Actuarial Valuation Report
for the
UNITE Hotel and Restaurant
Employees Local 25 and
Hotel Association of Washington, DC
Pension Plan
as of January 1, 2012

Produced by Cheiron

December 2012

CHEIRON Classic Values, Innovative Advice

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December 10, 2012

Trustees of the
UNITE Hotel and Restaurant Employees Local 25 and
Hotel Association of Washington, DC Pension Plan
c/o Anne-Marie Sims
Associated Administrators
911 Ridgebrook Road
Sparks, Maryland 21152

Dear Trustees:

At your request, we have performed the January 1, 2012 actuarial valuation of the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan. This report contains information on the Plan's assets and liabilities and also discloses contribution levels, including the minimum required amount as mandated by Federal law. The purpose of this report is to present the annual actuarial valuation of the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan. This report is for the use of the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other use of this report is not an intended user and is considered a third party.

Your attention is called to the introductory 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 2012 plan year and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

The purpose of this report is to present the annual actuarial valuation of the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan. This report is for the use of the board and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. 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.

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Trustees of the UNITE Hotel and Restaurant Employees
Local 25 and Hotel Association of Washington, DC
Pension Plan
December 10, 2012

This actuarial report was prepared exclusively for the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan for the purpose described herein. This valuation report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Please let us know if you have any questions.

Sincerely,
Cheiron

Fiona E. Liston, FSA, EA, MAAA
Principal Consulting Actuary

Kevin J. Woodrich, FSA, EA, MAAA
Consulting Actuary

FOREWORD

Cheiron has performed the actuarial valuation of the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan as of January 1, 2012. The purpose of this report is to:

1) **measure and disclose**, as of the valuation date, the financial condition of the Plan;
2) **provide specific information** and documentation required by the Federal Government and the auditors of the Plan;
3) **determine** whether negotiated contributions support the current level of benefits and whether they fall within the acceptable range of contributions under the Plan for the 2011 plan year; and
4) **compare** assets with the value of vested benefits to determine allocable plan withdrawal liability, if any.

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

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

Section II contains exhibits relating to the valuation of assets.

Section III shows the various measures of liabilities.

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

Section V shows the development of the Plan's unfunded vested benefits for withdrawal liability purposes and also contains a demonstration that the Plan is not in reorganization.

Section VI provides information required by the Plan's auditor.

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

In preparing our report, we relied without audit, on information (some oral and some written) supplied by Associated Administrators, LLC and Novak Francella, LLC. 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 #23 *Data Quality.*

The actuarial assumptions reflect our understanding of the likely future experience of the Plan and the assumptions analyzed individually represent our best estimate for the future experience. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results.

Finally, in preparing this report, we have conformed to generally accepted actuarial principles and practices which are consistent with the Code of Professional Conduct, and applicable Actuarial Standards set out by the Actuarial Standards Board.

SECTION I
SUMMARY

Table I-1 sets out the principal results of this year's valuation and compares them to last year's results.

Table I-1
Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, DC Pension Plan
Summary of Principal Results

	1/1/2011	1/1/2012	Change
Participant Counts			
Actives	5,059	4,999	-1.2%
Terminated Vesteds	1,871	1,864	-0.4%
In Pay Status	1,673	1,748	4.5%
Total	8,603	8,611	0.1%
Financial Information			
(1) Market Value of Assets	$ 97,840,044	$ 105,665,547	8.0%
(2) Actuarial Value of Assets	102,810,954	112,149,767	9.1%
(3) Actuarial Accrued Liability	$ 130,739,599	$ 141,000,017	7.8%
(4) Unfunded Actuarial Liability / (Surplus) [(2) - (3)]	27,928,645	28,850,250	3.3%
(5) Funded Ratio [(2) ÷ (3)]	78.6%	79.5%	
(6) Present Value of Accrued Benefits	$ 130,739,599	$ 141,000,017	7.8%
(7) Accrued Benefit Unfunded (Surplus) [(1) - (6)]	32,899,555	35,334,470	7.4%
(8) Accrued Benefit Funding Ratio [(1) ÷ (6)]	74.8%	74.9%	N/A
(9) Present Value of Vested Benefits for Withdrawal Liability Purposes	$ 127,774,439	$ 137,197,928	7.4%
(10) Vested Benefit Unfunded (Surplus) [(1) - (9)]	29,934,395	31,532,381	5.3%
(11) Vested Benefit Funding Ratio [(1) ÷ (9)]	76.6%	77.0%	N/A
Contributions and Cash Flows			
ERISA Credit Balance (Beginning of Year)	$ 28,964,885	$ 35,930,066	24.0%
Employer Contributions*	14,620,111	*13,344,400*	-8.7%
Minimum to Preserve Credit Balance	9,940,949	10,544,838	6.1%

* 2012 contributions are estimated and assumed to be made uniformly throughout the year.

SECTION I
SUMMARY

General Comments

The following are general observations, trends, and future implications for the health of the Plan based on the January 1, 2012 valuation results and projected future outlook.

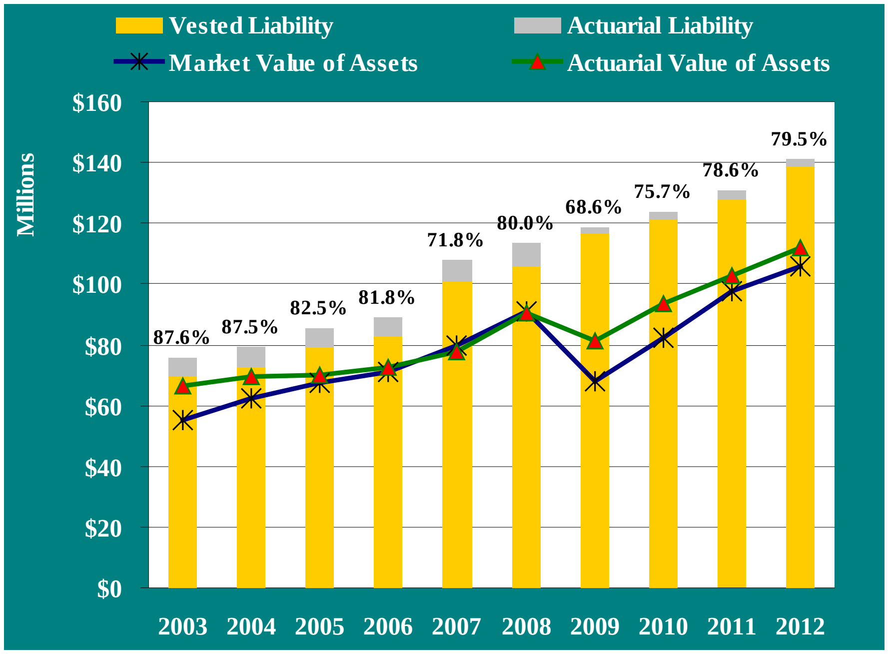
- The market value of assets returned 1.0% compared to the assumed 7.5% return (a difference of 6.5%). In dollars, the total investment loss (difference between actual and expected returns on a market value basis) was $6.7 million as of December 31, 2011.
- For minimum funding purposes, we do not use the market value of assets, but a smoothed value of assets. The smoothing method adopted by the Plan phases in investment gains and losses over five years, which means the $6.7 million loss described above would be phased in at a rate of $1.3 million per year over the next five years. The smoothed value of assets is $112.1 million (106% of market value).
- The actuarial rate of return was 2.4%, resulting in a recognized investment loss of $5.5 million on an actuarial value basis.
- The Plan experienced a liability gain of $0.5 million (0.3% of actuarial liability) during 2011. This was primarily attributable to a $0.7 million gain due to actual experience for actives differing from what was assumed and a $0.2 million gain due to actual benefit payments being less than expected. These gains were partially offset by a $0.3 million loss for actual experience for inactive participants differing from what was expected and a $0.1 million loss for 427 new entrants entering the Plan.
- An experience study was recently performed to test the ongoing reasonableness of the underlying actuarial assumptions. As a result of that study, several demographic assumptions, including mortality, disability, retirement and termination rates, were modified. In addition, an assumption was incorporated regarding the probability that terminated vested participants attaining the age of 75 will ever apply for and receive their benefit from the Plan. These changes increased the actuarial liability by $4.6 million. Please refer to Appendix C for specific details regarding these assumptions.
- The Plan's funding ratio (actuarial value of assets as a percentage of actuarial liability) increased from 78.6% as of January 1, 2011 to 79.5% as of January 1, 2012. Based on market value of assets, the funding ratio increased slightly from 74.8% to 74.9%.
- On March 23, 2012, the Fund's fifth actuarial certification under the Pension Protection Act was filed. The Fund was certified to not be in Endangered, Seriously Endangered, or Critical status based on financial information provided as of January 1, 2012 and using the liabilities disclosed in the January 1, 2011 actuarial valuation projected forward to January 1, 2012.

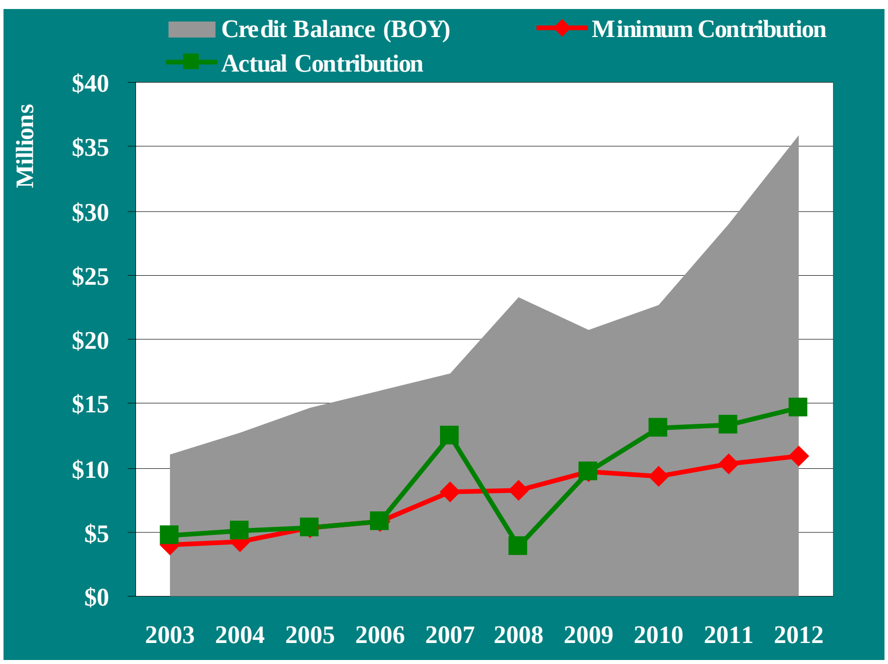
The remainder of this section reviews the status of key plan measures over the last ten years.

SECTION I
SUMMARY

Historical Summary

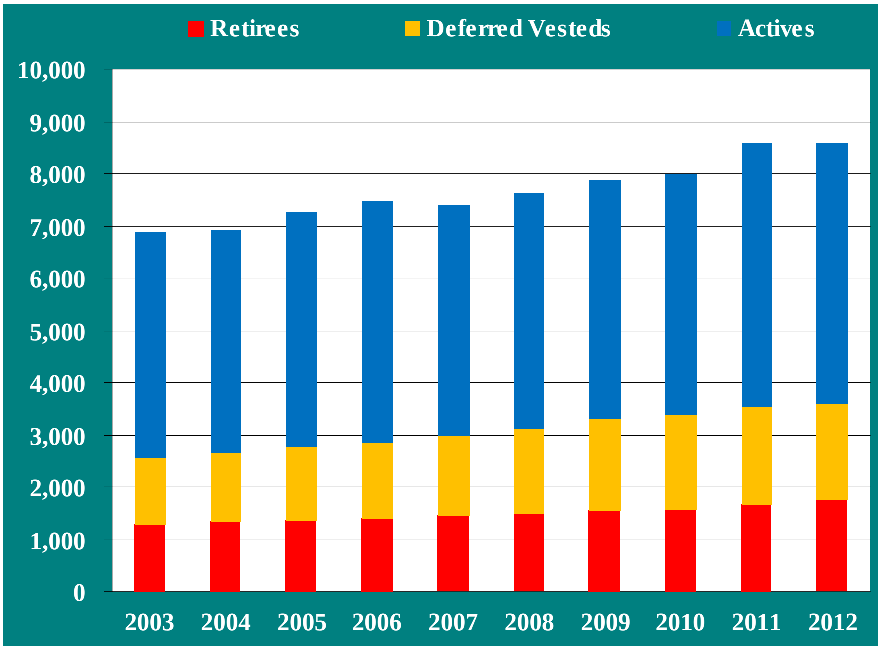
The Plan's funding ratio (actuarial assets as a percent of actuarial accrued liabilities) has increased from 78.6% as of January 1, 2011 to its current level of 79.5%.





The chart on the left shows the contributions paid to the Plan (green line) and the minimum contribution (red line) that would be required under ERISA to maintain the credit balance (gray area). Since 2002 the actual contributions have slightly exceeded the minimum, resulting in a growing credit balance. Note that the contribution of $4.9 million that was made in 2008 but applied to the 2007 plan year results in the upward and downward spikes in those two years. Absent this, the overall trend was similar to prior years.

SECTION I
SUMMARY



The chart to the left shows the participants of the Plan in successive valuations. As with many plans, the number of retirees and terminated vested members has been growing over the last ten years while the number of covered actives has remained about the same.

SECTION II
ASSETS

Assets at Market Value

Market values represent "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next.

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

	2010	2011
Invested Assets		
Corporate Stocks	$ 1,840,273	$ 1,805,435
Collective Trusts	50,875,637	53,091,655
Mutual Funds	40,546,956	44,513,786
Money Market Funds	2,716,993	4,328,955
Total Investments:	$ 95,979,859	$ 103,739,831
Other Assets		
Cash or Cash Equivalents	$ 573,631	$ 644,447
Accrued Interest and Dividends Receivable*	164,992	39,572
Contributions Receivable	1,142,579	1,255,898
Employer Withdrawal Liability	1,245,075	0
Prepaid Expenses	20,213	19,278
Other Receivables	0	20,000
Accounts Payable	(41,230)	(53,479)
Total Non-Invested Assets:	$ 3,105,260	$ 1,925,716
Market Value of Assets for Statement	**$ 99,085,119**	**$ 105,665,547**
Expected Withdrawal Liability	1,245,075	0
Market Value of Assets for Funding	**$ 97,840,044**	**$ 105,665,547**

* For the Plan year ending December 31, 2010, includes amount due from UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund.

SECTION II
ASSETS

Changes in Market Value

The components of asset change are:
- Contributions
- Benefit payments
- Expenses
- Investment income (realized and unrealized)

The specific changes during 2011 are presented in Table II-2 below:

Table II-2
Changes in Market Values

Value of Assets - January 1, 2011*	$	97,840,044
Employer Contributions	$	14,620,111
Investment Return (Gross)		1,206,203
Benefit Payments		(7,192,891)
Administrative Expenses		(638,802)
Investment Expenses		(169,118)
Value of Assets January 1, 2012	$	105,665,547

* Exclude withdrawal liability payments receivable.

SECTION II
ASSETS

Assets at Actuarial Value

The actuarial value of assets is calculated by excluding a portion of the prior four years of investment experience, using a sliding scale. The expected return on market assets is determined using the Plan's actual cash flows and the actuarial rate of interest. The actuarial value of assets is constrained so that it cannot exceed 120% of the market value and cannot be less than 80% of the market value.

The tables below show the development of the actuarial asset value.

Table II-3
Market Value Gain/(Loss)

Value of Assets - January 1, 2011	$ 97,840,044
Employer Contributions	14,620,111
Benefit Payments	(7,192,891)
Expected Administrative Expenses	(450,000)
Expected Return at 7.50%	7,514,219
Expected Value at January 1, 2012	$ 112,331,483
Actual Value at January 1, 2012	105,665,547
Investment Gain/(Loss)	$ (6,665,936)

Table II-4
Develop Excluded Gain/(Loss)

	Total Gain/(Loss)	Excluded Portion
Exclude 80% of 2011 Gain/(Loss)	$ (6,665,936)	$ (5,332,749)
Exclude 60% of 2010 Gain/(Loss)	3,170,791	1,902,475
Exclude 40% of 2009 Gain/(Loss)	5,915,481	2,366,192
Exclude 20% of 2008 Gain/(Loss)	(27,100,691)	(5,420,138)
Total Excluded Gain/(Loss) for AVA Calculation		$ (6,484,220)

SECTION II
ASSETS

Table II-5
Actuarial Value of Assets

a) Market Value of Assets at January 1, 2012	$	105,665,547
b) Total Gain/(Loss) excluded		(6,484,220)
c) Preliminary Actuarial value of assets January 1, 2012 [(a) - (b)]	$	112,149,767
d) 120% of MV, upper limit for actuarial value		126,798,656
e) 80% of MV, lower limit for actuarial value		84,532,438
f) Actuarial value of assets January 1, 2012	$	112,149,767

SECTION II
ASSETS

Actuarial Losses from Investment Performance

Table II-6 calculates the investment related gain/loss for the plan year on both a market value and actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance of 1.0% to the long-term 7.5% assumption. The gain/loss on the actuarial value basis is one component of the Plan's experience gain/loss to be recognized in minimum funding and incorporates a significant level of smoothing. The return on this basis was 2.4% which is less than the 7.5% assumption and therefore gives way to an investment loss for funding purposes.

Table II-6

Item	Market Value	Actuarial Value
January 1, 2011 Adjusted Values	$ 97,840,044	$ 102,810,954
Employer Contributions	14,620,111	14,620,111
Benefit Payments	(7,192,891)	(7,192,891)
Expected Administrative Expenses	(450,000)	(450,000)
Expected Investment Earnings (7.50%)	7,514,219	7,887,037
Expected Value December 31, 2011	$ 112,331,483	$ 117,675,211
Investment Gain/(Loss)	(6,665,936)	(5,525,444)
January 1, 2012 Value	$ 105,665,547	$ 112,149,767

SECTION III
LIABILITIES

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

- **disclosure** of plan liabilities at January 1, 2011, and January 1, 2012; and
- Statement of **changes** in these liabilities during the year.

Liabilities for withdrawal liability purposes are addressed in Section V.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them.

- **Total Future Obligations:** Used for analyzing the financial outlook of the Plan, this represents the amount of money needed today, to fully pay off all future benefits and expenses of the Plan, assuming participants continue to accrue benefits.

- **Actuarial Liabilities:** Used for ensuring minimum funding standards are met, this liability is determined using an actuarial funding method to apportion the total obligations between past and future. For this Fund that method is **Unit Credit**. The actuarial liability under the Unit Credit method represents the total amount of money needed to fully pay off all future obligations of the Fund, assuming no further accrual of benefits.

- **Accrued Liabilities:** Used for communicating the current level of liabilities, this liability represents the total amount of money needed to fully pay off all future obligations of the Plan, assuming no further accrual of benefits. These liabilities are also required for accounting purposes (FASB ASC Topic No. 960) and are used to establish comparative benchmarks with other plans in financial reports.

- **Vested Liabilities:** Used for administrative purposes in determining employer withdrawal liability, this liability represents that portion of the accrued liabilities which are vested.

- **Current Liabilities:** Used for Federal Government compliance purposes, the calculation of this liability is defined by federal regulations and is used by the government to monitor maximum allowable tax deductible contributions.

Table III-1 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 Plan assets yields, for each respective type, a **net surplus** or an **unfunded liability**.

SECTION III
LIABILITIES

Table III-1
Liabilities/Net Surplus (Unfunded)

	1/1/2011	1/1/2012
TOTAL FUND STATUS		
Active Participants	$ 91,971,254	$ 88,066,396
Reitree and Inactive Benefits	70,479,986	78,575,838
Total Obligations	**$ 162,451,240**	**$ 166,642,234**
Market Value of Assets	97,840,044	105,665,547
Net Surplus (Unfunded)	**$ (64,611,196)**	**$ (60,976,687)**
ACTUARIAL LIABILITY		
Actuarial Liability	**$ 130,739,599**	**$ 141,000,017**
Actuarial Value of Assets	102,810,954	112,149,767
Net Surplus (Unfunded)	**$ (27,928,645)**	**$ (28,850,250)**
Funded Ratio	**78.6%**	**79.5%**
ACCRUED LIABILITY		
Accrued Liability	**$ 130,739,599**	**$ 141,000,017**
Market Value of Assets	97,840,044	105,665,547
Net Surplus (Unfunded)	**$ (32,899,555)**	**$ (35,334,470)**
Funded Ratio	**74.8%**	**74.9%**
WITHDRAWAL LIABILITY		
Vested Liability for Withdrawal Liability	**$ 127,774,439**	**$ 137,197,928**
Market Value of Assets	97,840,044	105,665,547
Net Surplus (Unfunded)	**$ (29,934,395)**	**$ (31,532,381)**
Funded Ratio	**76.6%**	**77.0%**
CURRENT LIABILITY (RPA 1994)	**$ 203,225,877**	**$ 216,751,329**
Actuarial Value of Assets	102,810,954	112,149,767
Net Surplus (Unfunded)	**$ (100,414,923)**	**$ (104,601,562)**
Funded Ratio	**50.6%**	**51.7%**

SECTION III
LIABILITIES

Allocation of Liabilities by Type

The Plan's participants may qualify for a benefit on death, termination, and disability as well as on retirement. The value of the liabilities arising from each of these sources is shown in Table III-2:

Table III-2

Benefit Type	Retirement	Termination	Death	Disability	Total
Normal Cost	$ 2,354,149	$ 825,102	$ 48,562	$ 111,192	$ 3,339,005
Actuarial Liability					
Actives	$ 49,240,012	$ 10,147,017	$ 904,518	$ 2,132,632	$ 62,424,179
Terminated Vesteds	0	22,337,514	0	0	22,337,514
Retirees and Beneficiaries	53,006,060	0	0	3,232,264	56,238,324
Total	$ 102,246,072	$ 32,484,531	$ 904,518	$ 5,364,896	$ 141,000,017
Current Liability Normal Cost	$ 4,169,178	$ 1,933,649	$ 53,064	$ 229,932	$ 6,385,823
Current Liability					
Actives	$ 81,554,983	$ 21,686,939	$ 895,378	$ 4,087,487	$ 108,224,787
Terminated Vesteds	0	36,590,923	0	0	36,590,923
Retirees and Beneficiaries	66,934,730	0	0	5,000,889	71,935,619
Total	$ 148,489,713	$ 58,277,862	$ 895,378	$ 9,088,376	$ 216,751,329
Vested Current Liability					
Actives	$ 23,837,641	$ 75,651,708	$ 851,801	$ 3,681,102	$ 104,022,252
Terminated Vesteds	0	36,590,923	0	0	36,590,923
Retirees and Beneficiaries	66,934,730	0	0	5,000,889	71,935,619
Total	$ 90,772,371	$ 112,242,631	$ 851,801	$ 8,681,991	$ 212,548,794

SECTION III
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 Plan 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 accrued liabilities
- Benefits paid to retirees
- Participants leaving employment at rates different from expected
- Changes in actuarial assumptions
- Changes in actuarial methods
- Corrections to participant data records

The overall valuation results also change because employer contributions differ from those expected and investment returns are not in line with the actuarial assumptions.

Table III-3

	Total Obligations	Actuarial (UC)	Accrued (PVAB)
Liabilities 1/1/2011	$ 162,451,240	$ 130,739,599	$ 130,739,599
Liabilities 1/1/2012	166,642,234	141,000,017	141,000,017
Liability Increase (Decrease)	4,190,994	10,260,418	10,260,418
Change due to:			
Plan Amendment	NC	$ 0	$ 0
Assumption Change	NC	4,617,778	4,617,778
Accrual of Benefits (with Expenses)	NC	3,941,595	3,941,595
Benefit Payments & Expenses	NC	(7,642,891)	(7,642,891)
Increase for Interest	NC	9,797,606	9,797,606
Other Sources	4,190,994	0	0
Actuarial (Gain)/Loss	NC	(453,670)	(453,670)

NC = Not Calculated

SECTION IV
CONTRIBUTIONS

In this section, we present detailed information on Plan contributions from two perspectives:

- **Actuarially determined** contributions, based on the Unit Credit funding method; and
- **Government limitations** which could affect the above.

Actuarial Contributions

For this Plan, the funding scheme employed is the **Unit Credit Cost Method**. The cost is determined in two parts.

The first part is the Unit Credit Normal Cost. This is the value of the benefits and expenses expected to be accrued over the coming year.

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 Plan at the valuation date and the assets the Plan should hold as determined by the actuarial cost method. The actual cost is determined by the amortization schedule established by the IRS minimum funding rules.

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 must be paid, the maximum that can be deducted and the timing of contributions.

To ensure that minimum contributions are met, pension plans are required to retain an Enrolled Actuary to complete Schedule MB to Form 5500 on an annual basis. Because the bargained contributions have exceeded the minimum required contribution in years past, the Plan has built up a Credit Balance. The Credit Balance can be used to make up the difference between the minimum required contribution and the bargained contribution.

The actuarially determined contribution for 2012 is shown in Table IV-1 compared to the Government limits and the expected contributions. The table shows an estimated contribution for 2012 based on an hourly rate of $1.50.

SECTION IV
CONTRIBUTIONS

Table IV-1
Contribution for 2012

Minimum to Preserve Credit Balance		
Normal Cost	$	3,339,005
Expenses		500,851
Amortization Payment		6,330,489
Interest to Mid-year		374,493
Total	$	10,544,838
Government Limits		
Maximum Deductible Contribution	$	203,108,636
Minimum Contribution (before Credit Balance)		10,544,838
Credit Balance		35,930,066
Minimum Contribution (after Credit Balance)		0
Estimated Employer Contributions	$	13,344,400
Count of Active Participants		4,999

The tables on the following pages show the IRS Funding Standard Account as well as development of the minimum and maximum contributions for 2012 and other supporting information.

SECTION IV
CONTRIBUTIONS

Table IV-2
FUNDING STANDARD ACCOUNT FOR 2011 AND 2012 PLAN YEARS

	2011	2012
1. Charges For Plan Year		
a. Normal Cost plus Expenses	$ 3,941,595	$ 3,839,856
b. Amortization Charges	9,270,393	9,485,057
c. Interest on a. and b. to Year End	990,899	999,368
d. Additional Funding Charge	N/A	N/A
e. Interest Charge due to Late Quarterly Contributions	N/A	N/A
f. Total Charges	$ 14,202,887	$ 14,324,281
2. Credits For Plan Year		
a. Prior Year Credit Balance	$ 28,964,885	$ 35,930,066
b. Employer Contributions (actual 2011, projected 2012)	14,620,111	13,344,400
c. Amortization Credits	3,624,085	3,154,568
d. Interest on a., b., and c. to Year End	2,923,872	3,422,716
e. Full Funding Limit Credit	0	0
f. Total Credits	$ 50,132,953	$ 55,851,750
3. Credit Balance at End of Year [2. – 1.]	$ 35,930,066	$ 41,527,469

SECTION IV
CONTRIBUTIONS

Table IV-3
CALCULATION OF THE MAXIMUM DEDUCTIBLE CONTRIBUTION FOR THE PLAN YEAR STARTING JANUARY 1, 2012

1. "Fresh Start" Method		
a. Normal Cost plus Expenses	$	3,839,856
b. Net Charge to Amortize Unfunded Actuarial Liability over 10 years		3,909,838
c. Interest on a. and b.		581,227
d. Total	$	8,330,921
e. Minimum Required Contribution as of Year End		0
f. Greater of d. and e.	$	8,330,921
g. Full Funding Limitation as of Year End		90,903,108
h. Maximum Deductible Contribution, lesser of f. and g.	$	8,330,921
2. 140% of Current Liability Calculation		
a. RPA 1994 Current Liability at Start of Year	$	216,751,329
b. Present Value of Benefits Estimated to Accrue during Year		6,886,674
c. Expected Benefit Payments		8,637,685
d. Net Interest on a., b. and c. at Current Liability Interest Rate		9,410,738
e. Expected Current Liability at End of Year, [a. + b. – c. + d.] x 140%		224,411,056
f. 140% of e.		314,175,478
g. Actuarial Value of Assets		112,149,767
h. Expected Expenses		500,851
i. Net Interest on c., g. and h. at Valuation Interest Rate		8,055,611
j. Estimated Value of Assets, [g. – c. – h. + i.]		111,066,842
k. Unfunded Current Liability at Year End, [f. - j.]	$	203,108,636
3. Maximum Deductible Contribution at Year End, greater of 1. and 2.	$	203,108,636

SECTION IV
CONTRIBUTIONS

Table IV-4
DEVELOPMENT OF ACTUARIAL GAIN/(LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2011

1. Unfunded Actuarial Liability at Start of Year	$	27,928,645
2. Normal Cost plus Expenses at Start of Year		3,941,595
3. Interest on 1. and 2. to End of Year		2,390,268
4. Employer Contributions for Year		14,620,111
5. Interest on 4. to End of Year		479,699
6. Increase in Unfunded Actuarial Liability Due to Changes in Assumptions		4,617,778
7. Increase in Unfunded Actuarial Liability Due to Changes in Plan Design		0
8. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7.]	$	23,778,476
9. Actual Unfunded Actuarial Liability at End of Year, not less than zero	$	28,850,250
10. Actuarial Gain / (Loss) [8. – 9.]	$	(5,071,774)
11. Amortization Factor for Actuarial Gain / (Loss)		9.4892
12. Amortization Credit / (Charge) for Actuarial Gain / (Loss)	$	(534,481)

SECTION IV
CONTRIBUTIONS

Table IV-5
SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION AS OF JANUARY 1, 2012

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2012 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CHARGES						
1. Initial Unfunded	1/1/1976	$ 8,654,292	40	$ 2,252,688	4	$ 625,655
2. Benefit Increase	1/1/1979	190,477	40	79,171	7	13,905
3. Hours Reduction	1/1/1984	76,967	30	11,604	2	6,012
4. Benefit Increases & REA Amendments	1/1/1986	5,413,223	30	1,525,788	4	423,768
5. Benefit Increase	1/1/1988	3,319,569	30	1,314,142	6	260,438
6. Benefit Increase	1/1/1990	1,753,060	30	867,777	8	137,817
7. Benefit Increase	1/1/1991	3,136,715	30	1,692,595	9	246,831
8. Benefit Increase	1/1/1992	4,090,440	30	2,377,327	10	322,180
9. Benefit Increase	1/1/1995	1,898,679	30	1,306,345	13	149,548
10. Benefit Increase	1/1/1996	5,891,493	30	4,234,732	14	464,037
11. Method Change	1/1/1998	1,000,489	30	774,406	16	78,803
12. Plan Amendment	1/1/1999	60,042	30	47,964	17	4,729
13. Assumption Change	1/1/2000	480,026	30	394,498	18	37,809
14. Plan Amendment	1/1/2000	7,522,673	30	6,182,283	18	592,516
15. Assumption Change	1/1/2001	3,607,767	30	3,042,236	19	284,162
16. Actuarial Loss	1/1/2003	2,589,622	15	1,377,040	6	272,904
17. Actuarial Loss	1/1/2004	1,921,401	15	1,152,911	7	202,484
18. Actuarial Loss	1/1/2005	6,764,692	15	4,488,760	8	712,887
19. Actuarial Loss	1/1/2006	2,935,903	15	2,121,617	9	309,396
20. Plan Amendment	1/1/2007	14,443,486	30	13,632,133	25	1,137,626
21. Actuarial Loss	1/1/2007	1,692,685	15	1,316,254	10	178,381
22. Actuarial Loss	1/1/2009	13,230,399	15	11,593,908	12	1,394,265
23. Actuarial Loss	1/1/2011	5,767,374	15	5,546,557	14	607,786
24. Assumption Change	1/1/2012	4,617,778	15	4,617,778	15	486,637
25. Actuarial Loss	1/1/2012	5,071,774	15	5,071,774	15	534,481
TOTAL CHARGES				$ 77,022,288		$ 9,485,057

SECTION IV
CONTRIBUTIONS

Table IV-6
SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION
AS OF JANUARY 1, 2012

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2012 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
Credits							
1.	"Other" Base	1/1/1981	$ 556,299	35	$ 150,276	4	$ 41,737
2.	Funding Method Change	1/1/1984	9,320,546	30	1,405,077	2	727,931
3.	Assumption Change	1/1/1992	2,129,460	30	1,237,615	10	167,724
4.	Funding Method Change	1/1/1998	392,131	30	303,516	16	30,886
5.	Actuarial Gain	1/1/1999	5,369,697	15	1,092,275	2	565,877
6.	Actuarial Gain	1/1/2000	5,712,084	15	1,682,817	3	601,959
7.	Actuarial Gain	1/1/2001	4,050,509	15	1,536,908	4	426,857
8.	Actuarial Gain	1/1/2002	768,327	15	352,161	5	80,969
9.	Mortality Change	1/1/2003	521,650	30	459,952	21	41,087
10.	Actuarial Gain	1/1/2008	873,553	15	723,952	11	92,058
11.	Actuarial Gain	1/1/2010	3,581,997	15	3,297,423	13	377,483
	TOTAL CREDITS				$ 12,241,972		$ 3,154,568
	NET CHARGE				$ 64,780,316		$ 6,330,489
	Less Credit Balance				35,930,066		
	Expected Unfunded Actuarial Liability				$ 28,850,250		
	Actuarial Accrued Liability				$ 141,000,017		
	Actuarial Value of Assets				112,149,767		
	Unfunded Actuarial Liability				$ 28,850,250		

SECTION IV
CONTRIBUTIONS

Table IV-7
DEVELOPMENT OF FULL FUNDING LIMITATION FOR THE YEAR STARTING JANUARY 1, 2012

	Minimum	Maximum
1. Entry Age Actuarial Liability Calculation		
a. Actuarial Liability	$ 141,000,017	$ 141,000,017
b. Normal Cost plus Expenses	3,839,856	3,839,856
c. Lesser of Market Value and Actuarial Value of Assets	105,665,547	105,665,547
d. Credit Balance at Start of Year	35,930,066	N/A
e. Actuarial Liability Full Funding Limit [a. + b. - c. + d.] x 1.075	$ 80,737,221	$ 42,112,400
2. Full Funding Limit Override (RPA '94)		
a. RPA 1994 Current Liability at Start of Year	$ 216,751,329	$ 216,751,329
b. Present Value of Benefits Estimated to Accrue during Year	6,886,674	6,886,674
c. Expected Benefit Payments	8,637,685	8,637,685
d. Net Interest on a., b. and c. at Current Liability Interest Rate	9,410,738	9,410,738
e. Expected Current Liability at End of Year, [a. + b. – c. + d.]	224,411,056	224,411,056
f. 90% of e.	201,969,950	201,969,950
g. Actuarial Value of Assets at Start of Year	112,149,767	112,149,767
h. Expected Expenses	500,851	500,851
i. Net Interest on c., g. and h. at Valuation Interest Rate	8,055,611	8,055,611
j. Estimated Value of Assets, [g. + - c. - h. + i.]	111,066,842	111,066,842
k. RPA 1994 Full Funding Limit Override	$ 90,903,108	$ 90,903,108
3. Full Funding Limitation at End of Year, greater of 1. and 2.	$ 90,903,108	$ 90,903,108

SECTION V
REORGANIZATION STATUS

Table V-1
DEMONSTRATION THAT THE FUND IS NOT IN REORGANIZATION FOR THE YEAR STARTING JANUARY 1, 2012

The Reorganization Test specified by ERISA and its Regulations states that unless the Fund elects otherwise the test is based on the valuation for the plan year ending at least 6 months before the Relevant Effective Date. The Relevant Effective Date is the date of the relevant bargaining agreement, provided that the bargaining agreement is not more than 36 months old. If there is no relevant bargaining agreement the test is based on the valuation for the plan year ending at least 12 months before the current plan year.

However, the Trustees can opt to use a more recent valuation. This makes the test somewhat simpler to perform because it avoids the need to adjust old valuation results. If the Fund passes the test (i.e. is NOT in Reorganization) using the current valuation then the Trustees can ensure the Fund passes the Reorganization Test by electing to use the current valuation.

Vested Benefits Charge for 2012 based on 1/1/2012 Valuation:

Present Value of Vested Benefits for Retirees	$	78,575,838
Actuarial Value of Assets		112,149,767
Retiree UVB	$	0
10 year Amortization Factor		7.3789
Charge for Retirees	$	0
PVVB for Non-Retirees	$	59,954,348
Residual Assets		33,573,929
Non-retiree UVB	$	26,380,419
25 year Amortization Factor		11.9830
Charge for Non-Retirees	$	2,201,487
Vested Benefits Charge	**$**	**2,201,487**
Net Charges to Funding Standard Account	**$**	**10,170,345**
Reorganization Index	**$**	**0**

The fund is not in Reorganization because the Reorganization Index is zero.

SECTION VI
UNFUNDED VESTED BENEFITS (UVB) FOR WITHDRAWAL LIABLITY PURPOSES

The amount of withdrawal liability is based on the Plan's unfunded value of vested benefits at the time of withdrawal. The unfunded vested liability is equal to the value of vested benefits less the market value of assets. Vested benefits are those that the participant is entitled to if they were to terminate coverage under the Plan as of the measurement date.

The unfunded vested benefits are determined using the actuarial methods and assumptions shown in Appendix C. This amount is reduced by any outstanding claims for withdrawal liability payments expected to be collected from employers who have previously withdrawn. For this valuation, the auditor reported that there is no future withdrawal liability payments anticipated to be collected from previously withdrawn employers.

The method used to allocate UVB is referred to as the Rolling Five Method.

Table VI-1 summarizes the calculation of the unfunded vested benefits. It also provides a history of employer contributions for the previous five years which are used in allocating the net unfunded vested benefits to an employer. These contribution amounts reflect the contributions actually made during the calendar years and do not include the adjustments applied for development of credit balance in 2007. The amounts shown have been reduced by any contributions made by employers who previously withdrew.

Table VI-1
Items Required to Calculate an Employer's Withdrawal Liability

a. Present Value of Vested Benefits at January 1, 2012	$ 137,197,928
b. Market Value of Assets	105,665,547
c. Unfunded Vested Benefits [a - b]	$ 31,532,381
d. Due from Withdrawn Employers*	0
e. Net Unfunded Vested Benefits to Allocate [c - d]	$ 31,532,381
f. Total Employer Contributions for previous five Plan Years**	
Calendar Year 2011	$ 13,344,354
Calendar Year 2010	13,050,270
Calendar Year 2009	9,826,670
Calendar Year 2008	8,554,200
Calendar Year 2007	7,274,584

* Future withdrawal liability payments are expected to be collected to be determined by Trustees.
** Excludes any borrowing. Excludes contributions for employers who withdrew prior to 2012.

SECTION VII
FASB ASC TOPIC NO. 960 DISCLOSURES

Table VII-1
PRESENT VALUE OF ACCUMULATED BENEFITS AS OF JANUARY 1, 2012 IN ACCORDANCE WITH FASB ASC TOPIC NO. 960

		Amounts	Vested Counts
1. Actuarial Present Value of Benefits			
For Retirees and Beneficiaries	$	56,238,324	1,748
Terminated Vesteds		22,337,514	1,864
Active Participants		59,954,348	3,132
Vested Benefits	$	138,530,186	6,744
2. Non-vested Benefits	$	2,469,831	1,867
3. Accumulated Benefits	$	141,000,017	8,611
4. Market Value of Assets	$	105,665,547	
5. Funded Ratios			
Vested Benefits		76%	
Accumulated Benefits		75%	

Table VII-2
RECONCILIATION OF PRESENT VALUE OF ACCUMULATED BENEFITS

1. Actuarial Present Value at Start of Prior Year	$	130,739,599
2. Increase (decrease) over Prior Year due to:		
Benefit Accruals (with Expenses)		3,941,595
Benefit Payments and Expenses		(7,642,891)
Increase for Interest		9,797,606
Experience (Gains)/Losses		(453,670)
Changes in assumptions		4,617,778
Plan Amendments		0
3. Actuarial Present Value at End of Prior Year	$	141,000,017

APPENDIX A
MEMBERSHIP INFORMATION

The data for this valuation was provided electronically by Associated Administrators, LLC (AA). Cheiron did not perform a formal audit on this data. However, we did perform checks of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23 *Data Quality*. The data was collected as of January 1, 2012. Below is a list of assumptions Cheiron made in using the data this year.

Date of Birth for Active Employees

There were 124 active participants with missing dates of birth. For these participants, we have imputed a date of birth based on the missing participant's years of credited benefit service and an average hire age of 35.

There were 2 active participants where the reported date of birth produced an attained age less than 16. We have changed their date of birth based on the assumption that they entered the plan at the age of 20.

Gender for Active Employees

There were 122 active participants with missing gender. For these participants, we have assumed they were male if the last digit of their social security number was 0-6, otherwise female.

Date of Hire for Active Employees

Rather than use the date of hire provided in the raw data (which sometimes reflects a re-hire date for those who change employers), we developed an "effective" date of hire for each active record based on their reported years of service.

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

- Age/Service Distribution for 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

AGE/SERVICE DISTRIBUTION OF ACTIVE PARTICIPANTS

	COMPLETED YEARS OF CREDITED SERVICE										
AGE	**Under 1**	**1-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Up**	**Total**
Under 25	26	89	4	0	0	0	0	0	0	0	119
25-29	31	210	43	2	0	0	0	0	0	0	286
30-34	19	230	115	22	0	0	0	0	0	0	386
35-39	26	219	130	54	21	1	0	0	0	0	451
40-44	14	216	174	109	61	24	0	0	0	0	598
45-49	89	277	179	120	106	86	27	0	0	0	884
50-54	16	190	153	102	108	151	85	32	1	0	838
55-59	10	122	103	93	99	113	113	64	19	1	737
60-64	3	75	65	58	67	79	70	58	35	9	519
65-69	3	31	29	14	14	10	14	23	9	3	150
70 & Up	0	14	6	2	1	2	1	1	1	3	31
Total	237	1,673	1,001	576	477	466	310	178	65	16	**4,999**

Average Age = 47.7 Average Service = 10.8

APPENDIX A
MEMBERSHIP INFORMATION

PENSIONERS AND BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2012

	Disability Retirements		Normal, Early Deferred Vested Retirements		Surviving Spouses and Beneficiaries Receiving Benefits		Total	
Age	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 55	9	$ 3,110	2	$ 2,211	10	$ 3,123	21	$ 8,444
55-59	21	7,431	1	130	4	586	26	8,147
60-64	36	12,677	82	22,340	11	2,166	129	37,183
65-69	15	4,950	396	153,231	17	2,616	428	160,797
70-74	0	0	427	154,276	25	3,298	452	157,574
75-79	0	0	293	91,772	21	2,724	314	94,496
80 & Over	0	0	354	100,899	24	3,676	378	104,575
Total	81	$ 28,168	1,555	$ 524,859	112	$ 18,189	**1,748**	**$ 571,216**

DEFERRED VESTED PARTICIPANTS AND SURVIVING SPOUSES ENTITLED TO FUTURE BENEFITS

Age	Number	Monthly Benefit Payable at Normal Retirement Date
Under 45	375	$ 55,746
45-49	310	54,972
50-54	385	76,646
55-59	367	77,247
60-64	263	54,734
65 & Over	164	24,495
Total	1,864	$ 343,840

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

1. **Eligibility**

   All employees covered by a collective bargaining agreement between an employer and the Union and engaged in employment requiring Pension Fund contributions.

2. **Normal Retirement Date**

   Beginning on January 1, 1976, the normal retirement date is the date when the participant is age 65 or older and has 5 or more years credited vesting service.

3. **Contributions**

   The entire plan cost is paid for by the participating employers. The current contribution rate for most employers, effective March 15, 2010, is $1.50 per hour worked by covered employees.

4. **Hour of Service**

   An hour of service is credited to a participant for an hour or its equivalent for which he is entitled to wages (within certain limits). Such hours of service are credited to the plan year in which they are earned (except when a period of not more than 31 days overlaps two plan years, the employer may uniformly credit the hours to one of the plan years).

5. **Credited Benefit Service**

   Credited benefit service is the sum of past credited service and future credited benefit service.

   - Past Credit Service
     A participant may receive past credited service if payments to the Pension Fund were made on his behalf for 500 or more hours from October 1, 1960 to December 31, 1961. The years of past credited service is found by subtracting from 1961 the earlier of the date the employee:
     - Joined the union, or
     - Began employment with a participating employer up to a maximum of 20 years.

   - Future Credit Benefit Service
     - A participant may receive future credited benefit service for employment after September 30, 1960.

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

Beginning in 1993, future credited benefit service is earned in each calendar year a participant works 400 or more hours as shown below:

Reported Hours Worked During Calendar Year	Years of Future Credited Benefit Service
1,000 or more	1
400 to 999	½
0 to 400	0

6. Credited Vesting Service

The sum of past credit service (see past credited benefit service above) and future credited vesting service. A participant may receive future credited vesting service for employment after September 30, 1960. For 1976 and thereafter, a year of future credited vesting service is earned in each calendar year in which a participant earns 750 or more hours of service.

7. Normal Retirement Benefit

Effective August 1, 2006, the monthly normal retirement benefit is $21.25 multiplied by the participant's credited benefit service.

8. Early Retirement

At the employee's option after he has both attained age 62 and has at least 5 years of credited vesting service, his accrued normal retirement pension is reduced by one-half of one percent for each month by which his retirement precedes his 65th birthday.

9. Disability Retirement

A participant who becomes totally and permanently disabled is eligible for a disability retirement benefit with payments beginning immediately, if he satisfies the following conditions:

- He has 5 years of future credited benefit service (if his disability was incurred on the property of any employer and is classified as occupational, then 5 years total credited benefit service).
- He was employed by an Association member in the two calendar quarters immediately preceding his disability.

10. Deferred Vested Pension Benefit

A participant who incurs a break in service may be eligible for a deferred vested benefit with benefits deferred to his normal retirement date when he has 5 or more years credited vesting service.

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

11. Pre–Retirement Death Benefit

A death benefit will be paid to the designated beneficiary of a participant who dies after age 62 with 5 years credited vesting service as follows:

- If the participant was not married for a period of one year or longer immediately preceding his death, the amount paid will be the greater of:
  - The sum of 36 monthly payments of the retirement benefit the employee would have received had he retired on the day preceding his death, or
  - $2,000.

- If the participant was married for one year or longer immediately preceding his death, his spouse will receive a monthly pension equal to the pension that the participant would have received if the participant had retired on the day preceding his death and elected the joint and 50% survivor option (see Pension Benefit Forms). In no event will the total death benefit paid be less than the amount paid as stated above.

- If the participant was not eligible for early or normal retirement (but was married for one year or longer) immediately preceding his death, his spouse will receive the monthly deferred vested benefit the participant would have received. The benefit is reduced for early retirement to the earliest retirement age and for a joint and 50% survivor option.

12. Normal Form of Pension

Pension benefits are payable for the participant's life (or until recovery if recovery occurs before age 65 in the case of disability retirement) and cease at death.

13. Changes to Plan Provisions Since Last Valuation

None.

APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Rates of Investment Return

Funding and disclosure purposes:
7.50% compounded annually
Current Liability under RPA 1994:
4.29% compounded annually
All investment returns are net of investment expenses.

2. Rates of Mortality

(a) Funding:
Healthy Lives - RP-2000 Combined Mortality with Blue Collar adjustments projected with Scale AA to 2022.
Disabled Lives - RP-2000 Disabled Mortality projected with Scale AA to 2022.

(b) RPA ’94 Current Liability:
The separate 2012 Static Mortality Tables for annuitants and non-annuitants as prescribed under IRS Notice 2008-85 and Regulation §1.431(c)(6)-1.

Margin for Future Mortality Improvement - Mortality experience for the period 2006-2010 was most closely approximated by the RP-2000 table projected with Scale AA to 2008 (the mid-point of the period), therefore, the projection to 2022 should provide for continued improvement.

3. Rates of Retirement

Rates of retirement are assumed to be in accordance with annual rates as shown below for illustrative ages.

Age	Rate of Retirement
62	.1500
63	.1000
64	.1500
65	.6500
66	.3500
67	.2000
68	.1750
69	.1500
70	1.0000

APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS

4. Rates of Turnover

Termination of employment for reasons other than death, disability or retirement are assumed to be in accordance with annual rates as shown on the following page for illustrative ages.

Years of Service	Withdrawal Rate
0	.3500
1	.2500
2	.1500
3	.1250
4	.1250
5-10	.1000
11-19	.0500
20+	.0250

5. Disability

Disability rates are 50% percent of the experience during the years 1946-1950 as presented on page 93 of Transactions, Society of Actuaries, 1952 Reports on Mortality and Morbidity Experience. Illustrative rates of disablement are shown below:

Age	Disability Rate
20	.0003
25	.0003
30	.0003
35	.0004
40	.0006
45	.0009
50	.0015
55	.0028
60	.0048
61	.0054
62	.0059
63	.0064
64	.0069
65	.0000

APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS

6. Pre-Retirement Spouse's Benefit

It was assumed that 80 percent of the male employees and 80 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. Hours Worked

It was assumed each employee will work the same amount of hours each year into the future that the employee worked during the calendar year preceding the valuation date.

8. Terminated Vested Participants

Terminated Vested participants are assumed to have the following probabilities of receipt of their benefits.

Attained Age	Probability of Receipt
Under 75	100%
75 – 79	75%
80 – 84	50%
85 and older	25%

9. Administrative Expenses

15% of normal cost payable at the beginning of the year.

10. Changes in Assumptions Since Last Valuation

As required, the current liability interest rate and mortality tables were updated. The interest rate went from 4.47% to 4.29% (per IRS Notice 2011-7), and the mortality table was updated to the 2012 Static Mortality Tables for annuitants and non-annuitants (per IRS Notice 2008-85).

Based on the results of a recent experience study performed, demographic assumptions for both active and inactive mortality, disability, retirement and termination have been modified and are shown in this Appendix C.

An assumption for the probability that terminated vested participants ever receive their benefit was added as shown in Item #8 above.

APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS

The imputed date of birth for actives which Associated Administrators, LLC has no date on file was based on an average hire age of 35 years of age. In prior years, the imputed date of birth was based on the average attained age of actives for which a date of birth was provided.

The imputed gender which Associated Administrators, LLC has no gender on file was the last digit of the participant's social security number. If the last digit is between 0-6, the participant is assumed to be male, otherwise female. In prior years, the imputed gender was male if the last digit of the social security number was an even number and female if it was an odd number.

APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Asset Valuation Method

The valuation assets are determined as the market value less (1) 80% of the investment gain/(loss) during the preceding year, less (2) 60% of the investment gain/(loss) during the second preceding year, less (3) 40% of the investment gain/(loss) during the third preceding year, less (4) 20% of the investment gain/(loss) for the fourth preceding year. For the purpose of this calculation, the gain/(loss) is defined as the difference between the actual and the expected return (based on the valuation interest rate) on the market value of assets during the year.

The actuarial value is taken to be the adjusted market value as described above, but subject to a 20 percent corridor limit around the actual market value; that is, the actuarial value is never greater than 120 percent of market value, nor less than 80 percent 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 an accrued benefits method. The chief characteristic of an accrued benefits method is that the funding pattern follows the pattern of benefit accrual. Under the unit credit actuarial cost method, 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 Participant’s current accrued benefit as of the valuation date.

One of the significant effects of this funding method is that, depending on the demographics of the population, the unit credit method tends to produce lower costs in the early years. There is a possibility that as the population ages, the annual cost could increase over time.