Mid-Atlantic UFCW & Participating Employers Pension Fund

Actuarial Valuation Report as of January 1, 2013

Produced by Cheiron

December 2013

CHEIRON Classic Values, Innovative Advice

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December 16, 2013

Mid-Atlantic UFCW & Participating Employers Pension Fund Trustees
c/o Mr. William Jensen
Associated Administrators, LLC
4301 Garden City Drive, Suite 201
Landover, MD 20785

Dear Trustees:

At your request, we have performed the January 1, 2013 Actuarial Valuation of the Mid-Atlantic UFCW & Participating Employers Pension Fund (the Fund). A valuation report typically contains information on the Fund's assets and liabilities and also discloses contribution levels, including the minimum required amount as mandated by Federal law. Since this is the first valuation for the Fund and the Market Value of Assets and Actuarial Liability are both $0 as of January 1, 2013, we have only included the pertinent exhibits in this year's report.

Your attention is directed to the Foreword 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 to the best of our knowledge and belief. The results of this report are only applicable to the 2013 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 Mid-Atlantic UFCW & Participating Employers Pension Fund. This report is for the use of the Fund and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

In preparing our report, we relied on information (some oral and some written) supplied by Associated Administrators, 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 No. 23.

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.

Sincerely,
Cheiron

Gene M. Kalwarski, FSA, EA
Principal Consulting Actuary

Kevin Woodrich, FSA, EA
Principal Consulting Actuary

FOREWORD

Cheiron has performed the Actuarial Valuation of the Mid-Atlantic UFCW & Participating Employers Pension Fund as of January 1, 2013. The purpose of this report is to:

1) **Measure and disclose**, as of the valuation date, the financial condition of the Fund; and
2) **Provide specific information** and documentation required by the Federal Government and the auditors of the Fund.

An actuarial valuation establishes and analyzes fund assets, liabilities and contributions on a consistent basis, and traces the progress of both from one year to the next. It includes measurement of the Fund's investment performance as well as an analysis of actuarial liability gains and losses. Since the Fund was effective as of the January 1, 2013 (the measurement date for this valuation), we have included only those sections that are relevant this year.

Section I shows the various measures of liabilities.

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

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

In preparing our report, we relied on information (some oral and some written) supplied by Associated Administrators 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 No. 23.

The actuarial assumptions represent our best estimates for the future experience of the Fund. These assumptions are the same as those used in performing the January 1, 2013 Actuarial Valuation for the FELRA & UFCW Pension Fund since both Funds essentially cover the same population. 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 Fund could vary from our results.

SECTION I
LIABILITIES

In this section, we present detailed information on the Fund's liabilities. As of January 1, 2013, there were 20,469 active employees eligible to participate in this Fund. Since the Fund became effective January 1, 2013, there are no inactive participants.

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.

- **Present Value of Future Benefits:** Used for analyzing the financial outlook of the Fund, this represents the amount of money needed today, to fully pay off all future benefits of current participants of the Fund, 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 the Unit Credit method. 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 Fund, assuming no further accrual of benefits. These liabilities are required for financial disclosures (FASB ASC Topic No. 960). For that purpose they are referred to as the Present Value of Accumulated Benefits. They can used to establish comparative benchmarks with other plans. They also use the Unit Credit method.

- **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:** This liability is defined by the Internal Revenue Code. It is used to determine maximum allowable tax deductible contributions.

The following table discloses each of these liabilities for the current valuation. 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 I
LIABILITIES

Liabilities/Net Surplus (Unfunded)		
		1/1/2013
ACTUARIAL LIABILITY / ACCRUED LIABILITY		
Present Value of Future Benefits	$	84,351,689
Less Present Value of Future Unit Credit Method Normal Costs		84,351,689
Actuarial Liability / Accrued Liability	**$**	**0**
Actuarial Value of Assets		0
Net Surplus (Unfunded)	**$**	**0**
Assets as a Percentage of Actuarial Liability		N/A
VESTED LIABILITY		
Accrued Liability	$	0
Less Present Value of Non-Vested Benefits		0
Vested Liability	**$**	**0**
Actuarial Value of Assets		0
Net Surplus (Unfunded)	**$**	**0**
Assets as a Percentage of Vested Liability		N/A
CURRENT LIABILITY	$	0
Market Value of Assets		0
Net Surplus (Unfunded)	**$**	**0**

SECTION I
LIABILITIES

Allocation of Liabilities by Type

The Fund's participants may qualify for a benefit on death, termination, and disability as well as on retirement. The value of the two normal costs (the value of the benefits expected to be accrued over the coming year) arising from each of these sources is shown in the following table.

Benefit Type	Retirement	Termination	Death	Disability	Total
Unit Credit Normal Cost	$ 11,843,802	$ 1,730,649	$ 161,472	$ 633,139	$ 14,369,062
RPA Current Liability Normal Cost	$ 23,860,036	$ 6,330,505	$ 180,577	$ 1,458,768	$ 31,829,886

SECTION II
CONTRIBUTIONS

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

- **Actuarial contributions** and
- **Government limitations** which could affect the above.

Actuarial Contributions

For this Fund, the actuarial contribution is developed using the **Unit Credit Cost** method. The actuarial contribution which can also be considered as the actuarial cost is determined in two parts.

The first part is the Unit Credit Normal Cost. This is the value of the benefits 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 Fund at the valuation date and the assets the Plan should hold as determined by the actuarial cost method. The amortization payment is determined using the amortization schedule required by the IRS to determine the minimum required contribution. Because of this the actuarial contribution and the minimum required contribution are the same. For this first valuation, there is no unfunded and no amortization payment.

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. When the bargained contributions exceed the minimum required contribution, the Fund will build 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 2013 is shown below compared to the Government Limits and the projected contributions.

Contributions for 2013		
Actuarial Contribution		
Unit Credit Normal Cost	$	14,369,062
Amortization Payment		0
Interest to End of Year		1,149,525
Total	$	15,518,587
Government Limits		
Maximum Deductible Contribution	$	46,222,604
Minimum Contribution (before Credit Balance)	$	15,518,587
Interest Adjusted Credit Balance	$	0
Minimum Contribution (after Credit Balance)	$	15,518,587
Estimated Employer Contributions	$	15,000,000
Count of Active Participants		20,469

SECTION II
CONTRIBUTIONS

The tables on the following pages show the development of the minimum and maximum contributions for 2013.

FUNDING STANDARD ACCOUNT FOR PLAN YEARS ENDING		
1. Charges For Plan Year		**2013**
a. Normal Cost	$	14,369,062
b. Amortization Charges		0
c. Interest on a. and b. to Year End		1,149,525
d. Additional Funding Charge		N/A
e. Interest Charge due to Late Quarterly Contributions		N/A
f. Total Charges	$	15,518,587
2. Credits For Plan Year		
a. Prior Year Credit Balance		N/A
b. Estimated Employer Contributions		*15,000,000*
c. Amortization Credits		0
d. Interest on a., b., and c. to Year End		588,457
e. Full Funding Limit Credit		0
f. Total Credits	$	15,588,457
3. Estimated Credit Balance at End of Year [2. - 1.]	$	69,870

SECTION II
CONTRIBUTIONS

CALCULATION OF THE MAXIMUM DEDUCTIBLE CONTRIBUTION FOR THE PLAN YEAR STARTING JANUARY 1, 2013

1. "Fresh Start" Method			
a.	Normal Cost	$	14,369,062
b.	Net Charge to Amortize Unfunded Actuarial Liability over 10 years		0
c.	Interest on a. and b. to Year End		1,149,525
d.	Total	$	15,518,587
e.	Minimum Required Contribution at Year End		15,518,587
f.	Larger of d. and e.		15,518,587
g.	Full Funding Limit		29,737,237
h.	Maximum Deductible Contribution, less of f. and g.	$	15,518,587
2. 140% of Current Liability Calculation			
a.	Current Liability at Start of Year	$	0
b.	Present Value of Benefits Estimated to Accrue during Year		31,829,886
c.	Expected Benefit Payments		61,177
d.	Net Interest on a., b. and c. at Current Liability Interest Rate (3.78%)		1,202,024
e.	Expected Current Liability at End of Year, [a. + b. – c. + d.]		32,970,733
f.	140% of e.		46,159,027
g.	Actuarial Value of Assets		0
h.	Net Interest on c. and g. at Valuation Interest Rate (8.00%)		(2,400)
i.	Estimated Value of Assets, [g. – c. + h.]		(63,577)
j.	Unfunded Current Liability at Year End, [f. – i.], not less than $0	$	46,222,604
3. Maximum Deductible Contribution at Year End, greater of 1. and 2.		$	46,222,604

SECTION II
CONTRIBUTIONS

SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION
AS OF JANUARY 1, 2013

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2013 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CHARGES						
TOTAL CHARGES				$ 0		$ 0
CREDITS						
TOTAL CREDITS				$ 0		$ 0

SECTION II
CONTRIBUTIONS

DEVELOPMENT OF FULL FUNDING LIMITATION FOR THE YEAR BEGINNING JANUARY 1, 2013

		Minimum	Maximum
1.	ERISA Actuarial Liability Calculation		
a.	Actuarial Liability	$ 0	$ 0
b.	Normal Cost	14,369,062	14,369,062
c.	Lesser of Market Value and Actuarial Value of Assets	0	0
d.	Credit Balance at Start of Year	0	N/A
e.	Net Interest on a., b., c., and d. at Funding Interest Rate (8.00%)	1,149,525	1,149,525
f.	Actuarial Liability Full Funding Limit, [a. + b. – c. + d.] x 1.08, limited to zero	$ 15,518,587	$ 15,518,587
2.	Full Funding Limit Override (RPA 1994)		
a.	RPA 1994 Current Liability at Start of Year	$ 0	$ 0
b.	Present Value of Benefits Estimated to Accrue during Year	31,829,886	31,829,886
c.	Expected Benefit Payments	61,177	61,177
d.	Net Interest on a., b. and c. at Current Liability Interest Rate (3.78%)	1,202,024	1,202,024
e.	Expected Current Liability at End of Year, [a. + b. – c. + d.]	32,970,733	32,970,733
f.	90% of e.	29,673,660	29,673,660
g.	Actuarial Value of Assets	0	0
h.	Net Interest on c. and g. at Valuation Interest Rate (8.00%)	(2,400)	(2,400)
i.	Estimated Value of Assets, [g. – c. + h.]	(63,577)	(63,577)
j.	RPA 1994 Full Funding Limit Override [f. – i.], limited to zero	$ 29,737,237	$ 29,737,237
3.	Full Funding Limitation at End of Year, greater of 1. and 2.	$ 29,737,237	$ 29,737,237

APPENDIX A
MEMBERSHIP INFORMATION

The data for this valuation was provided on magnetic tape by Associated Administrators LLC (AA). Cheiron did not audit any of the data. The data is as of January 1, 2013. Below is a list of assumptions Cheiron made in processing the data this year. These assumptions only affected a de minimis number of participants.

Dates of Birth for Active Employees

For 20 Tier II active participants who had an unreasonable or missing date of birth we imputed a date of birth based on the assumption that they entered the plan at the average hire age of the participants in their group. These average hire ages are as follows:

Tier	Full-Time/ Part-Time	Sex	Average Hire Age
Tier II	Full-Time	Male	30
Tier II	Full-Time	Female	32
Tier II	Part-Time	Male	31
Tier II	Part-Time	Female	34

Full-Time/Part-Time Status

Full-time versus part-time status is not included in the data provided to Cheiron. For Tier I participants, this status is determined based on the most recent contribution rate for that participant. Tier II participants are assigned full-time versus part-time status based on the majority of their service for the 2012 plan year. If they do not have service in the 2012 plan year, earlier years are used.

APPENDIX A
MEMBERSHIP INFORMATION

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

- Age/Service Distribution for Tier I Full-Time Active Participants
- Age/Service Distribution for Tier I Part-Time Active Participants
- Age/Service Distribution for Tier II Full-Time Active Participants
- Age/Service Distribution for Tier II Part-Time Active Participants

FULL-TIME TIER I PARTICIPANTS AS OF JANUARY 1, 2013

	COMPLETED YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013										
AGE	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	1	0	0	0	0	0	0	0	0	0	1
35-39	1	0	0	0	0	0	0	0	0	0	1
40-44	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	1	2	1	10	103	26	0	0	143
50-54	0	1	5	4	0	7	132	328	29	0	506
55-59	0	0	2	1	3	10	25	193	197	16	447
60-64	0	0	1	1	0	1	15	70	106	96	290
65-69	0	0	0	0	0	1	7	15	15	49	87
70 & Up	0	0	0	0	0	0	0	2	8	11	21
Total	2	1	9	8	4	29	282	634	355	172	**1,496**

Average Age = 56.0 Average Service = 33.5

APPENDIX A
MEMBERSHIP INFORMATION

PART-TIME TIER I PARTICIPANTS AS OF JANUARY 1, 2013

	COMPLETED YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013										
AGE	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0
45-49	0	1	0	0	1	1	13	1	0	0	17
50-54	0	0	0	0	0	1	23	57	5	0	86
55-59	0	0	0	1	1	2	13	43	22	3	85
60-64	0	0	0	0	0	0	3	16	23	5	47
65-69	1	0	0	0	0	0	0	4	5	8	18
70 & Up	0	0	0	0	0	0	0	2	0	1	3
Total	1	1	0	1	2	4	52	123	55	17	**256**

Average Age = 56.5 Average Service = 32.8

APPENDIX A
MEMBERSHIP INFORMATION

FULL-TIME TIER II PARTICIPANTS AS OF JANUARY 1, 2013

	COMPLETED YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013										
AGE	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	5	40	18	0	0	0	0	0	0	0	63
25-29	2	62	143	37	0	0	0	0	0	0	244
30-34	2	73	127	202	18	0	0	0	0	0	422
35-39	3	38	107	174	211	22	0	0	0	0	555
40-44	3	40	115	155	173	335	58	0	0	0	879
45-49	4	44	107	179	122	262	324	0	0	0	1,042
50-54	3	38	127	171	134	242	245	3	0	0	963
55-59	1	31	84	133	111	209	157	6	1	0	733
60-64	1	8	53	92	72	114	94	0	2	0	436
65-69	0	2	23	29	28	44	29	0	0	1	156
70 & Up	0	1	11	11	11	13	15	1	0	0	63
Total	24	377	915	1,183	880	1,241	922	10	3	1	**5,556**

Average Age = 47.2   Average Service = 16.3

APPENDIX A
MEMBERSHIP INFORMATION

PART-TIME TIER II PARTICIPANTS AS OF JANUARY 1, 2013

	COMPLETED YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013										
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	1,053	2,338	148	0	0	0	0	0	0	0	3,539
25-29	180	804	530	49	0	0	0	0	0	0	1,563
30-34	108	428	328	230	8	0	0	0	0	0	1,102
35-39	74	323	198	182	94	8	0	0	0	0	879
40-44	78	373	240	164	113	106	9	0	0	0	1,083
45-49	75	380	239	222	80	110	94	0	0	0	1,200
50-54	78	427	300	220	102	126	75	1	0	0	1,329
55-59	62	328	230	209	88	93	58	1	1	0	1,070
60-64	37	238	169	152	62	99	26	0	0	0	783
65-69	14	94	108	82	22	42	22	0	0	0	384
70 & Up	7	59	66	50	15	23	9	0	0	0	229
Total	1,766	5,792	2,556	1,560	584	607	293	2	1	0	**13,161**

Average Age = 38.6   Average Service = 6.3

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

This summary reflects all amendments made to the Fund up to and including January 2013. The rates for the majority of participants are set forth in this appendix.

1. Eligibility

Each employee of either Giant or Safeway with bargaining units represented by Locals 400, 27 or 1776 (formerly 1357), where the collective Bargaining Agreements call for contributions to this Fund on behalf of such employee, will become a participant upon receipt of the first such contribution on his behalf.

2. Normal Retirement Date

An employee's Normal Retirement Date is the last day of the month in which his 65th birthday occurs.

3. Past Service

Service credited under the FELRA & UFCW Pension Fund as of January 1, 2013 is counted for purposes of determining benefit eligibility.

4. Future Service

On and after January 1, 2013, an employee for whom monthly contributions are made receives future service credit for each month for which a contribution is made on his behalf. An employee for whom hourly contributions are made receives future service credit for each plan year at the rate of one-quarter of a year for each 400 such hours for which contributions are made up to a full year credit for 1,600 or more such hours. In either case, an employee also receives future service benefit credit for any period during which he is reported as being in the military service of the United States and returns to covered employment within the period for protection of his statutory rights to re-employment.

5. Accrued Monthly Pension

An employee's Accrued Monthly Pension is determined according to the contribution rate applicable to him from time to time. The contribution rate for most of the participants in the Plan is set in the Collective Bargaining Agreement between FELRA and the participating unions.

The applicable contribution rates and benefit rates for Tier I and Tier II employees are shown on the following page:

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

	Tier I		Tier II			
	Full-Time	Part-Time	Full-Time		Part-Time	
Contribution Rate at January 1, 2013	$365.89/month	$135.47/month	$0.30/hour	$0.20/hour	$0.30/hour	$0.20/hour
Benefit Rate Per Year of Credited Service (Effective April 1, 2000)	$47	$32	$25	$15	$15	$10

For Tier I participants, the benefit rate for credited service in excess of 30 years is $54 per month per year of full-time credited service, and $37 per month per year of part-time credited service.

6. Normal Retirement Benefit

An employee's Normal Retirement Benefit is his Accrued Monthly Pension determined as of his Normal Retirement Age (65).

7. Employment after Age 65

An employee whose employment continues beyond his Normal Retirement Age will continue to receive additional pension credit for that employment.

8. Early Retirement Benefit

An employee who has both attained age 55 and completed at least 15 years of Credited Service can retire prior to his Normal Retirement Date. Tier II participants are also eligible to retire provided the Participant has both attained age 62 and completed at least 10 years of Credited Service. His early retirement pension is equal to his Accrued Monthly Pension, reduced by one-half of one percent for each month in the period between the date his pension commences and his 60^{th} birthday (65^{th} in the case of employees having an hourly contribution basis). Certain other participants acquired through plan mergers are entitled to early retirement benefits under different age and service requirements.

9. Special Early Retirement

An employee (other than an employee having an hourly contribution basis) who has either (a) attained age 60 and completed at least five years of Credited Service, or (b) has completed at least 30 years of Credited Service regardless of age, may retire and receive his Accrued Monthly Pension without actuarial reduction.

10. Disability Retirement

An employee who becomes totally and permanently disabled (according to Social Security criteria) after he has completed at least ten years of Credited Service, is entitled to a Disability Retirement Pension. His Accrued Pension will be payable without actuarial reduction as soon as his disability has been

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

established to the satisfaction of the Trustees and he has completed the six-month waiting period.

11. Vesting

If an employee who has completed five or more years of "Vesting Service" terminates covered employment other than by death or disability prior to the time he is eligible for an Early (or Normal) Retirement Benefit, he will be entitled to a Deferred Vested Pension beginning on his 60th birthday (65th in the case of employees having an hourly contribution basis), equal to his Accrued Monthly Pension up to the date his covered employment terminates. A former employee may elect to receive his pension payments on the first day of any month on or after his 55th birthday, in which case his pension amount will be reduced by one-half of one percent for each month in the period between the date his pension begins and his 60th birthday (65th in the case of employees having an hourly contribution basis). For this purpose, Vesting Service is equal to (a) the number of years of Vesting Service granted under the FELRA & UFCW Pension Fund as of January 1, 2013, and (b) the number of years of Vesting Service earned after January 1, 2013 whereby one full year of Vesting Service is granted for each calendar year in which either five or more months of Credited Service were granted or 750 Regular Time Hours were credited; if an employee has less than 750 Regular Time Hours or five months of Credited Service in any plan year and transfers to (or is transferred from) non-covered service with a participating employer, such non-covered service will also be included as Vesting Service.

12. Pre-Retirement Spouse's Pension

Each employee who is vested under the Fund (other than as set out below) is provided with pre-retirement spouse's pension coverage, whereby if his death occurs before actual retirement, his spouse will receive a lifetime pension from the Fund. The spouse's pension will be payable starting with the later of (a) the earliest date the employee could have elected to retire under the Plan, or (b) the employee's death. The amount of such pension will be one-half of that which would have been payable to the employee if he had retired early on the date of the start of the spouse's pension and elected a Joint and 50 Percent Survivor option.

13. Normal Form of Pension

The normal form of pension for an unmarried employee (or for a married employee who so elects) will be a lifetime pension. If his pension accrual was greater than $15 per month per year of service (or $10 for part-time employees), the pension is also payable for 60 months certain. The normal form of pension payable to a married employee who does not elect otherwise will be an actuarially reduced pension on the Joint and 50 Percent Survivor basis.

Upon the death of a pensioner, other than pensioners receiving Deferred Vested Pensions, a lump sum death benefit will be paid to the employee's designated beneficiary. The amount is either $500, $1,000 or $2,500 depending on the contribution rate applicable to the participant and the full-time/part-time employment status. This benefit will be split between the FELRA & UFCW Pension Fund and this Fund.

APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS

14. Reciprocity

An employee covered by this Fund may transfer to (or from) the UFCW and Participating Employers' Pension Plan without loss of pension credits. Upon eventual retirement, each Fund will pay the benefit for service accrued under that Fund, according to the benefit rate in effect under that Fund, at the time of retirement. Reciprocity also has been authorized between this Fund and certain other collectively bargained plans in the retail food industry, under which payment of benefits from each Fund is made according to the benefit rate in effect at the end of his covered employment under each Fund.

Note: The above summary is for the sole purpose of stating the principal plan provisions on which the valuation is based. Entitlement to benefits under the Fund is determined under the terms and provisions of the Pension Plan document.

15. Changes in Plan Provisions

None.

APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Rates of Investment Return

Funding and disclosure purposes:
8.00% compounded annually

Current Liability under RPA 1994:
3.78% compounded annually

All investment returns are net of investment expenses and administrative expenses.

2. Rates of Mortality

Funding and disclosure purposes:

Active: RP-2000 Combined Healthy mortality table for males and females.

Healthy Inactive: RP-2000 Healthy Annuitant mortality table set forward one year for males and no adjustment for females. The mortality table for active lives is used prior to age 49 for males and age 50 for females, but set forward one year for males.

Disabled: RP-2000 Disabled Annuitant for ages prior to 65. The same mortality as Healthy Inactives for ages 65 and older.

Past experience has shown more deaths have occurred than assumed, which has yielded liability gains attributable to this experience. Therefore, the current assumption includes a margin for future mortality improvements. This will continue to be monitored on an annual basis and adjustments will be made when necessary.

Current Liability:

The separate 2013 Static Mortality Tables for annuitants and non-annuitants as prescribed under IRS Notice 2008-85 and Regulation §1.431(c)(6)-1.

3. Rates of Turnover

Terminations of employment for reasons other than death or retirement are assumed to be in accordance with annual rates as shown below.

	Number Expected to Terminate Annually Per 1,000	
Service	**Males**	**Females**
0	400	400
1	220	220
2	180	180
3	150	150
4	130	130
5	120	120
6	110	110
7	105	105
8	90	90
9	90	90
10	90	90
11	80	80
12	80	80
13	80	80
14	70	70
15	70	70
16	70	70
17	50	50
18	50	50
19	50	50
20	40	40
21	30	30
22 and over	25	25

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4. Rates of Retirement

Tier I rates of retirement depend on whether a participant has fewer than 30 years of service or more than 30 years of service.

	Number Expected to Retire Annually Per 1,000		
	Tier 1	Tier 1	Tier 2
Age	Less than 30 years	Over 30 years	
50	0	200	0
51	0	200	0
52	0	200	0
53	0	200	0
54	0	200	0
55	85	200	75
56	85	200	75
57	85	200	75
58	85	200	75
59	85	200	75
60	150	200	100
61	150	250	100
62	300	350	150
63	200	400	125
64	200	400	150
65	300	400	200
66	300	400	200
67	200	400	200
68	200	400	200
69	200	400	200
70 and over	1,000	1,000	1,000

Employees who leave employment with entitlement to a deferred vested pension are assumed to commence receipt of their pension when first eligible for unreduced benefits.

5. Rates of Disability

Terminations of employment for disability are assumed to be equal to 50% of the Group Long-Term Disability Insurance Crude Rates of Disablement for males published in the Transactions of the Society of Actuaries, 1979.

Illustrative rates are shown below.

Age	Number Expected to Become Disabled Annually Per 1,000
25	0.3
30	0.3
35	0.4
40	0.7
45	1.4
50	2.7

6. Marital Status and Elections

80% of participants are assumed to be married at death, and eligible for pre-retirement spouse benefits.

56% of participants are assumed to elect the joint and survivor option on retirement. The rest are assumed to elect the single life form.

Husbands are assumed three years older than their wives.

7. Service Accrual

All employees are assumed to earn one year of service credit for each year of future employment.

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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) during the fourth preceding year. For the purpose of this calculation, the gain/(loss) are 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 the 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.