,287,386	$ 15,477,351	$ 400,237,214
Vested Current Liability					
Actives	$ 57,703,359	$ 38,679,447	$ 683,551	$ 7,476,560	$ 104,542,917
Terminated Vesteds	$ 0	$ 133,224,234	$ 0	$ 0	$ 133,224,234
Retirees and Beneficiaries	$ 143,919,269	$ 0	$ 8,605,303	$ 7,903,000	$ 160,427,572
Total	$ 201,622,628	$ 171,903,681	$ 9,288,854	$ 15,379,560	$ 398,194,723

SECTION IV – LIABILITIES

Changes in Liabilities

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

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments
- Interest on liabilities
- Benefits paid to retirees
- Participants leaving employment at rates different than expected
- Changes in actuarial assumptions
- Changes in actuarial methods
- Corrections to participant data records.

Table IV - 3

	Actuarial / Accrued Liability
Liabilities 1/1/2019	$ 209,040,356
Liabilities 1/1/2020	224,117,752
Liability Increase (Decrease)	15,077,396
Change due to:	
Plan Amendment	$ 0
Assumption Change	10,882,748
Accrual of Benefits	1,728,886
Benefit Payments	(13,111,330)
Passage of Time	15,836,032
Actuarial (Gain)/Loss	(258,940)
Total Change	15,077,396

SECTION V – CONTRIBUTIONS

In this section, we present detailed information on the Fund's contributions from two perspectives:

- **Actuarially determined contributions** and
- **Government Limitations**, which could affect the above.

Actuarially Determined Contribution

For this Fund, the actuarial cost method used for developing the actuarially determined contribution is the Unit Credit Cost Method. This amount, which can also be considered as the actuarial cost, is determined in two parts.

The first part is the Unit Credit Normal Cost. This is the cost to the Fund of providing the benefit expected to be earned in the current year for each active participant. It also includes an estimated administrative expense assumption.

The second part is an amortization payment to pay off the Unfunded Actuarial Liability. The Unfunded Actuarial Liability is the difference between the actuarial assets of the Fund at the valuation date and the assets the Fund should hold as determined by the actuarial cost method. The amortization amount is determined by the amortization schedule established by the IRS minimum funding rules. Consequently, the actuarially determined contribution and cost are the same as the minimum required contribution.

Government Limitations

ERISA and the IRS tax code place various limits on the contributions made to qualified pension plans. The limits impact the minimum that should be paid, the maximum that can be deducted and the timing of contributions. The contributing employers of plans failing to meet the minimum contribution may face excise taxes. Generally, Critical and Critical and Declining plans have an exemption from the excise taxes provided the bargaining parties are following the Rehabilitation Plan.

Pension plans are required to retain an Enrolled Actuary to complete Schedule MB to Form 5500 showing the minimum contribution requirements on an annual basis. In recent years, the actual contributions paid to the Fund have fallen short of the minimums specified by law. As a result this Fund has a deficiency in its Funding Standard Account.

The actuarially determined contribution for 2020, which can also be considered the actuarial cost for 2020, is shown on the next page. This is compared to the various Government Limitations and estimated employer contributions. The estimated employer contributions do not cover the minimum contribution.

The table also shows the per capita actuarial cost and employer contribution. The per capita cost is based on the current year's amortization payment. This cost will fluctuate from year to year as amortization charges and credits are added and fully paid off.

SECTION V – CONTRIBUTIONS

Table V - 1
Contributions for 2020

		1/1/2020
Actuarially Determined Contribution		
Unit Credit Normal Cost with Expenses	$	3,271,248
Amortization Payment		12,175,448
Funding Deficiency		16,459,313
Interest to End of Year		2,313,186
Total	$	34,219,195
Government Limitations		
Maximum Deductible Contribution	$	448,878,640
Minimum Required Contribution (before Funding Deficiency)	$	16,566,581
Funding Deficiency (End of Year)	$	(17,652,613)
Minimum Required Contribution (after Funding Deficiency)	$	34,219,195
Estimated Employer Contributions with Interest	$	4,763,832
Count of Active Participants		3,177
Per Capita Actuarial Cost	$	10,771
Per Capita Contribution	$	1,499

SECTION V – CONTRIBUTIONS

The tables on the following pages show the IRS funding standard account as well as the development of the minimum and maximum contributions for 2020 and other supporting information.

Table V - 2
Funding Standard Account for 2019 and 2020 Plan Years

		2019		2020
1. Charges For Plan Year				
a. Prior Year Funding Deficiency, if any	$	7,970,158	$	16,459,313
b. Normal Cost with expenses		3,528,886		3,271,248
c. Amortization Charges		12,599,722		13,562,532
d. Interest on a., b., and c. to Year End		1,867,654		2,413,749
e. Total Charges	$	25,966,420	$	35,706,842
2. Credits For Plan Year				
a. Prior Year Credit Balance, if any	$	0	$	0
b. Employer Contributions		7,708,829		*4,600,000*
c. Amortization Credits		1,396,877		1,387,084
d. Interest on a., b., and c. to Year End		401,401		*264,396*
e. Full Funding Limit Credit		0		0
f. Total Credits	$	9,507,107	$	6,251,480
3. Credit Balance at End of Year [2.f. - 1.e., limited to zero]	$	0	*$*	*0*
4. Funding Deficiency at End of Year [1.e. - 2.f., limited to zero]	$	16,459,313	*$*	*29,455,362*

SECTION V – CONTRIBUTIONS

Table V - 3
Calculation of the Maximum Deductible Contribution for the Plan Year Starting January 1, 2020

1. "Fresh Start" Method		
a. Normal Cost	$	3,271,248
b. Net Charge to Amortize Unfunded Actuarial Liability over 10 years		14,007,830
c. Interest on a. and b.		1,252,733
d. Total		18,531,811
e. Full Funding Limitation as of Year End		249,646,665
f. Maximum Deductible Contribution	$	18,531,811
2. 140% of Current Liability Calculation		
a. RPA 1994 Current Liability at Start of Year	$	400,237,214
b. Present Value of Benefits Estimated to Accrue during Year		3,755,893
c. Expected Benefit Payments		17,195,168
d. Net Interest on a., b. and c. at Current Liability Interest Rate		11,666,011
e. Expected Current Liability at End of Year, [a. + b. – c. + d.]		398,463,950
f. 140% of e.		557,849,530
g. Actuarial Value of Assets		119,808,370
h. Expected Expenses		1,600,000
i. Net Interest on c., g., and h. at Valuation Interest Rate		7,957,688
j. Estimated Value of Assets, [g. – c. – h. + i.]		108,970,890
k. Unfunded Current Liability at Year End	$	448,878,640
3. Maximum Deductible Contribution at Year End, greater of 1.f. and 2.k.	$	448,878,640

SECTION V – CONTRIBUTIONS

Table V - 4
Development of Actuarial Gain/(Loss)
for the Year Ended December 31, 2019

1. Unfunded Actuarial Liability at Start of Year			$	90,328,913
2. Normal Cost at Start of Year				3,528,886
3. Interest on 1. and 2. to End of Year				7,273,979
4. Employer Contributions for Year (including Withdrawal Liability payments)				7,708,829
5. Interest on 4. to End of Year				293,143
6. Increase in Unfunded Actuarial Liability Due to Changes in Assumptions				10,882,748
7. Increase in Unfunded Actuarial Liability Due to Changes in Plan Design				0
8. Increase in Unfunded Actuarial Liability Due to Changes in Funding Method				0
9. Increase in Unfunded Actuarial Liability Due to transfers				0
10. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]			$	104,012,554
11. Actual Unfunded Actuarial Liability at End of Year, not less than zero			$	104,309,382
12. Actuarial Gain / (Loss) [10. – 11.]			$	(296,828)
a. Loss on Investments	$	(555,768)		
b. Gain on Liabilities	$	258,940		
13. Amortization Factor for Actuarial Gain / (Loss)				9.6158
14. Amortization Credit / (Charge) for Actuarial Gain / (Loss)			$	(30,869)

SECTION V – CONTRIBUTIONS

Table V - 5
Schedule of Amortizations Required for Minimum Required Contribution as of January 1, 2020

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2020 Outstanding Balance*	Remaining Amortization Years	Beginning of Year Amortization Amount
Charges						
1. Initial Base for Meat and Poultry	1/1/1986	$ 839,074	30	$ 42,955	1	$ 42,955
2. Plan & Assumption Change	1/1/1986	255,338	30	13,073	1	13,073
3. Plan & Assumption Change	1/1/1986	530,054	30	27,135	1	27,135
4. Change Assumptions	1/1/1987	380,100	30	39,915	2	20,656
5. Plan Amendment	1/1/1988	2,309,700	30	367,113	3	131,029
6. Plan Amendment	1/1/1989	2,557,800	30	543,203	4	150,373
7. Plan Change	1/1/1989	248,266	30	52,406	4	14,507
8. Plan Change, AVA Change, & Assumption Change	1/1/1989	697,792	30	147,296	4	40,775
9. Plan Amendment	1/1/1990	892,000	30	236,049	5	54,038
10. Plan Change	1/1/1990	167,457	30	43,967	5	10,065
11. Change Method	1/1/1991	3,490,000	25	193,678	1	193,678
12. Plan Amendment	1/1/1991	688,000	30	216,917	6	42,760
13. Plan Change	1/1/1991	143,740	30	44,886	6	8,848
14. Plan Amendment	7/1/1991	1,130,000	30	383,675	6.5	70,957
15. Plan Amendment	1/1/1992	4,000	30	1,456	7	254
16. Plan Amendment	7/1/1992	1,361,000	30	525,981	7.5	87,059
17. Plan Amendment	1/1/1993	211,550	30	86,552	8	13,646
18. Plan Amendment	7/1/1993	98,000	30	42,248	8.5	6,369
19. Plan Change	1/1/1993	411,140	30	166,715	8	26,285
20. Plan Amendment	1/1/1994	53,197	30	24,075	9	3,482
21. Plan Change	1/1/1994	338,908	30	152,093	9	21,998
22. Plan Amendment	1/1/1995	430,616	30	212,662	10	28,559
23. Plan Amendment	1/1/1996	837,866	30	446,406	11	56,200
24. Plan Amendment	1/1/1997	2,234,865	30	1,272,707	12	151,401
25. Plan Change	1/1/1997	618,819	30	349,406	12	41,565

*Charge bases established on or before January 1, 2009 have been extended five years as of January 1, 2009 as approved under Section 431(d)(1)(A).

SECTION V – CONTRIBUTIONS

Table V - 5 (Continued)
Schedule of Amortizations Required for Minimum Required Contribution as of January 1, 2020

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2020 Outstanding Balance*	Remaining Amortization Years	Beginning of Year Amortization Amount
Charges						
26. Plan Amendment	1/1/1998	$ 1,191,987	30	$ 719,956	13	$ 81,462
27. Plan Change	1/1/1998	234,877	30	140,580	13	15,906
28. Plan Amendment	1/1/1999	685,993	30	435,843	14	47,167
29. Plan Amendment	1/1/2000	985,433	30	654,952	15	68,112
30. Plan Change	1/1/2000	164,070	30	108,312	15	11,264
31. Plan Amendment	1/1/2001	2,224,285	30	1,539,151	16	154,443
32. Experience Loss	1/1/2001	158,332	15	11,036	1	11,036
33. Experience Loss	1/1/2002	4,967,848	15	708,900	2	366,849
34. Plan Change	1/1/2002	2,873,064	30	2,061,355	17	200,284
35. Experience Loss	1/1/2002	261,394	15	36,999	2	19,147
36. Experience Loss	1/1/2003	9,695,188	15	2,083,872	3	743,769
37. Plan Change	1/1/2003	2,278,455	30	1,688,882	18	159,383
38. Experience Loss	1/1/2003	487,511	15	104,118	3	37,161
39. Experience Loss	1/1/2004	3,571,616	15	1,020,876	4	282,605
40. Plan Change	1/1/2004	335,951	30	256,459	19	23,571
41. Experience Loss	1/1/2004	331,260	15	94,238	4	26,088
42. Experience Loss	1/1/2005	1,343,748	15	476,408	5	109,063
43. Experience Loss	1/1/2005	208,941	15	73,850	5	16,906
44. Plan Change	1/1/2005	409,909	30	321,359	20	28,835
45. Experience Loss	1/1/2006	1,269,068	15	533,693	6	105,205
46. Experience Loss	1/1/2007	1,473,846	15	712,626	7	124,368
47. Experience Loss	1/1/2007	3,114,762	30	2,557,126	22	220,040
48. Experience Loss	1/1/2007	81,286	15	39,302	7	6,859
49. Experience Loss	1/1/2009	27,801,544	15	16,676,895	9	2,412,090
50. Experience Loss	1/1/2011	2,333,087	15	1,187,582	6	234,103

*Charge bases established on or before January 1, 2009 have been extended five years as of January 1, 2009 as approved under Section 431(d)(1)(A).

SECTION V – CONTRIBUTIONS

Table V - 5 (Continued)
Schedule of Amortizations Required for Minimum Required Contribution as of January 1, 2020

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2020 Outstanding Balance*	Remaining Amortization Years	Beginning of Year Amortization Amount
Charges						
51. Experience Loss	1/1/2012	17,209,195	15	$ 9,866,533	7	$ 1,721,916
52. Experience Loss	1/1/2014	1,069,525	15	735,900	9	106,438
53. Experience Loss	1/1/2015	3,705,749	15	2,739,149	10	367,844
54. Change Assumptions	1/1/2016	10,874,036	15	8,552,331	11	1,076,696
55. Experience Loss	1/1/2016	8,617,416	15	6,777,521	11	853,256
56. Experience Loss	1/1/2017	3,583,448	15	3,147,654	12	374,445
57. Consolidated Fund Transfer (Combined)	1/1/2017	812,079	13	687,717	10	92,354
58. Experience Loss	1/1/2018	5,276,178	15	4,864,558	13	550,418
59. Experience Loss	1/1/2019	4,734,838	15	4,557,034	14	493,159
60. Assumption Change	1/1/2020	10,882,748	15	10,882,748	15	1,131,752
61. Experience Loss	1/1/2020	296,828	15	296,828	15	30,869
TOTAL CHARGES				$ 92,984,912		$ 13,562,532

*Charge bases established on or before January 1, 2009 have been extended five years as of January 1, 2009 as approved under Section 431(d)(1)(A).

SECTION V – CONTRIBUTIONS

Table V - 6
Schedule of Amortizations Required for Minimum Required Contribution
as of January 1, 2020

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2020 Outstanding Balance	Remaining Amortization Years	Beginning of Year Amortization Amount
Credits						
1. Change Assumptions	1/1/1991	$ 2,355,000	30	$ 179,901	1	$ 179,901
2. Assumption Change	1/1/1996	491,468	30	188,014	6	37,062
3. Change Assumptions	1/1/1998	2,717,390	30	1,307,607	8	206,162
4. Actuarial Gain	1/1/2006	64,491	15	7,062	1	7,062
5. Assumption Change	1/1/2007	1,100,793	15	216,044	2	111,801
6. Actuarial Gain	1/1/2008	3,546,007	15	1,005,869	3	359,012
7. Experience Gain	1/1/2010	4,291,587	15	1,886,497	5	431,872
8. Experience Gain	1/1/2013	543,298	15	343,849	8	54,212
TOTAL CREDITS				$ 5,134,843		$ 1,387,084
NET				$ 87,850,069		$ 12,175,448

SECTION V – CONTRIBUTIONS

Table V - 7
Accumulated Reconciliation Account and Balance Test
as of January 1, 2020

1. Amount due to Additional Interest Charges in prior years	$	0
2. Amount due to Additional Funding Charges in prior years		0
3. Reconciliation Account at Start of Year [1. + 2.]	$	0
4. Net Outstanding Amortization Bases		87,850,069
5. Credit Balance / (Funding Deficiency) at Start of Year		(16,459,313)
6. Unfunded Actuarial Liability at Start of Year from Funding Equation [4. – 3. – 5.]	$	104,309,382
7. Actuarial Liability at Start of Year	$	224,117,752
8. Actuarial Value of Assets at Start of Year		119,808,370
9. Unfunded Actuarial Liability at Start of Year from Liability Calculation [7. – 8.]	$	104,309,382

The Fund passes the Balance Test because line 6. equals line 9.

SECTION V – CONTRIBUTIONS

Table V - 8
Development of Full Funding Limitation
for the Year Starting January 1, 2020

		Minimum	Maximum
1.	Old Law Full Funding Limitation		
a.	Actuarial Liability	$ 224,117,752	$ 224,117,752
b.	Normal Cost	1,671,248	1,671,248
c.	Lesser of Market Value and Actuarial Value of Assets	119,808,370	119,808,370
d.	Credit Balance at Start of Year, not less than $0	0	N/A
e.	Actuarial Liability Full Funding Limit [a. + b. - c. + d.] x 1.0725	$ 113,664,226	$ 113,664,226
2.	Full Funding Limit Override (RPA '94)		
a.	RPA 1994 Current Liability at Start of Year	$ 400,237,214	$ 400,237,214
b.	Present Value of Benefits Estimated to Accrue during Year	3,755,893	3,755,893
c.	Expected Benefit Payments	17,195,168	17,195,168
d.	Net Interest on a., b. and c. at Current Liability Interest Rate	11,666,011	11,666,011
e.	Expected Current Liability at End of Year, [a. + b. – c. + d.]	398,463,950	398,463,950
f.	90% of e.	358,617,555	358,617,555
g.	Actuarial Value of Assets at Start of Year	119,808,370	119,808,370
h.	Expected Expenses	1,600,000	1,600,000
i.	Net Interest on c., g., and h. at Valuation Interest Rate	7,957,688	7,957,688
j.	Estimated Value of Assets, [g. + i. - c. - h.]	108,970,890	108,970,890
k.	RPA 1994 Full Funding Limit Override	$ 249,646,665	$ 249,646,665
3.	Full Funding Limitation at End of Year, greater of 1.e. and 2.k.	$ 249,646,665	$ 249,646,665

SECTION VI – WITHDRAWAL LIABILITY

The Multi-Employer Pension Plan Amendments Act of 1980 (MPPAA) provides that a contributing employer who withdraws from a multi-employer pension plan, either partially or totally, will be liable to the Fund for a proportionate share of the Fund's total Unfunded Vested Benefits (UVB) that exist as of the end of the plan year prior to the year in which the withdrawal occurs.

The present value of vested benefits for this purpose is a blend of the liability determined using the rate in effect as of December 31, 2019 used by the Pension Benefit Guaranty Corporation (2.53% for all years) and the liability determined using the Fund's funding investment return of 7.25%. The blended liability used is based upon the percentage of PBGC liability amounts covered by the Market Value of Assets. Calculation of the Fund's total UVB is shown below.

Table VI-1
Calculation of the Unfunded Present Value of Vested Benefit for Withdrawal Liability Purposes for Plan Year Starting January 1, 2020

1. Present value of vested benefits at funding investment return rate		
Retired	$ 107,446,634	
Terminated Vested	63,339,413	
Active	52,406,319	
Total		$ 223,192,366
2. Present value of vested benefits at PBGC interest rate		
Retired	$ 156,541,192	
Terminated Vested	138,073,258	
Active	106,887,695	
Total		$ 401,502,145
3. Assets at market value*		$ 123,497,826
4. Weighting factor: (3)/(2), not greater than 1.0		0.307589
5. Present value of vested benefits for withdrawal liability purposes: [(2) x (4) + (1.000000 - (4)) x (1)]		$ 278,038,493
6. Unfunded present value of vested benefits for withdrawal liability purposes: [(5) - (3)]		$ 154,540,667

* Net assets available for benefits minus withdrawal liability receivables from audited financial statements.

SECTION VII – FASB ASC TOPIC NO. 960 DISCLOSURES

Table VII - 1
Present Value of Accumulated Benefits as of January 1, 2020
in Accordance with FASB ASC Topic No. 960

	Amounts	Counts
1. Actuarial Present Value of Benefits		
For Retirees and Beneficiaries	$ 107,446,634	3,285
Terminated Vesteds	63,339,413	6,200
Active Participants	52,406,319	2,038
Vested Benefits	$ 223,192,366	11,523
2. Non-vested Benefits	$ 925,386	1,139
3. Accumulated Benefits	$ 224,117,752	12,662
4. Expected Administrative Expenses*	$ 30,166,249	
5. Market Value of Assets per audit	$ 123,835,783	
6. Funded Ratios		
Vested Benefits (incl. expenses)	55.5% (48.9%)	
Accumulated Benefits (incl. expenses)	55.3% (48.7%)	

* The expected administrative expenses associated with the Accumulated Benefits is 13.46% of the liabilities. This load represents the present value of expected administrative expenses (per capita) for the closed group as of the valuation date divided by the total present value of vested and non-vested benefits.

SECTION VII – FASB ASC TOPIC NO. 960 DISCLOSURES

Table VII - 2

Present Value of Accumulated Benefits as of January 1, 2020
Reconciliation of Present Value of Accumulated Benefits

1. Actuarial Present Value at Start of Prior Year	$	209,040,356
2. Increase (decrease) over Prior Year due to:		
Plan Amendments	$	0
Changes in assumptions		10,882,748
Benefit Accruals		1,728,886
Benefit Payments		(13,111,330)
Increase for Interest		15,836,032
Experience (Gains)/Losses		(258,940)
3. Actuarial Present Value at End of Prior Year (w/o expenses)	$	224,117,752
4. Expected Administrative Expenses	$	30,166,249
5. Actuarial Present Value at End of Prior Year (with expenses)	$	254,284,001

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided electronically by Associated Administrators, LLC (AA). Cheiron did not audit any of the data. The data is as of January 1, 2020. Below is a list of assumptions Cheiron made in using the data this year. We continue to work closely with AA to work out all of the intricate data details and expect to require fewer assumptions in future years.

Date of Birth for Active Employees

For active participants with bad or missing dates of birth, we have imputed a date of birth based on the assumption that they entered the Fund at the average hire age of the participants in their group. These average hire ages are as follows:

Full-Time/ Part-Time	Sex	Average Hire Age
Full-Time	Male	31
Full-Time	Female	33
Part-Time	Male	34
Part-Time	Female	35

Full-Time/Part-Time Status

Full-time versus part-time status is not included in the data provided to Cheiron. Participants are assigned full-time versus part-time status based on whether the majority of their service worked since date of hire was full-time or part-time as reported in the valuation data supplied by Associated Administrators.

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

- Status Reconciliation
- Age/Service Distribution for Full-Time Active Participants
- Age/Service Distribution for Part-Time Active Participants
- Counts and Average Benefit Amount by Age for Retirees, Beneficiaries, and Disabled Participants
- Counts and Average Benefit Amount by Age for Terminated Vested Participants

APPENDIX A – MEMBERSHIP INFORMATION

Table A - 1
Full-Time Participants as of January 1, 2020

	Actives	Deferred Vested	Deferred Beneficiary	Disabled	Retired	Beneficiary	Total
Participants - January 1, 2019 Valuation	3,482	6,109	0	100	2,795	299	12,785
Additions							
a. New entrants	503						503
b. Rehires	12	(12)					0
c. QDRO							0
d. New beneficiary			21			33	54
e. Data corrections		16		1	10		27
f. Total	515	4	21	1	10	33	584
Reductions							
a. Terminated - not vested	(462)						(462)
b. Lump Sums		(16)					(16)
c. Deaths	(12)	(77)		(4)	(90)	(21)	(204)
d. Benefit suspended	(1)			(1)	(8)		(10)
e. Data corrections		(12)			(3)		(15)
f. Total	(475)	(105)	0	(5)	(101)	(21)	(707)
Changes in status							
a. Terminated with vested benefit	(298)	298					
b. Retired	(44)	(123)			167		0
c. Disabled	(3)	(4)		7			0
d. QDRO							0
e. Data Corrections				(9)	9		0
f. Total	(345)	171	0	(2)	176	0	0
Participants - January 1, 2020 Valuation	3,177	6,179	21	94	2,880	311	12,662

APPENDIX A – MEMBERSHIP INFORMATION

Table A - 2
Full-Time Participants as of January 1, 2020
Completed years of credited service as of January 1, 2020

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	Total
Under 25	15	1	0	0	0	0	0	16
25-29	28	6	0	0	0	0	0	34
30-34	10	7	9	2	0	0	0	28
35-39	17	8	18	11	4	0	0	58
40-44	13	9	5	11	22	6	0	66
45-49	20	12	13	14	37	49	6	151
50-54	22	11	14	16	29	59	31	182
55-59	10	7	24	17	25	49	72	204
60-64	11	5	14	25	20	34	60	169
65 & Up	7	8	11	18	11	22	20	97
Total	153	74	108	114	148	219	189	1,005

Average Age = 52.7 Average Service = 19.9

Part-Time Participants as of January 1, 2020
Completed years of credited service as of January 1, 2020

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	Total
Under 25	389	9	0	0	0	0	0	398
25-29	141	64	11	0	0	0	0	216
30-34	83	35	72	12	0	0	0	202
35-39	82	27	32	42	7	0	0	190
40-44	60	19	25	26	21	2	0	153
45-49	95	14	30	29	32	8	2	210
50-54	60	20	36	50	28	23	8	225
55-59	59	12	41	39	27	18	13	209
60-64	32	21	48	41	28	17	14	201
65 & Up	29	21	27	44	24	13	10	168
Total	1,030	242	322	283	167	81	47	2,172

Average Age = 42.7 Average Service = 9.0

APPENDIX A – MEMBERSHIP INFORMATION

Table A - 3
Pensioners and Beneficiaries Receiving Benefits as of January 1, 2020

	Normal, Early Deferred Vested Retirements		Surviving Spouses and Beneficiaries Receiving Benefits		Disability Retirements		Total	
Age	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
Under 55	0	$ 0	8	$ 232	17	$ 358	25	$ 318
55-59	74	325	16	199	31	323	121	308
60-64	280	407	33	252	45	426	358	395
65-69	737	331	61	181	1	126	799	319
70-74	746	312	57	177	0	0	803	303
75-79	559	293	59	186	0	0	618	283
80 & Over	484	276	77	155	0	0	561	260
Total	2,880	$ 317	311	$ 184	94	$ 377	3,285	$ 306

Table A - 4
Deferred Vested Participants and Surviving Spouses Entitled to Future Benefits

Age	Number	Monthly Benefit Payable at Normal Retirement Date
Under 45	1,696	$ 167,525
45-49	919	143,517
50-54	1,069	199,287
55-59	1,201	231,750
60-64	881	150,448
65 & Over	434	60,441
Total	6,200	$ 952,967

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

A. Former Meat and Poultry Participants

1. Eligibility

All employees formerly covered by a collective bargaining agreement requiring contributions by employers (including the Local Union) to the Amalgamated Meat Cutters and Allied Workers of North America Local Union No. 593 and Washington Wholesalers Pension Fund participate in the plan. As of January 1, 2007, the Fund was merged with the UFCW Unions and Participating Employers Pension Fund.

2. Credited Service

Credited service consists of the total past and future service as defined below.

a. Past Service

Past credited service is based on completed years and months of continuous employment with a participating employer prior to the employer's participation date (January 1, 1966 for employers participating under the Amalgamated Meat Cutters agreement and April 1, 1975 for employers participating under the Poultry Workers agreement).

b. Future Service

Future credited service is expressed in terms of years (and fractional years) of employment on or after January 1, 1966 during which an employer is required to make contributions to the Fund. The following schedule is applicable for determining future credited service:

Hours		Future
At Least	But Less Than	Service Credit
400	600	0.3
600	800	0.4
800	1,000	0.5
1,000	1,200	0.6
1,200	1,400	0.7
1,400	1,600	0.8
1,600	1,800	0.9
1,800 and over		1.0

Contributions are made and credit given for the Meat Cutters for 173 hours in any month a participant works 134 or more hours. No employee will be credited with more than one year of future credited service in one calendar year.

Credited service for calculating benefit amounts may not exceed 40 years.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

3. Vesting Service

Vesting service for Meat Cutters is the total of past and future credited service.

Vesting service for Poultry Workers is future credited service.

In all cases, one year of vesting service is granted for each year of future credited service in which the participant works at least 1,000 hours.

4. Loss of Credited Service

A participant who has fewer than five years of vesting credit will lose all of his previously accumulated credited service if, before qualifying for and making an application for benefits, he suffers at least three consecutive breaks in service (works less than 500 hours). An exception is made for service in the armed forces in time of war, national emergency or pursuant to a national conscription, provided he returns to active service as an employee within 90 days after release or within such longer period as is prescribed by law. A participant who has lost all of his credited service is considered a new participant at such time as subsequent contributions are made to the pension trust on his behalf.

5. Reinstatement of Service Credits

A former participant who ceases to participate after January 1, 1976 and again becomes a participant may reinstate his prior service and benefit accruals. Reinstatement of prior benefit accruals will be as of the last day of the 12-month period following completion of 1,000 hours with the employer in:

a. the 12-month period commencing with the date of his return, or

b. the 12-month period in the plan year following the date of his return, or

c. any subsequent plan year, provided that (i) the number of consecutive years between the last break in service and the beginning of the plan year in which he fulfills the 1,000-hour requirement was less than his prior vesting service, or (ii) the participant accumulates at least five years of future service following resumption of participation.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

6. Normal Retirement Benefit

Eligibility: A participant is eligible for a normal retirement benefit upon satisfying all of the following conditions:

Age:	60
Credited Service:	5
Future Credited Service:	1

Benefit: The monthly benefit at normal retirement is a dollar amount multiplied by credited service. The dollar amount varies by employer as follows:

Employer	Monthly Benefit Per year of Service
Boar’s Head	$ 6.25
All Others	$ 38.00

7. Late Retirement

Eligibility: A participant who remains in employment beyond his normal retirement date is eligible to receive a late retirement benefit commencing on the first day of the month following or coinciding with his actual retirement date.

Benefit: The benefit is determined in accordance with the normal retirement formula based on credited service to the participant’s actual date of retirement.

8. Early Retirement Benefit

Eligibility: A participant is eligible for an early retirement benefit upon satisfying all of the following conditions:

Age:	50
Credited Service:	10
Future Credited Service:	1

Benefit: The monthly retirement benefit is the amount determined in accordance with the normal retirement pension formula based on credited service to the date the participant terminates employment, reduced by 1/2 of 1% for each month that the actual benefit commencement date precedes the normal retirement date.

9. Vesting

Eligibility: A participant who terminates employment after completing five or more years of vesting service, including one year of future credited service, is eligible to receive a deferred vested pension commencing at his normal retirement date.

Benefit: The monthly deferred vested pension is the benefit determined in accordance with the normal retirement pension formula based on credited service to the date the participant terminates employment. Individuals who terminated prior to January 1, 1981

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

have their benefit calculated according to the former plan provisions.

In lieu of benefits commencing at normal retirement, a participant who has completed ten years of credited service (including one year of future credited service) upon reaching age 50 may elect to have a reduced pension commencing immediately. The reduction is calculated in the same manner as the early retirement reduction.

10. Total and Permanent Disability

Eligibility: Each participant who becomes totally and permanently disabled after completing ten or more years of credited service (including one or more years of future credited service) and who qualifies for and receives disability benefits under the federal Social Security law then in effect is eligible for total and permanent disability benefits under the Fund.

Benefit: The monthly total and permanent disability benefit is determined in accordance with the normal retirement pension formula based on credited service at the date of disability.

Disability benefits commence after meeting all of the eligibility requirements noted in the eligibility section above with no reduction if prior to the participant's normal retirement date.

11. Surviving Spouse Benefit

Eligibility: The spouse of an active participant, terminated vested participant, or retired participant who has not yet started to receive benefits, who dies after completing five or more years of credited service (including one or more years of future credited service), is eligible for a survivor's benefit provided the spouse has been legally married to the participant for at least one year prior to the death of the participant.

Benefit: The monthly benefit payable to the spouse is the greater of:

a. 40% of the pension the participant would have received if the participant retired the day immediately preceding his death and elected an immediate payment of benefits, or

b. 50% of the pension the participant would have received if the participant retired the day immediately preceding his death and elected the joint and one-half survivor's benefit option.

Payment commences at the time the participant would have been eligible to receive benefits in the amount specified in b. above if death occurs prior to eligibility for an immediate benefit.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

12. Post-Retirement Spouse Benefit

Eligibility: Unless an alternative optional form of benefit is elected, the spouse of a retired participant who is receiving a pension at his death is eligible for a survivor's benefit provided the spouse had been legally married to the retiree for at least one year prior to death.

Benefit: The survivor's benefit is equal to 20% of the monthly benefit being paid to the participant. The survivor's benefit is payable monthly to the surviving spouse for life.

13. Post-Retirement Lump Sum Death Benefit

Eligibility: The post-retirement lump sum death benefit is payable at the death of any retiree who was receiving a monthly pension from the Plan at the time of death.

Benefit: The lump sum post-retirement death benefit is $2,500.

14. Forms of Pension Benefits

The normal form of pension is a monthly benefit for life, with 50% of the pension continued to the surviving spouse after the participant's death (provided the spouse was legally married to the participant for at least one year prior to death). The pension commences the first day of the next calendar month after conditions for retirement are satisfied and an application is filed.

Optional benefits, actuarially equivalent in value to the normal form of benefit, are available for election within 60 days of retirement.

a. A reduced "joint and survivor" benefit: wherein, at the death of pensioner, the full amount of the reduced pension continues for the lifetime of the spouse. (For a participant and spouse of equal age, this option provides a reduced pension equal to 80% of the regular pension. Where the spouse is one year younger, the percentage is 79%, etc.)

b. A reduced "joint and 2/3 survivor" benefit: wherein, at the death of pensioner, 2/3 of the reduced pension continues for the lifetime of the spouse. (For a participant and spouse of equal age, this option provides a reduced pension equal to 90% of the regular pension. Where the spouse is one year younger, the percentage drops to 89%, etc.)

c. A reduced "joint and ½ survivor" benefit wherein, at the death of the pensioner, ½ of the reduced pension continues for the lifetime of the spouse. (For a participant and spouse of equal age, this option provides a reduced pension equal to 95% of the regular pension. Where the spouse is one year younger, the percentage drops to 94%, etc.)

15. Changes Since Last Valuation

None.

B. Former Consolidated Participants

1. Eligibility

Employees hired prior to June 30, 2016 who satisfied the eligibility requirements of the Consolidated Fund prior to June 30, 2016.

2. Credited Service

Credited service is determined under the provisions of the plan prior to the transfer.

3. Normal Retirement Benefit

The benefit accrued prior to June 30, 2016 was accrued in accordance with the plan provisions of the plan prior to transfer.

Benefits accrue after June 30, 2016 at the rate of $46.45 per month per year of service.

4. Early Retirement Benefit

Employees may receive benefits on retirement before the Normal Retirement Date under the provision of the prior plan.

5. Vesting

All participants were fully vested at the time of transfer.

6. Total and Permanent Disability

Disability retirement can occur upon the employee becoming totally and permanently disabled (according to Social Security criteria) after he has completed at least ten years of credited service. The accrued normal retirement pension will be payable without actuarial reduction as soon as the disability has been established to the satisfaction of the Trustees.

7. Pre-Retirement Spouse's Pension

Each employee who is vested under the Fund will be provided pre-retirement spouse's pension coverage whereby, if his death occurs before actual retirement, his spouse will receive a lifetime pension from the Fund. The spouse's pension will begin on the first of the month following the later of the employee's death or the earliest date he could have elected to retire under the Fund based upon his credited service at death. The amount of such pension will be one-half of that which would have been payable to the employee if he had retired on the date the spouse's pension is to begin and elected a joint and 50 percent survivor option.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

8. Forms of Pension Benefits

The normal form payable to an unmarried participant is a single life annuity. The normal form of pension payable to a married employee will be an actuarially reduced pension on the joint and 50 percent survivor basis unless the employee elects otherwise with the written consent of the spouse. In addition, married participants can elect an actuarially reduced Joint and Survivor pension with a 75% or 100% continuation.

9. Changes Since Last Valuation

None.

C. All Other Participants

1. Eligibility

All employees within bargaining units represented by Local 400 and Local 27 where the collective bargaining agreement calls for contributions to this Fund on behalf of such employees as well as Local 400 staff.

2. Normal Retirement Date

At the employee's option, on the last day of the month in which his 65^{th} birthday occurs, but not prior to his completing at least five years of credited service.

3. Credited Service

For each participant under either of the prior pension plans, credited service under this Fund at January 1, 1982 shall be equal to the credited service accrued under the prior Fund as of December 31, 1981; for each other person, credited service prior to January 1, 1982 (or date of joining the Fund, if later), shall be continuous service with his then employer to the nearest month. On and after January 1, 1982, one-fourth of a year of future service is granted to each full-time employee for each 400 hours worked in each calendar year up to 1,600 hours. For part-time employees, 200 hours per quarter and 800 hours per year are required.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

4. Normal Retirement Benefit

The benefit is determined according to the contribution rate recognized for benefit accrual purposes. This may be less than the bargained contribution rate. The recognized contribution and benefit schedule is as follows:

Recognized Contribution Rate	Pension Benefit Per Month Per Year of Credited Service: Full-Time Benefit Rate	Part-Time Benefit Rate
$.05	$ 7.13	$ 3.56
.08	11.25	5.62
.12	16.75	8.37
.15	20.13	10.06
.18	22.25	11.12
.21	24.00	12.00
.24	26.13	13.06
.27	28.13	14.06
.30	30.13	15.06
.33	32.13	16.06
.40	36.80	18.40

Note: Though substantially all participants are subject to the contribution and benefit rates above, there are exceptions. More detailed information on such exceptions can be found in the appendix to the plan document.

5. Early Retirement

At the employee's option after he has both attained age 55 and completed at least 15 years of credited service. His accrued normal retirement pension is reduced by one-half of one percent for each month by which his retirement precedes his 60th birthday.

6. Disability Retirement

Disability retirement can occur upon the employee becoming totally and permanently disabled (according to Social Security criteria) after he has completed at least ten years of credited service. His accrued normal retirement pension will be payable without actuarial reduction as soon as the disability has been established to the satisfaction of the Trustees.

7. Deferred Vested Pension Benefit

If an employee ceases to work within a bargaining unit covered by the Fund after he has completed five years of Vesting Service, he will be entitled to his normal retirement pension accrued at the date he stopped work, payable starting on his Normal Retirement Date. Vesting service equals the sum of (a) credited service under each of the prior plans as of December 31, 1981, plus (b) his service after January 1, 1982, in which a year of vesting service is granted for each plan year in which he is credited with at least 750 regular time hours.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

8. Pre-Retirement Spouse's Pension

Each employee who is vested under the Fund will be provided pre-retirement spouse's pension coverage whereby, if his death occurs before actual retirement, his spouse will receive a lifetime pension from the Fund. The spouse's pension will begin on the first of the month following the later of the employee's death or the earliest date he could have elected to retire under the Fund based upon his credited service at death. The amount of such pension will be one-half of that which would have been payable to the employee if he had retired on the date the spouse's pension is to begin and elected a joint and 50 percent survivor option.

9. Normal Form of Pension

The normal form of pension payable to a married employee will be an actuarially reduced pension on the joint and 50 percent survivor basis unless the employee elects otherwise with the written consent of the spouse. If the employee receives his pension on a single life basis, then a death benefit equal to the excess, if any, of a. over b. will be payable to the employee's designated beneficiary where a. and b. equal.

a. 60 times the monthly pension amount

b. the total amount of payments made prior to the employee's death.

10. Post-Retirement Death Benefit

Upon the death of an employee receiving pension benefits under the Plan, a single sum death benefit will be paid to his designated beneficiary. The amount of the death benefit will be $2,500 if the majority of his credited service was as a full-time employee and $1,500 if the majority of such service was as a part-time employee.

11. Changes to Plan Provisions Since Last Valuation

None.

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

APPENDIX C – ACTUARIAL ASSUMPTIONS, MODELS AND METHODS

A. Actuarial Assumptions

1. Rates of Investment Return and Discounting

Funding and disclosure purposes:

7.25% compounded annually. This assumption is consistent with the investment consultant's long term capital market outlook for the investment allocation policy.

Current Liability under RPA 1994:

2.95% compounded annually

Withdrawal Liability purposes:

The Fund uses current PBGC interest rates (2.53% for all years) to determine the portion of the vested liabilities funded by the market value of Fund assets. The liabilities for the unfunded portion are based on the funding investment return of 7.25%.

2. Rates of Mortality

Funding and disclosure purposes:

Actives:	RP-2000 Healthy Annuitant mortality table (2014 base year – fully generational).
Healthy Inactives:	RP-2000 Healthy Annuitant mortality table (2014 base year – fully generational).
Disableds:	RP-2000 Disabled Retiree mortality table until age 65 RP-2000 Healthy Annuitant mortality table after age 65 (2014 base year – fully generational).
Current Liability:	2020 Static Mortality as prescribed by IRS regulations.

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 improvement.

3. Other Demographic Assumptions

a. Rates of Retirement

A. Former Meat and Poultry Participants

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

APPENDIX C – ACTUARIAL ASSUMPTIONS, MODELS AND METHODS

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.

b. 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.

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

c. 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

APPENDIX C – ACTUARIAL ASSUMPTIONS, MODELS AND METHODS

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

d. 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.

e. 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.

APPENDIX C – ACTUARIAL ASSUMPTIONS, MODELS AND METHODS

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.

f. 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.

4. Administrative Expenses

$1,600,000 ($126.36 per participant) as of the beginning of the year added to the normal cost. For financial disclosure under FASB Topic ASC 960 the present value of future administrative expense is based on future beginning of the year cash flows of $126.36 per participant that increase 3% per year for inflation.

5. Rational 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.

6. Changes in Assumptions Since Last Valuation

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.

APPENDIX C – ACTUARIAL ASSUMPTIONS, MODELS AND METHODS

Administrative expense decreased from $1,800,000 to $1,600,000 per year payable as of the beginning of the year to reflect plan experience.

The RPA '94 current liability interest rate was changed from 3.06% to 2.95% to comply with appropriate guidance. The mortality table for current liability was also updated to the 2020 Static Mortality tables for annuitants and non-annuitants.

The PBGC interest rates used to determine the funded portion of the vested liabilities was changed from 2.84% for 20 years and 2.76% thereafter to 2.53% for all years.

The per participant cash flows used to estimate the present value of future administrative expense for financial disclosure under FASB Topic ASC 960 changed to $126.36 per participant. Last year $140.79 was used.

APPENDIX C – ACTUARIAL ASSUMPTIONS, MODELS AND METHODS

B. Models

Cheiron utilizes and relies on the actuarial software program known as ProVal for the intended purpose of calculating liabilities and projected benefit payments. ProVal is a product of Winklevoss Technologies

The projected expected results of future valuations in this report were developed using P-scan, our proprietary tool for the intended purpose of developing projections.

As part of the review process for this 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 report.

C. 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 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.

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