UNITE HERE Local 25 and Hotel Assoc. of Washington DC Pension Fund

Cheiron
Classic Values, Innovative Advice

2016 Bargaining Discussion

December 16, 2016

Kevin Woodrich, FSA, EA
Coralie Milligan, FSA, EA

PPA Zone Status Changes

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- Special rules allow certain Endangered plans to be deemed “Safe”
- Plans projected to be Critical within 5 years can elect Critical status now
- Special rules for plans projected to become insolvent

SUMMARY OF PPA ZONE STATUS

OLD LAW	NEW LAW
SAFE	SAFE
	SAFE DUE TO SPECIAL RULE
ENDANGERED	ENDANGERED
SERIOUSLY ENDANGERED	SERIOUSLY ENDANGERED
CRITICAL	PROJECTED CRITICAL 5 YRS
	CRITICAL
	CRITICAL AND DECLINING

Special Rule to Remain Safe (Olive)

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- Eligibility
  - Cannot be Critical or Endangered in prior year
  - Must be Endangered in current year if not for this rule
  - Plan is projected to become green after 10 years without making any plan changes
  - Local 25 Plan will meet these requirements for 2017 Plan Year if benefit changes are enacted
- Notice to bargaining parties and PBGC is still required
- No notice required to participants

Historical Review

Benefit Multiplier

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Effective Date	Active Increase	Interval Years	Interval Amount	Retiree Increase
7/1/1981	$4.50 per YOS multiplier			$4.50 per YOS multiplier
1/1/1982	$5.75 per YOS multiplier	0.50	$1.25	$5.75 per YOS multiplier
1/1/1985	$7.50 per YOS multiplier	3.00	$1.25	$7.50 per YOS multiplier
1/1/1987	$8.50 per YOS multiplier	2.00	$1.00	$8.50 per YOS multiplier
1/1/1989	$9.00 per YOS multiplier	2.00	$0.50	$9.00 per YOS multiplier
9/1/1990	$10.00 per YOS multiplier	1.66	$1.00	$10.00 per YOS multiplier
9/1/1991	$11.00 per YOS multiplier	1.00	$1.00	$11.00 per YOS multiplier
1/1/1994	$12.25 per YOS multiplier	2.34	$1.25	none
1/1/1995	$13.50 per YOS multiplier	1.00	$1.25	pre-94 retirees got 22.7% increase 94 retirees got 10.2% increase
1/1/2000	$17.00 per YOS multiplier	5.00	$3.50	all retirees got 3.5% increase
8/1/2006	$21.25 per YOS multiplier	6.58	$4.25	all retirees got 10% increase
1/1/2013	$30.00 per YOS multiplier	6.42	$8.75	all retirees got 10% increase

Historical Review

Hourly Contribution Rate

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Year	Hourly Rate	Year	Hourly Rate
From 2005-2006	$0.74	03/15/2016	$2.10
03/15/2007	$1.00	03/15/2017	$2.25
03/15/2008	$1.10	*03/15/2018*	*$2.35*
03/15/2009	$1.30	*03/15/2019*	*$2.45*
03/15/2010	$1.50	*03/15/2020*	*$2.55*
03/15/2013	$1.65	*03/15/2021*	*$2.65*
03/15/2014	$1.80	*03/15/2022*	*$2.75*
03/15/2015	$1.95		

Project at 7% per year with no benefit changes

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MFD	none	Discount Assump	7.00%
Insolvent PYB	none	2016 Return	#N/A
Emergence	2016	Year Fully Funded	2020

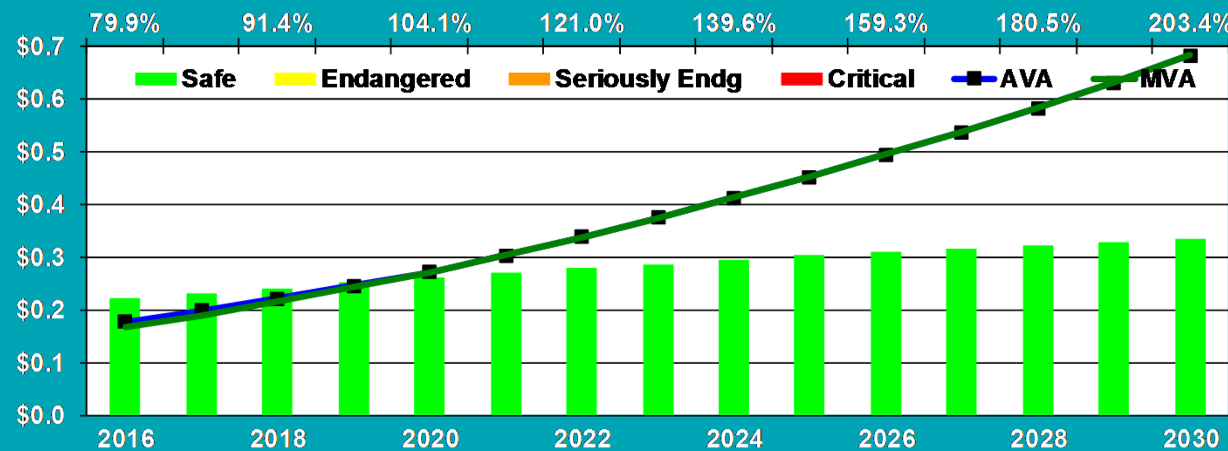
Admin Exp	11% of NC	Year Change	2017
Exp Increase	1.00%	Active Accrual	$ 30.00
		Apply to Past Svc	Yes
		Retiree Increase (excludes TVs)	0%

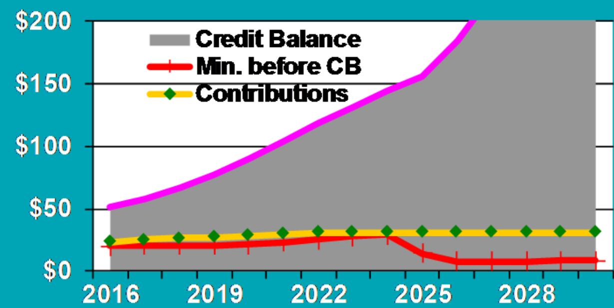
Mortality: Current (2016 Valuation Assumptions)

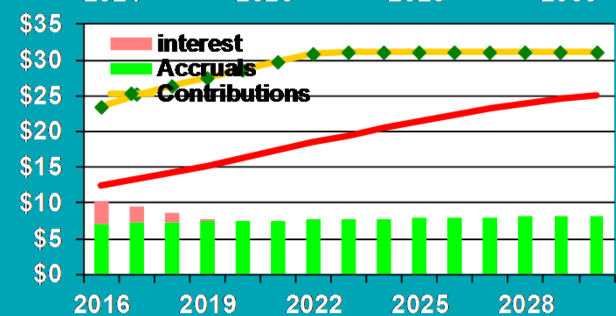
2000

PYB	Return	Contrib*	Mem grwth
2016	7.00%	$ 2.10	0.0%
2017	7.00%	$ 2.25	0.0%
2018	7.00%	$ 2.35	0.0%
2019	7.00%	$ 2.45	0.0%
2020	7.00%	$ 2.55	0.0%
2021	7.00%	$ 2.65	0.0%
2022	7.00%	$ 2.75	0.0%
2023	7.00%	$ 2.75	0.0%
2024	7.00%	$ 2.75	0.0%
2025	7.00%	$ 2.75	0.0%
2026	7.00%	$ 2.75	0.0%
2027	7.00%	$ 2.75	0.0%
2028	7.00%	$ 2.75	0.0%
2029	7.00%	$ 2.75	0.0%
2030	7.00%	$ 2.75	0.0%
AVE	7.00%		

* Rate effective March 15,







Note: Projection includes the recently bargained contribution increases.

Discount to 6.75% and Updated Mortality

CHEIRON

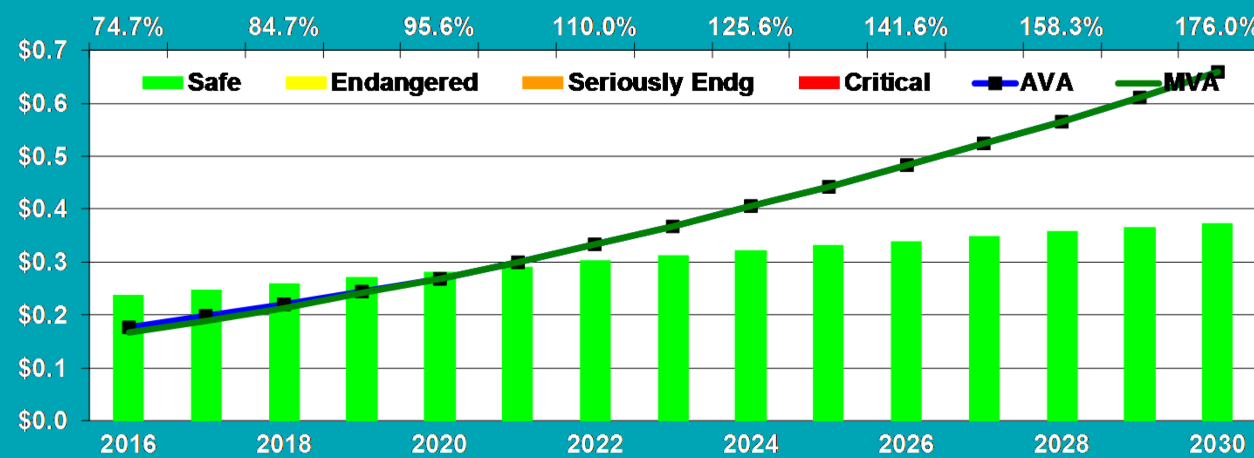
MFD	none	Discount Assump	6.75%	Admin Exp	11% of NC	Year Change	2017
Insolvent PYB	none	2016 Return	6.80%	Exp Increase	1.00%	Active Accrual	$ 30.00
Emergence	2016	Year Fully Funded	2021			Apply to Past Svc	Yes
						Retiree Increase (excludes TVs)	0%

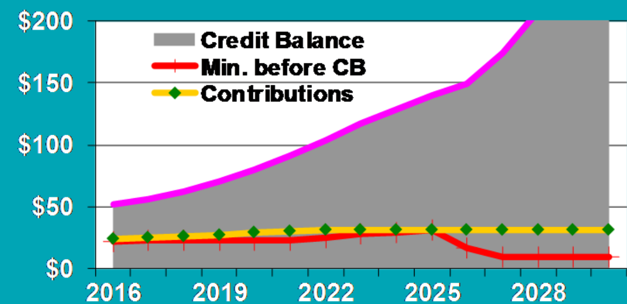
Mortality: Blue Collar and Fully Gen w/ MP2016

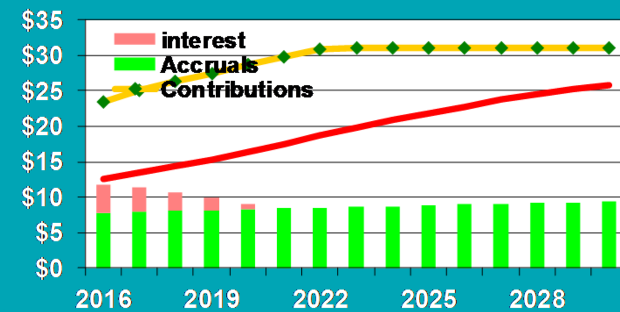
2000

PYB	Return	Contrib*	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	6.75%	$ 2.25	0.0%
2018	6.75%	$ 2.35	0.0%
2019	6.75%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	0.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	6.75%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

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Multiplier to $41 and Retirees 15% Increase

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MFD	none	Discount Assump	6.75%
Insolvent PYB	none	2016 Return	6.80%
Emergence	2016	Year Fully Funded	2026

Admin Exp	11%	of NC
Exp Increase	1.00%	

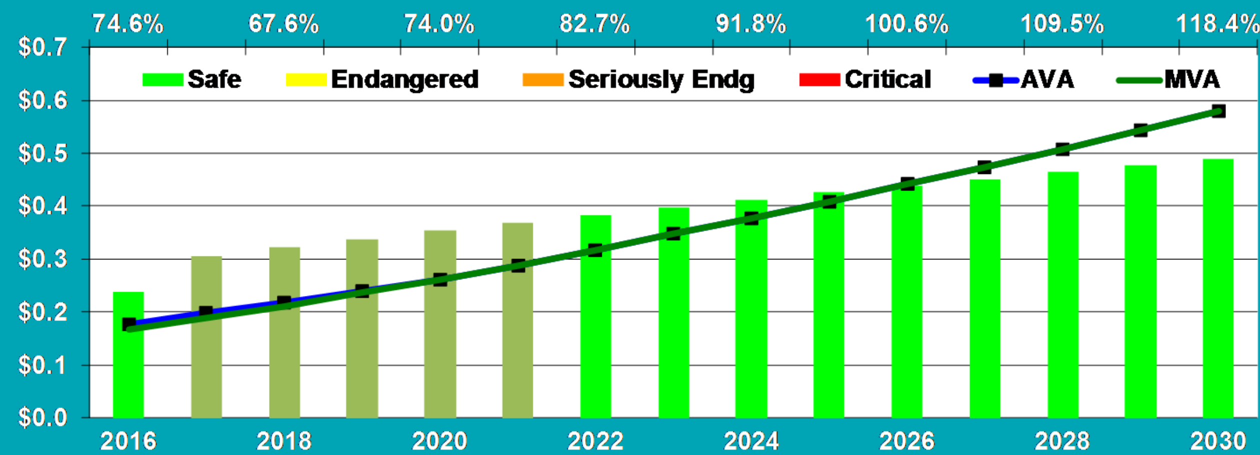
Year Change	2017
Active Accrual	$ 41.00
Apply to Past Svc	Yes
Retiree Increase (excludes TVs)	15%

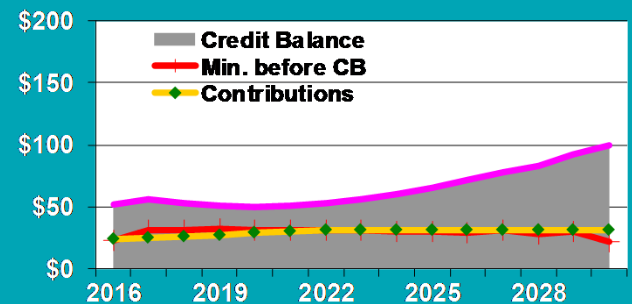
2000

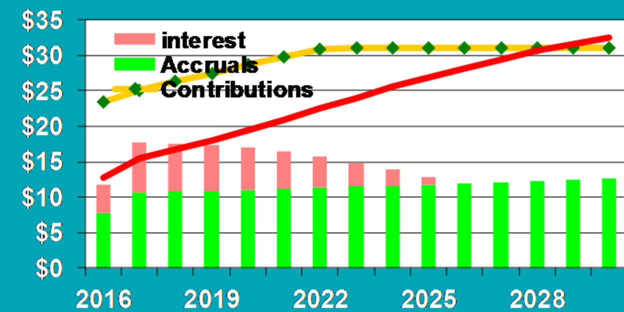
Mortality: Blue Collar and Fully Gen w/ MP2016

PYB	Return	Contrib*	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	6.75%	$ 2.25	0.0%
2018	6.75%	$ 2.35	0.0%
2019	6.75%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	0.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	6.75%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

Multiplier to $40 and Retirees 10% Increase

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CHEIRON

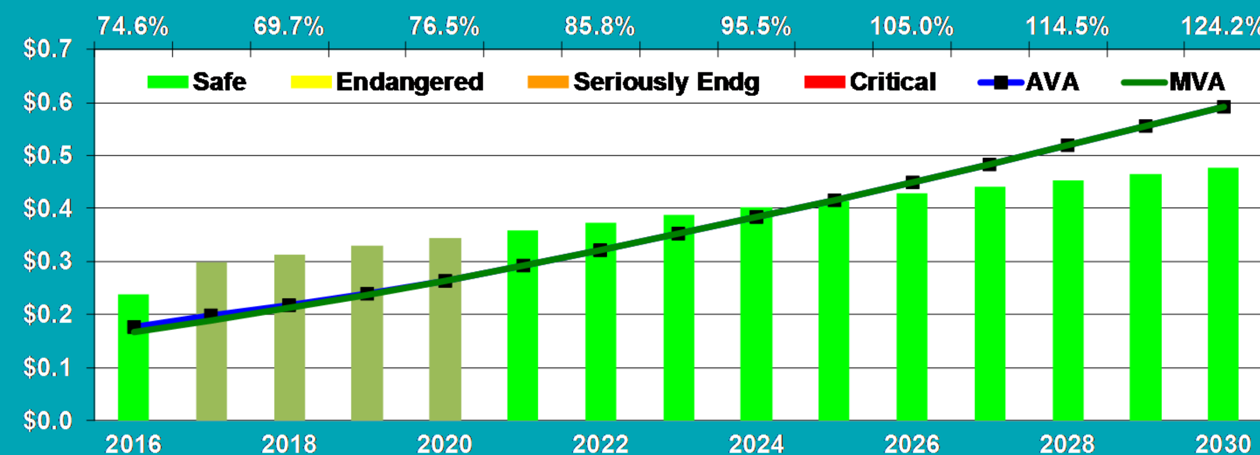
MFD	none
Insolvent PYB	none
Emergence	2016
Discount Assump	6.75%
2016 Return	6.80%
Year Fully Funded	2025
Admin Exp	11% of NC
Exp Increase	1.00%
Year Change	2017
Active Accrual	$ 40.00
Apply to Past Svc	Yes
Retiree Increase (excludes TVs)	10%

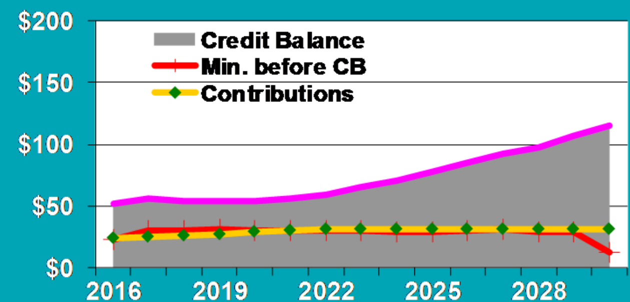
2000

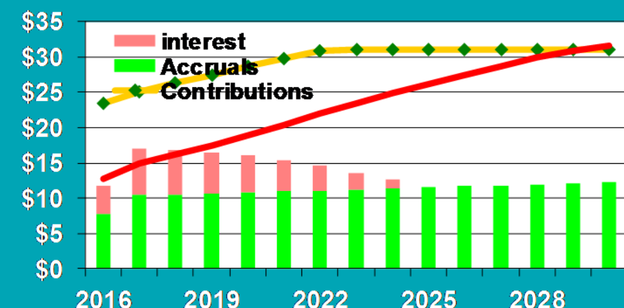
Mortality: Blue Collar and Fully Gen w/ MP2016

PYB	Return	Contrib*	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	6.75%	$ 2.25	0.0%
2018	6.75%	$ 2.35	0.0%
2019	6.75%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	0.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	6.75%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

Multiplier to $41 and Retirees 15% Increase and -10% return in 2017 and 2018

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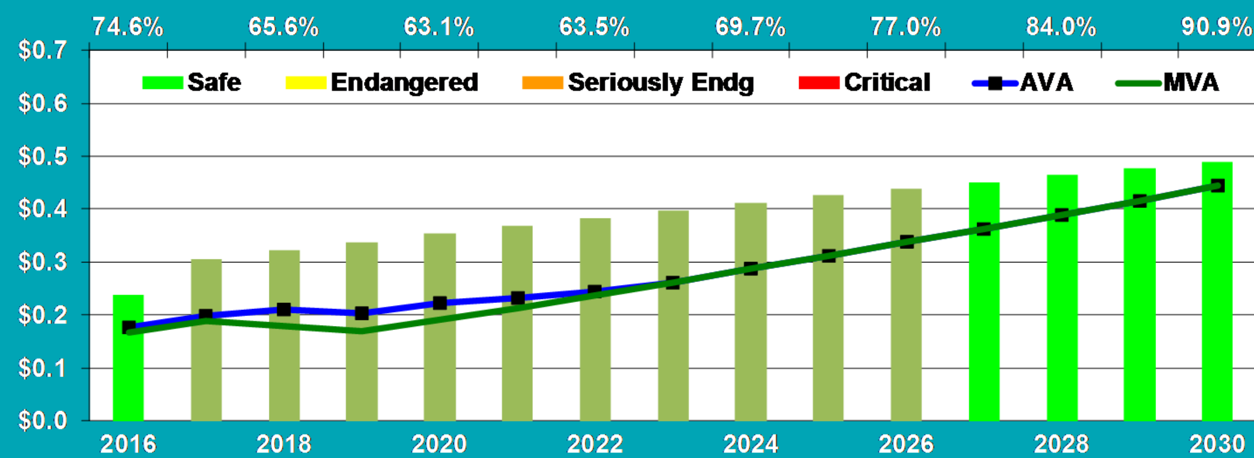
CHEIRON

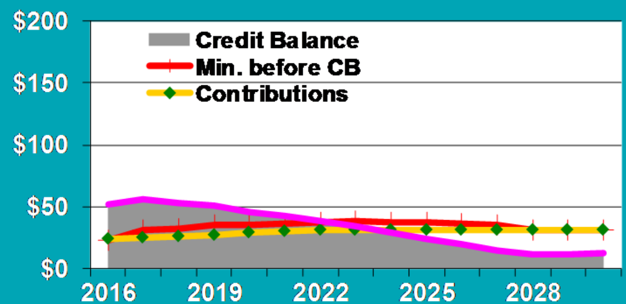
MFD	none
Insolvent PYB	none
Emergence	2016
Discount Assump	6.75%
2016 Return	6.80%
Year Fully Funded	2033
Admin Exp	11% of NC
Exp Increase	1.00%
Year Change	2017
Active Accrual	$ 41.00
Apply to Past Svc	Yes
Retiree Increase (excludes TVs)	15%
Mortality	Blue Collar and Fully Gen w/ MP2016

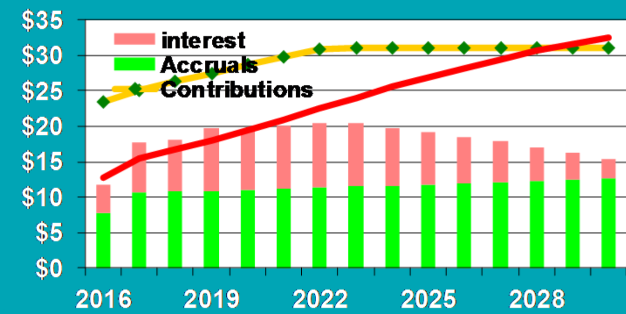
2000

PYB	Return	Contrib*	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	-10.00%	$ 2.25	0.0%
2018	-10.00%	$ 2.35	0.0%
2019	6.75%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	0.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	5.64%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

Multiplier to $41 and Retirees 15% Increase and -10% return in 2017, 2018 and 2019

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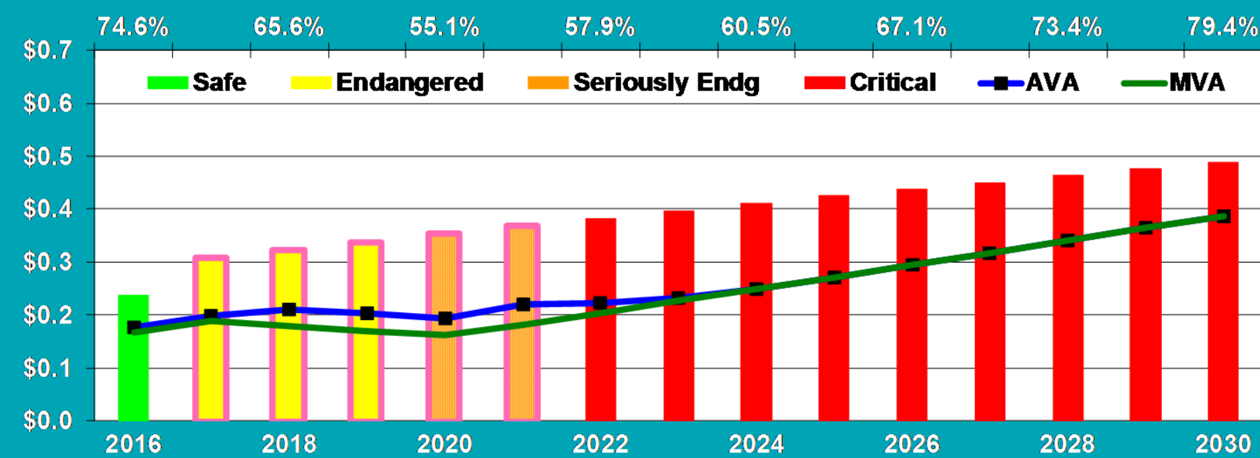
CHEIRON

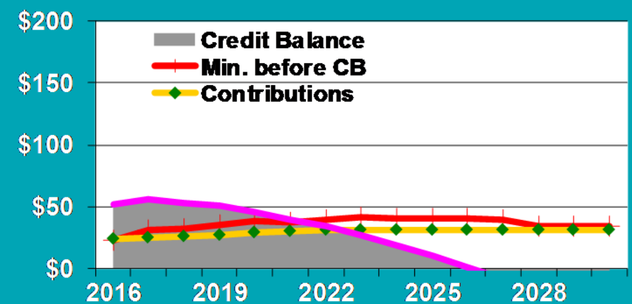
MFD	2026	Discount Assump	6.75%	Admin Exp	11% of NC	Year Change	2017
Insolvent PYB	none	2016 Return	6.80%	Exp Increase	1.00%	Active Accrual	$ 41.00
Emergence	2016	Year Fully Funded	2037			Apply to Past Svc	Yes
						Retiree Increase (excludes TVs)	15%

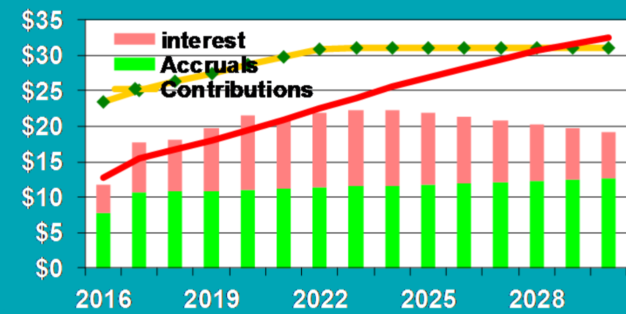
Mortality: Blue Collar and Fully Gen w/ MP2016

PYB	Return	Contrib* (2000)	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	-10.00%	$ 2.25	0.0%
2018	-10.00%	$ 2.35	0.0%
2019	-10.00%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	0.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	5.08%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

Multiplier to $41 and Retirees 15% Increase and -10% return in 2017, 2018 and 2019 / Reflect MGM

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CHEIRON

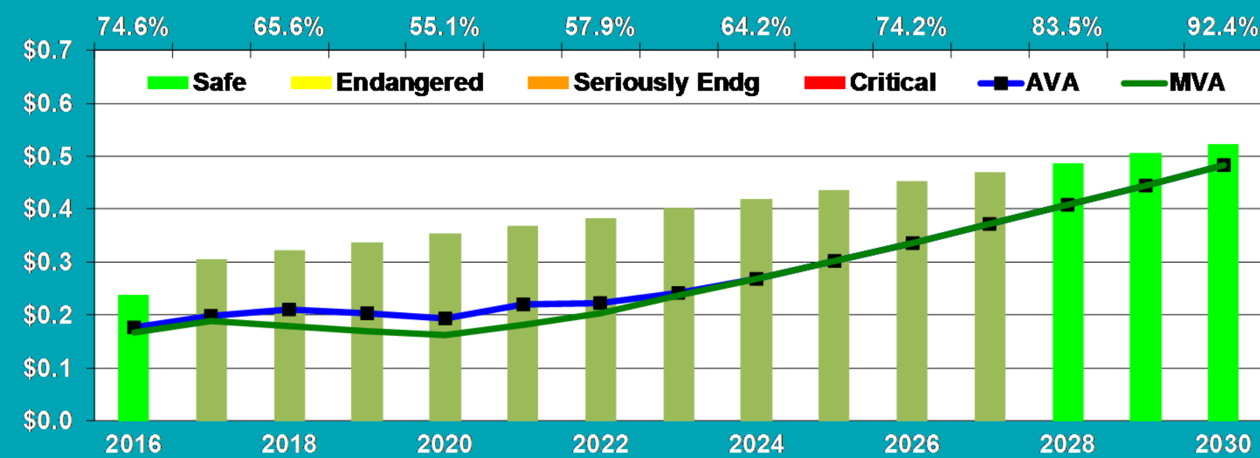
MFD	none	Discount Assump	6.75%	Admin Exp	11% of NC	Year Change	2017
Insolvent PYB	none	2016 Return	6.80%	Exp Increase	1.00%	Active Accrual	$ 41.00
Emergence	2016	Year Fully Funded	2032			Apply to Past Svc	Yes
						Retiree Increase (excludes TVs)	15%

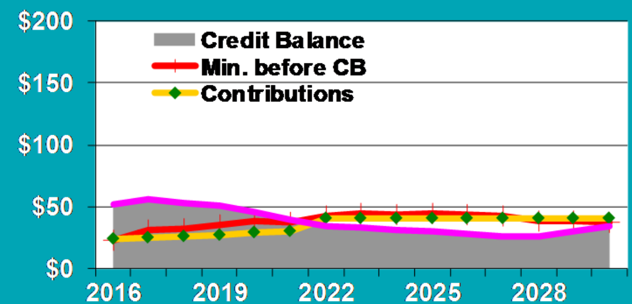
Mortality: Blue Collar and Fully Gen w/ MP2016

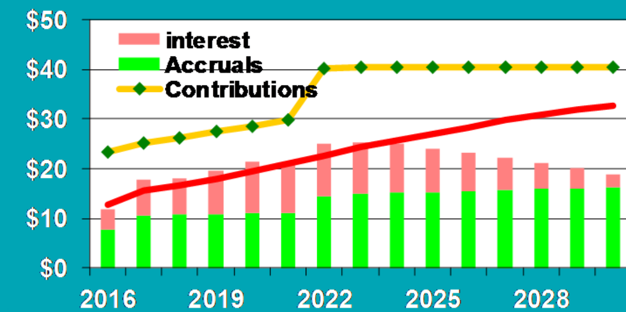
2000

PYB	Return	Contrib*	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	-10.00%	$ 2.25	0.0%
2018	-10.00%	$ 2.35	0.0%
2019	-10.00%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	30.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	5.08%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

Multiplier to $41 and Retirees 15% Increase and -10% return in 2017, 2018 and 2019 / Reflect MGM

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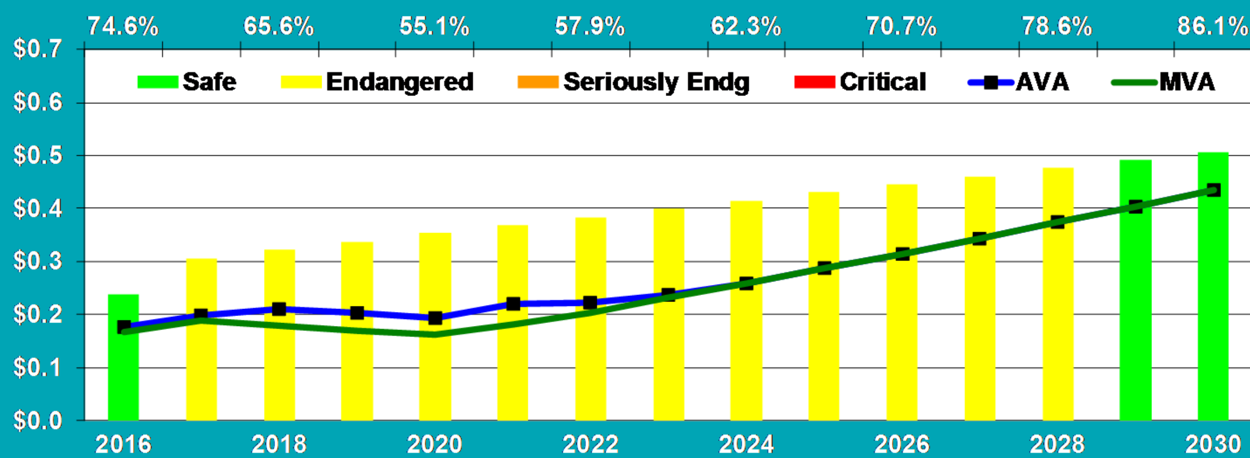
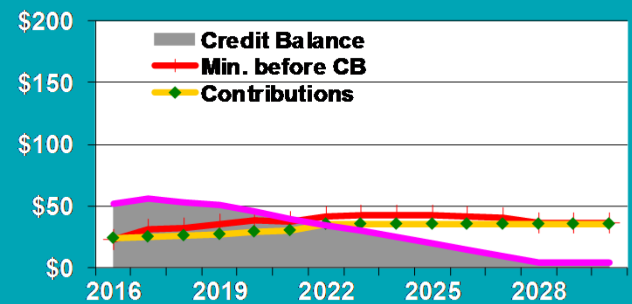
MFD	none
Insolvent PYB	none
Emergence	2016
Discount Assump	6.75%
2016 Return	6.80%
Year Fully Funded	2034
Admin Exp	11% of NC
Exp Increase	1.00%
Year Change	2017
Active Accrual	$ 41.00
Apply to Past Svc	Yes
Retiree Increase (excludes TVs)	15%
Mortality	Blue Collar and Fully Gen w/ MP2016

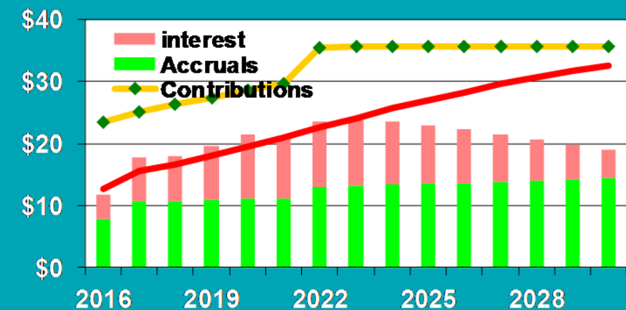
2000

PYB	Return	Contrib*	Mem grwth
2016	6.80%	$ 2.10	0.0%
2017	-10.00%	$ 2.25	0.0%
2018	-10.00%	$ 2.35	0.0%
2019	-10.00%	$ 2.45	0.0%
2020	6.75%	$ 2.55	0.0%
2021	6.75%	$ 2.65	0.0%
2022	6.75%	$ 2.75	15.0%
2023	6.75%	$ 2.75	0.0%
2024	6.75%	$ 2.75	0.0%
2025	6.75%	$ 2.75	0.0%
2026	6.75%	$ 2.75	0.0%
2027	6.75%	$ 2.75	0.0%
2028	6.75%	$ 2.75	0.0%
2029	6.75%	$ 2.75	0.0%
2030	6.75%	$ 2.75	0.0%
AVE	5.08%		

* Rate effective March 15,







Includes best estimate of 2016 investment return from Meketa

Disclaimer

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In preparing this presentation, we relied 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. This analysis was based on financial statements as of December 31, 2015, the anticipated 2016 return provided by Meketa, and the January 1, 2016 valuation results. Assumptions and methods are outlined in our 2016 valuation report presentation. Actual results can be expected to differ to the extent that future experience differs from the actuarial assumptions used.

We hereby certify that, to the best of our knowledge, this presentation and its contents are complete and have been prepared in accordance with generally recognized and accepted actuarial principles and practices consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

This presentation was prepared solely for the UNITE Hotel and Restaurant Employees Local 25 and Hotel Association of Washington DC Pension Plan for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty of liability to such other users.

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

Coralie Milligan, FSA, EA, MAAA
Associate Actuary