FOR PLAN YEAR COMMENCING JANUARY 1, 2019

ANNUAL CERTIFICATION OF PLAN STATUS UNDER SECTION 432(b) OF THE INTERNAL REVENUE CODE, (SEC. 305(b) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974)

FOR

WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 PENSION TRUST FUND

EIN: 52-6124754
PN: 001

Plan Year 1/1/2019

Fund Contact
Ms. Alicia Cochran
Account Executive
(410) 683-6500

March 29, 2019

CHEIRON

Board of Trustees of the Warehouse Employees Union
Local No. 730 Pension Trust Fund
911 Ridgebrook Road
Sparks, Maryland 21152-9451

March 29, 2019
EIN: 52-6124754
PN: 001
Tel: (410) 683-6500

Re: Annual Certification of Plan Status under Internal Revenue Code §432(b) and Employee Retirement Income Security Act of 1974 §305(b)

Dear Board of Trustees:

CERTIFICATION

As required by Section 432(b)(3) of the Internal Revenue Code ("Code") and Section 305(b)(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), we certify, for the plan year beginning January 1, 2019, that the Fund is classified as being in Critical and Declining status as this term is defined in Section 432(b) of the Code and Section 305(b) of ERISA as amended by the Multiemployer Pension Reform Act of 2014.

The rehabilitation period for the Rehabilitation Plan adopted by the Trustees on November 26, 2009 began on January 1, 2012 and requires all reasonable measures to forestall insolvency. As discussed in Appendix III, we certify that the Fund is making scheduled progress in meeting the requirements of its Rehabilitation Plan due to the exhaustion of all reasonable measures to forestall insolvency.

This certification is complete and has been prepared in accordance with the requirements of Section 432 of the Code, Section 305 of ERISA, and 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 certification. This certification does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This certification was prepared exclusively for the Trustees of the Warehouse Employees Union Local 730 Pension Trust Fund and the Secretary of Treasury. It only certifies the condition of the Fund under Code Section 432 as added by the Pension Protection Act of 2006 and should be used only for that purpose. Other users of this certification are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

In preparing this certification, we have relied on information (some oral and some written) supplied by the Fund Office staff and the Fund's investment manager. This information includes, but is not limited to, the plan provisions, employee data, financial information, and expectations of future industry activity. 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.

Future analyses may differ significantly from those presented in this certification letter 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.

The attached appendices show the results for the statutory tests and describe the methodologies and assumptions used to perform the tests. Please contact the undersigned with any questions.

Sincerely,
Cheiron

Peter Hardcastle, FSA, EA (17-05197)

Matthew Deveney, ASA, EA (17-07754)

Attachments: Appendix I: Tests of Fund Status
Appendix II: Detail for Actuarial Certification
Appendix III: Scheduled Progress
Appendix IV: Methodology and Assumptions

cc: Secretary of the Treasury

APPENDIX I – TESTS OF FUND STATUS

Critical Status – The Fund, which has a 431(d) five-year automatic extension, was certified as Critical last year and will remain Critical unless it meets the two conditions for emergence:	**Condition Met?**
1 The Fund is not projected to have an accumulated funding deficiency for the current plan year or the next nine plan years.	NO
2 The Fund is not projected to become insolvent within 30 years.	NO

Critical and Declining Status – The Fund will be certified as Critical and Declining if it meets test 3.

3 The Fund is in Critical Status and is projected to become insolvent within the current or the next 19 plan years since the funding level is below 80%.	YES

The Fund is certified to be in Critical and Declining status for 2019.

APPENDIX II – DETAIL FOR ACTUARIAL CERTIFICATION

A. *CREDIT BALANCE / FUNDING DEFICIENCY (Used for Test 1)*

(uses 431(d) five-year automatic extension)

Date	Credit Balance	adjusted with interest to end of year Charges	Credits	Contributions
1/1/2019	($25,844,236)	$24,095,830	$9,992,811	$4,713,764
1/1/2020	($37,301,030)			

Because a funding deficiency is projected at year-end, there is no need to project the funding standard account credit balance any further. The projected funding standard account is based on the methods and assumptions set out in Appendix IV.

The projection of future contributions is based on the Trustees' estimate of future industry activity multiplied by the contribution rates contained in the current collective bargaining agreements under which the Fund is maintained. Additionally, future Withdrawal Liability payments by McKesson Drug Corporation are included.

B. *SOLVENCY PROJECTION (Used for Tests 2 and 3)*

(assumes contribution increases continue at 4.9% per year)

The chart below shows a projection of the assets of the Fund over the next 12 years. The projection indicates that the Fund is expected to run out of assets during the 2030 Plan Year.

Date	Market Value of Assets	Projected Contributions	Projected Benefits and Expenses	Projected Investment Earnings
1/1/2019	$ 150,216,452	$ 4,535,821	$ 22,535,651	$ 11,311,174
1/1/2020	143,527,796	4,726,348	23,425,489	10,748,647
1/1/2021	135,577,303	4,923,674	23,930,732	10,100,528
1/1/2022	126,670,772	5,131,873	24,431,181	9,376,541
1/1/2023	116,748,004	5,350,725	25,202,079	8,561,062
1/1/2024	105,457,713	5,350,725	26,137,636	7,621,136
1/1/2025	92,291,939	5,350,725	26,946,077	6,536,159
1/1/2026	77,232,746	5,350,725	27,412,138	5,313,140
1/1/2027	60,484,473	5,350,725	27,817,177	3,957,388
1/1/2028	41,975,409	5,350,725	27,678,030	2,482,122
1/1/2029	22,130,227	5,350,725	27,494,264	901,716
1/1/2030	888,404	5,350,725	27,497,106	0
1/1/2031	0			

APPENDIX III – SCHEDULED PROGRESS

Pursuant to ERISA Section 305(e)(3)(A)(ii), the Board of Trustees has adopted a Rehabilitation Plan to forestall insolvency as defined in ERISA Section 4245. The Rehabilitation Plan removes some adjustable benefits and requires contribution increases from all employers to match those affordable to the largest employer. The current required increases are 4.9% per year. Currently, all active employers are increasing contribution rates by 4.9% annually. On this basis and also considering lack of guidance from the Internal Revenue Service, we are certifying that the Fund is making the scheduled progress in meeting the requirements of its Rehabilitation Plan as discussed in ERISA Section 305(b)(3)(A)(ii).

APPENDIX IV – METHODOLOGY AND ASSUMPTIONS

A. Actuarial Assumptions

1. Rates of Investment Return

8.00% net of investment expenses.

2. Administrative Expenses

$369,382 for 2019 at the beginning of the year, increasing 3.0% per year thereafter.

3. Rates of Mortality

RP 2000 Mortality Table with blue collar adjustment and generational improvements.

4. Rates of Retirement

Age	Less than 30 Years Service	30 Years Service	Over 30 Years Service
51 – 59	0%	50%	10%
60 and over	100%	100%	100%

5. Rates of Turnover

Double the combination of Sarason's Advanced Pension Tables. Sample rates:

Age	Rate
20	24.77%
22	22.62
24	20.47
25	19.40
26	18.02
28	15.25
30	12.49
35	8.21
40	5.24
45	2.57
50	0.00

6. Rates of Disability

None assumed.

7. Marital Status

- 80% of participants are assumed to be married.
- Wives are assumed to be three years younger than the husband.

8. Active Participants

All non-retired participants who have hours worked during the plan year ending December 31, 2017.

9. Future Hours Worked By Active Participants

Each active participant will work average annual hours worked in the past three years, excluding the year of entry. No participant is assumed to work less than 870 hours per year.

10. Contribution Rate Used for Determination of Minimum Flat Benefit

The contribution rate in effect when the CBA first adopted a schedule under the 2009 Rehabilitation Plan or subsequent Rehabilitation Plan, if applicable.

11. Contribution Rate Used for Determination of Percentage of Contributions Benefit

The contribution rate in effect when the CBA first adopted a schedule under the 2009 Rehabilitation Plan or subsequent Rehabilitation Plan, if applicable.

12. Participant Data

This report is based upon employee data furnished by the Fund Administrator. All non-retired participants who have hours worked during the plan year ending December 31, 2017 are assumed to be active participants as of January 1, 2018 unless identified as having been terminated.

13. Rehabilitation Plan Benefit Schedule

In preparing our report and valuation results, all participating employers were valued under the Preferred Schedule as of January 1, 2018.

14. Justification for Assumptions

Economic: The expected investment return was chosen by comparing long-term real portfolio returns with inflation expectations. For a portfolio weighted 60% in US Large Cap equity and 40% in investment grade bonds, the 25-year return ending on the valuation date was 8.26% or a return in excess of inflation of approximately 6%. The Fund's investments are invested more diversely than the model portfolio in expectation of generating higher returns but today's inflation targets adopted by the Federal Reserve are

lower than the experience over the last 25 years. A long-term rate return of a little over 8% would be indicated by history and Fed policy.

Demographic: The demographic assumptions were last changed with the 2012 valuation. The gains and losses from demographic experience have been minor since then with the exception of a large number of actives becoming terminated vested due to their employer withdrawing from the Fund, which is not part of a demographic assumption set. A quinquennial experience study will be performed in conjunction with the 2019 valuation.

B. Actuarial Methods

1. Funding Method: Entry Age Normal Cost Method

Under the entry age normal actuarial cost method the individual entry age normal cost is determined for each participant by calculating the level annual contribution required to fund that individual's expected benefits based on the current plan provisions over the participant's expected active working lifetime with the Fund at entry.

At the valuation date the present value of future normal cost is calculated for each individual participant by multiplying the entry age normal cost by the present value of the participant's expected future active working lifetime with the Fund. The cost for each participant is then summed to yield the present value of future normal costs.

The excess of the present value of future benefits for all individuals at the valuation date over the present value of future normal costs is called the actuarial liability, or past service liability.

The excess, if any, of the actuarial liability over the actuarial value of assets is known as the unfunded accrued liability. If the actuarial value of assets exceeds the actuarial liability the Fund may have a surplus.

2. Asset Valuation Method

The actuarial value of assets is determined in accordance with Section 3.16 of Revenue Procedure 2000-40 using a five-year smoothing period. Specifically, the actuarial value of assets as of January 1, 2006 is set equal to the market value of assets. For each subsequent plan year, the actuarial value shall be the market value minus a decreasing fraction (4/5, 3/5, 2/5, 1/5) of each gain or loss for each of the preceding four plan years (with the exception of the 2008 loss which is recognized at a rate of 1/10 per plan year due to funding relief). Gains or losses prior to January 1, 2006 are ignored.

3. PRA 2010 Funding Relief

The Fund's Board of Trustees elected funding relief under § 431(b)(8) of the Code and § 304(b)(8) of ERISA. This included the "special amortization rule," which allows the

Fund's investment losses for the plan year ended December 31, 2008 to be separately amortized over 29 years.