UFCW and Safeway Variable Annuity Pension Plan

Classic Values, Innovative Advice

Actuarial Report

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Small Amount Lump Sums

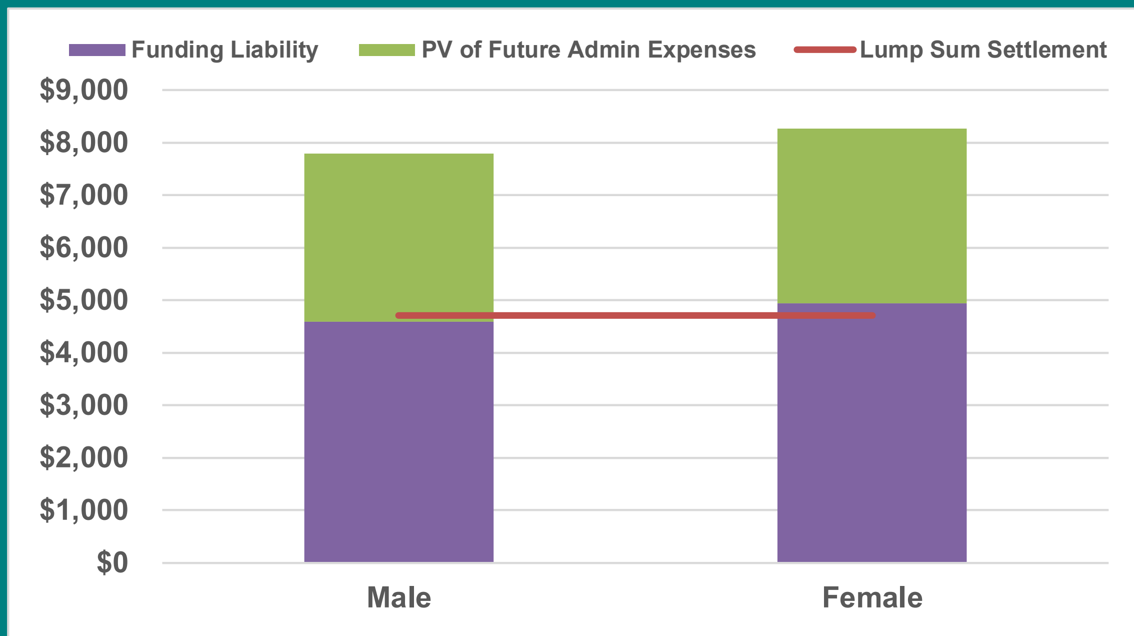
- SECURE Act 2.0 allows plans to increase the small amount lump sum threshold from $5,000 to $7,000 beginning in 2024.
- Small amount lump sums allow plans to payout small benefits and help lower future administration expenses.
  - PBGC flat rate premium in 2023 is $96 per participant

Small Amount Lump Sums

- How does the Plan benefit?
  - Zero out liability
  - Stops paying PBGC premiums/administrative costs for very small benefits
  - Reduces administrative burden of tracking down these participants later
- How does the Participant benefit?
  - Participant gets to decide how to invest money
  - Ensures they don't forget about pension

Small Amount Lump Sums

Current Age	50	
Benefit Payable at Age	65	
Monthly benefit	$75	
Annual Admin Expenses	$150	per participant
Admin Exp Inflation	2.50%	



- Funding and lump sum discount rates effectively based on the hurdle rate of 5.5% under variable design.
- The mortality assumption for lump sum calculation slightly different from funding since required to use a unisex assumption.

Small Amount Lump Sums

- The table below provides information by lump sum value for the 737 terminated vested participants.

Lump Sum Amount	# of Term. Vested	Avg. Monthly Benefit	Average Lump Sum Amount
Under $5,000	679	$20	$1,524
$5,000-$7,000	28	$46	$6,023
Over $7,000	30	$81	$10,492

- The number of participants with lump sums under $5,000 is higher than expected since prior FELRA service counts towards vesting resulting in smaller than usual vested benefits.

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