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

Cheiron
Classic Values, Innovative Advice

Actuarial Consultant's Presentation

February 27, 2020

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2020 PPA Certification

- Certification is due March 30, 2020
- Plan will remain in the Safe status for 2020 (by virtue of Special Rule)
  - Based on following estimated financial information from auditor
    - 12/31/2019 Market Value of Assets = $267.4 million (15.0% return)
    - Estimated Contributions = $25.8 million
    - Estimated Benefit Payments = $16.4 million
    - Estimated Administrative Expenses = $0.9 million
  - Projection can only reflect known bargained contribution rate increases - 10¢ annual increases each year at March 16 through 2022
- Industry activity (a Trustee Assumption)
  - Historically used stable hours

Special Rule to Remain Safe

- 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
  - Similar to 2017 – 2019, Local 25 Plan continues to meet these requirements for 2020 Plan Year
- Notice to bargaining parties and PBGC is still required
- No notice required to participants

Projected Outlook

Projection BEFORE updating for 2019 estimated investment return

MFD	None
Insolvent PYB	None
Emergence	N/A
Fully Funded	2028

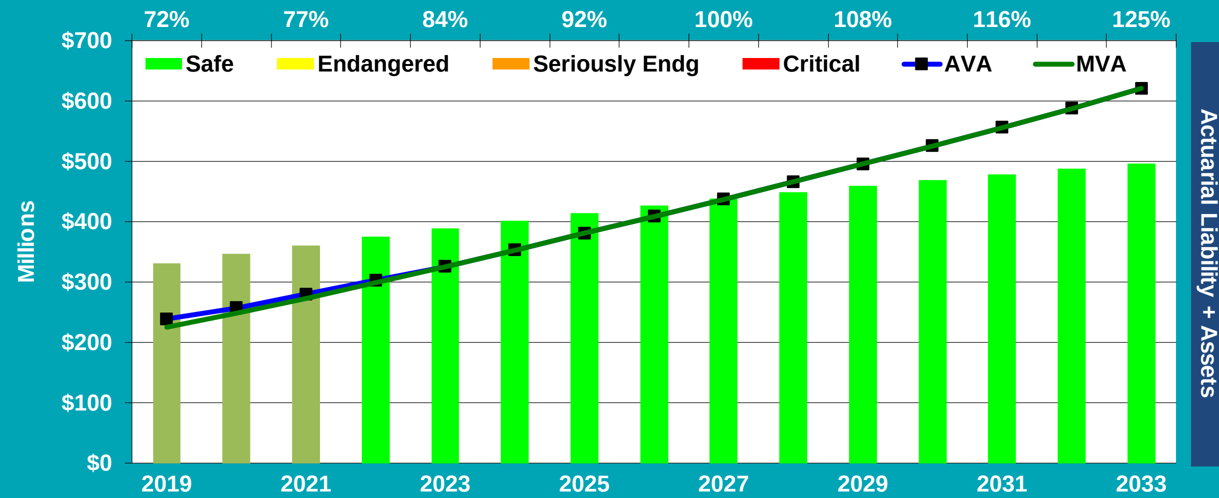
1966

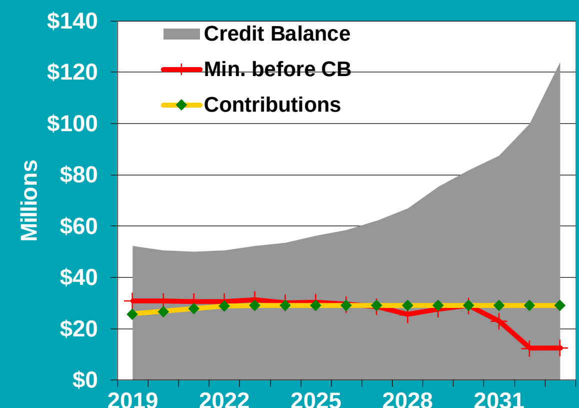
Discount Rate	6.75%
2019 Return	#N/A

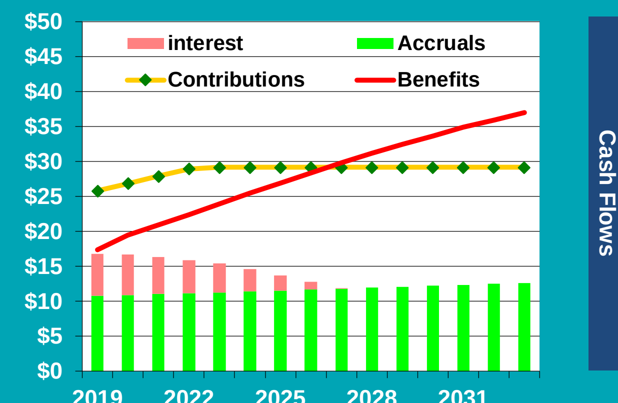
Estimated December 31, 2019 Market Value of Assets	$ 248.6 mil
Estimated Jan 1, 2020 Funded Status (AVA Basis)	74.3%

PYB	Return	Contrib Rate*	Ben	Mem Grwth
2019	6.75%	$2.45	0.0%	0.0%
2020	6.75%	$2.55	0.0%	0.0%
2021	6.75%	$2.65	0.0%	0.0%
2022	6.75%	$2.75	0.0%	0.0%
2023	6.75%	$2.75	0.0%	0.0%
2024	6.75%	$2.75	0.0%	0.0%
2025	6.75%	$2.75	0.0%	0.0%
2026	6.75%	$2.75	0.0%	0.0%
2027	6.75%	$2.75	0.0%	0.0%
2028	6.75%	$2.75	0.0%	0.0%
2029	6.75%	$2.75	0.0%	0.0%
2030	6.75%	$2.75	0.0%	0.0%
2031	6.75%	$2.75	0.0%	0.0%
2032	6.75%	$2.75	0.0%	0.0%
2033	6.75%	$2.75	0.0%	0.0%
AVE	6.75%			

* Effective March 15,







Projected Outlook

Projection AFTER updating for 2019 estimated investment return

CHEIRON

MFD	None
Insolvent PYB	None
Emergence	N/A
Fully Funded	2026

1966

Discount Rate	6.75%	
2019 Return	15.00%	
Estimated December 31, 2019 Market Value of Assets	$ 267.4	mil
Estimated Jan 1, 2020 Funded Status (AVA Basis)	75.4%	

PYB	Return	Contrib Rate*	Ben	Mem Grwth
2019	15.00%	$2.45	0.0%	0.0%
2020	6.75%	$2.55	0.0%	0.0%
2021	6.75%	$2.65	0.0%	0.0%
2022	6.75%	$2.75	0.0%	0.0%
2023	6.75%	$2.75	0.0%	0.0%
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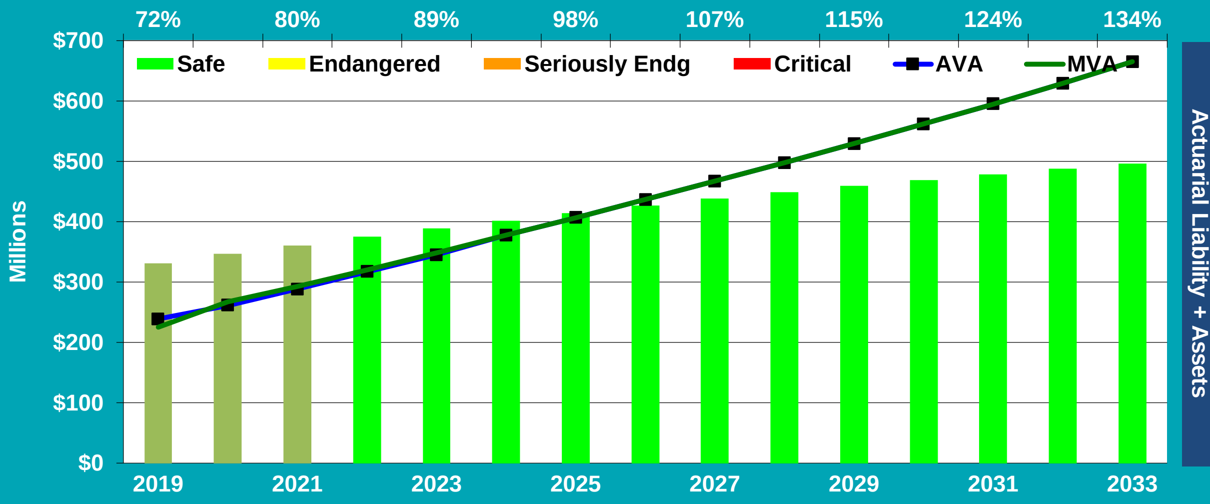
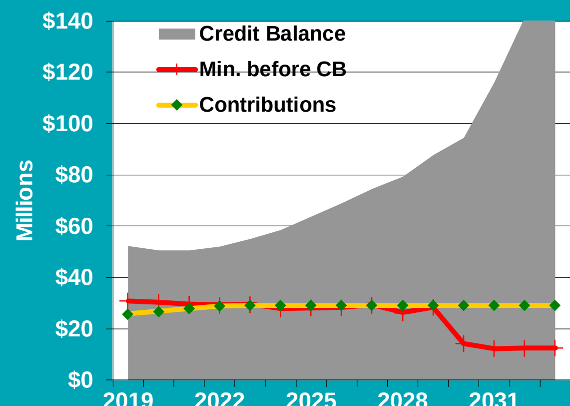
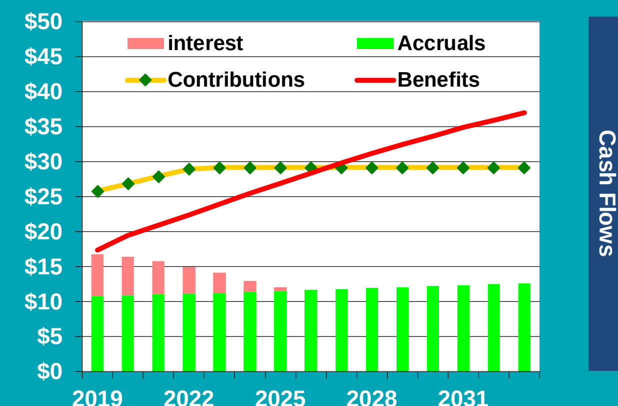
2027	6.75%	$2.75	0.0%	0.0%
2028	6.75%	$2.75	0.0%	0.0%
2029	6.75%	$2.75	0.0%	0.0%
2030	6.75%	$2.75	0.0%	0.0%
2031	6.75%	$2.75	0.0%	0.0%
2032	6.75%	$2.75	0.0%	0.0%
2033	6.75%	$2.75	0.0%	0.0%
AVE	7.28%			

* Effective March 15,







Next Steps

- Cheiron to certify as Safe by March 30
- Will circulate among the professionals, a draft notice to PBGC and bargaining parties
  - Notice is due 30 days after PPA certification
  - Will coordinate to mail along with Annual Funding Notice (AFN) which is due April 30
  - AFN goes to all participants but PPA notice ***only*** goes to bargaining parties and PBGC

Required Disclosures

In preparing this presentation, we relied on information (some oral and some written) supplied by the Fund Office and auditor. 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 the current assumptions and methods, estimated financial data as of December 31, 2019, and the data provided to perform the January 1, 2019 valuation. For complete details on the assumptions and methods, refer to the final January 1, 2019 valuation report. Actual results can be expected to differ to the extent that future experience differs from the actuarial assumptions used.

This presentation and its contents were 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 presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared solely for the UNITE HERE Local 25 and Hotel Association of Washington DC Pension Fund 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 or liability to any such other users.

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