United Food and Commercial Workers (UFCW) Unions and Participating Employers Health and Welfare Fund

Reserve Determination Report

PNC Statements Through May 31, 2020
Administrative Manager's Reports Through March 31, 2020

June 2020

Segal

Actionable Items

- All credits which have been calculated prior to January 2020 have been approved by the Board of Trustees.
- In February, by way of e-mail vote, the Trustees agreed to provide the outstanding credits of $4,047,206 to Shoppers, which were used to offset contributions paid in February, March and April.
- Further credits have been calculated and amortized over 6 months as outlined in the August 25, 2017 MOA language.
- The January 2020 and March 2020 credits pending approval are illustrated in the chart below. The credits have been calculated in accordance with the policy and may be applied in the next available month. Additional detail on how these figures were calculated are outlined in the remainder of this report.

	Credits	
	Amount	**Status**
First Month Credit	$122,178	Pending Approval
Second Month Credit	$122,178	Pending Approval
Third Month Credit	$122,178	Pending Approval
Fourth Month Credit	$122,178	Pending Approval
Fifth Month Credit	$122,178	Pending Approval
Sixth Month Credit	$122,178	Pending Approval
Total Pending	$733,065	

Most Recent Reserve Position Based on PNC Statements

- Based on the August 25, 2017 MOA language, May 2020 reserves have not resulted in an adjustment due to reserves less than 4.0 months and greater than 3.0 months.

Historical Reserve Position based on PNC Statements

	6/30/2019	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	1/31/2020	2/29/2020	3/31/2020	4/30/2020	5/31/2020
A) PNC Statement (Beginning of Month)	$10,508,945	$11,133,405	$10,782,283	$10,392,971	$10,506,401	$11,016,502	$11,363,768	$11,295,327	$11,711,649	$10,025,810	$8,422,660	$7,399,788
B) PNC Receipts and Earnings	$2,157,354	$1,888,988	$1,920,139	$1,822,011	$2,038,658	$1,748,935	$1,760,138	$2,062,592	$100,444	$13,519	$781,951	$1,727,425
C) PNC Disbursements	($1,532,894)	($2,240,110)	($2,309,451)	($1,708,581)	($1,528,557)	($1,401,669)	($1,828,579)	($1,646,270)	($1,786,283)	($1,616,669)	($1,804,823)	($1,799,883)
D) Monthly Surplus/(Deficit) (B)+(C)	$624,460	($351,122)	($389,312)	$113,430	$510,101	$347,266	($68,441)	$416,322	($1,685,839)	($1,603,150)	($1,022,872)	($72,458)
1) PNC Statement (End of Month) (A)+(D)	**$11,133,405**	**$10,782,283**	**$10,392,971**	**$10,506,401**	**$11,016,502**	**$11,363,768**	**$11,295,327**	**$11,711,649**	**$10,025,810**	**$8,422,660**	**$7,399,788**	**$7,327,330**
A) Kroger Roanoke Retirees Adjustment [1]	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)	($133,142)
B) Unrealized Amortized Reserve Adjustments[2]	($3,421,340)	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($4,047,206)	($3,072,583)	($1,443,880)	($733,065)	($733,065)
2) Total Adjustments (A)+(B)	**($3,554,481)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($4,180,348)**	**($3,205,724)**	**($1,577,021)**	**($866,207)**	**($866,207)**
3) Total MOB Assets After Adjustments (1)+(2)	**$7,578,924**	**$6,601,935**	**$6,212,623**	**$6,326,053**	**$6,836,154**	**$7,183,420**	**$7,114,979**	**$7,531,301**	**$6,820,086**	**$6,845,639**	**$6,533,581**	**$6,461,123**
4) MOB Expenses[3]	**$20,859,172**	**$20,859,172**	**$20,859,172**	**$21,559,069**	**$21,559,069**	**$21,559,069**	**$20,465,812**	**$20,465,812**	**$20,465,812**	**$20,524,907**	**$20,524,907**	**$20,524,907**
5) Number of Reserve Months (3) / (4) * 12 [4]	**4.360**	**3.798**	**3.574**	**3.521**	**3.805**	**3.998**	**4.172**	**4.416**	**3.999**	**4.002**	**3.820**	**3.778**

[1] Includes incurred but not reported claims less any payments already made by Kroger. Amount has been updated for the final payment figure.
[2] Based on the total credits calculated less credits paid. Includes credits calculated, but not yet approved by the Trustees.
[3] Based on paid expenses as provided in Associated's AMRs for the prior twelve-month period.
[4] Months with reserves exceeding 4 months represent a month when a reserve adjustment has been calculated.

Amortization History and Schedule

- The chart below illustrates the amount of credit pending approval based on the month the credit was determined.

Month Determined	Credits Pending Approval by Month					
	First	Second	Third	Fourth	Fifth	Sixth
January 2020	($118,227)	($118,227)	($118,227)	($118,227)	($118,227)	($118,227)
March 2020	($3,950)	($3,950)	($3,950)	($3,950)	($3,950)	($3,950)
Total	($122,178)	($122,178)	($122,178)	($122,178)	($122,178)	($122,178)

- Page 4 illustrates the prior credits the Trustees have approved, along with the calculated credits. The continuation of changes to the credit will be contingent upon Trustee approval.

Amortization History and Schedule

- The chart below illustrates the history of the credits calculated and applied to each month's employer contribution. "Reserve Adjustments Calculated" are illustrated as of the month-end when the figures were determined. "Credits" are illustrated as of the month the amounts were applied.

	Outstanding Balance at the Beginning of the Month	Credits		Outstanding Balance Before Adjustment (A) + (B)	Reserve Adjustments Calculated		Outstanding Balance at the End of the Month After Adjustment (D) + (F)
		Amount	Status		6-Month Amortized Amount	Total Amount	
Month	(A)	(B)	(C)	(D)	(E)	(F)	(G)
May 2018	$0	$0	Paid	$0	($13,942)	($83,652)	($83,652)
June 2018	($83,652)	$0	Paid	($83,652)	($1,654)	($9,923)	($93,575)
July 2018	($93,575)	$0	Paid	($93,575)	($96,953)	($581,719)	($675,294)
August 2018	($675,294)	$0	Paid	($675,294)	$0	$0	($675,294)
September 2018	($675,294)	$0	Paid	($675,294)	$0	$0	($675,294)
October 2018	($675,294)	$225,098	Paid	($450,196)	($375,586)	($2,253,518)	($2,703,714)
November 2018	($2,703,714)	$112,549	Paid	($2,591,165)	($35,625)	($213,749)	($2,804,914)
December 2018	($2,804,914)	$112,549	Paid	($2,692,365)	$0	$0	($2,692,365)
January 2019	($2,692,365)	$488,135	Paid	($2,204,230)	($104,252)	($625,515)	($2,829,744)
February 2019	($2,829,744)	$488,135	Paid	($2,341,609)	($96,449)	($578,696)	($2,920,305)
March 2019	($2,920,305)	$488,135	Paid	($2,432,170)	($43,951)	($263,707)	($2,695,877)
April 2019	($2,695,877)	$375,586	Paid	($2,320,291)	($183,508)	($1,101,048)	($3,421,340)
May 2019	($3,421,340)	$0	No Credit Approved	($3,421,340)	$0	$0	($3,421,340)
June 2019	($3,421,340)	$0	No Credit Approved	($3,421,340)	($104,311)	($625,866)	($4,047,206)
July 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
August 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
September 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
October 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
November 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
December 2019	($4,047,206)	$0	No Credit Approved	($4,047,206)	$0	$0	($4,047,206)
January 2020	($4,047,206)	$0	No Credit Approved	($4,047,206)	($118,227)	($709,364)	($4,756,570)
February 2020	($4,756,570)	$1,683,987	Paid	($3,072,583)	$0	$0	($3,072,583)
March 2020	($3,072,583)	$1,628,703	Paid	($1,443,880)	($3,950)	($23,701)	($1,467,581)
April 2020	($1,467,581)	$734,516	Paid	($733,065)	$0	$0	($733,065)
May 2020	($733,065)	$0	No Credit Approved	($733,065)	$0	$0	($733,065)

Summarized Most Recent Experience
MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	4/1/2017	7/1/2017	10/1/2017	1/1/2018	4/1/2018	7/1/2018	10/1/2018	1/1/2019	4/1/2019	7/1/2019	10/1/2019	1/1/2020
Period End:	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	2,754	2,748	2,716	2,879	2,697	2,425	2,378	2,304	2,291	2,209	2,147	1,871
Income												
Active Contributions	$6,402,999	$6,645,315	$6,695,443	$7,020,409	$6,953,511	$5,695,101	$5,089,940	$4,313,324	$5,558,858	$5,336,959	$5,164,487	$481,600
Retiree Contributions	52,434	55,229	53,222	51,727	51,893	52,983	52,461	49,570	48,766	46,676	47,108	44,910
Total	**$6,455,433**	**$6,700,544**	**$6,748,665**	**$7,072,136**	**$7,005,404**	**$5,748,084**	**$5,142,401**	**$4,362,894**	**$5,607,624**	**$5,383,635**	**$5,211,595**	**$526,510**
Paid Expenses												
Medical	$3,995,228	$3,062,146	$3,431,667	$3,028,068	$3,807,884	$2,880,214	$3,114,455	$2,312,992	$3,479,711	$3,484,313	$2,298,543	$2,673,229
HMO	35,792	42,097	45,441	38,442	43,085	28,533	32,389	25,711	29,755	35,998	33,740	22,920
Life/AD&D	22,719	22,421	22,299	22,126	21,986	20,151	18,129	17,873	17,758	17,209	16,503	15,919
Disability	241,943	247,873	226,445	262,405	241,226	211,330	194,030	175,668	201,581	204,873	199,594	171,501
Dental	238,393	236,496	234,028	231,945	228,201	192,033	189,629	186,976	183,176	176,114	171,148	168,763
Optical	23,071	22,839	22,575	22,420	22,075	18,562	18,349	18,141	17,815	17,174	16,622	16,536
Drug	1,195,118	1,341,294	1,122,862	1,389,731	1,139,554	883,743	1,031,466	766,146	657,902	897,785	989,640	622,626
Retirees	593,038	588,317	490,156	695,640	596,963	354,551	655,662	641,181	475,320	563,332	548,554	585,406
Medical Adm.	86,896	87,879	86,536	86,020	83,456	71,731	70,781	72,472	70,893	68,013	65,748	67,032
Mental Health Manager	33,348	93,504	78,741	50,038	145,419	29,320	87,227	143,201	77,789	23,112	59,283	53,803
PPO	46,618	45,120	44,013	43,870	47,705	35,606	34,580	31,322	33,663	32,798	29,654	29,913
EAP	2,615	2,584	2,571	2,556	2,507	2,125	2,101	2,064	2,030	1,943	1,919	1,877
UM/DM	61,589	69,369	70,486	84,614	74,140	52,989	49,509	53,656	53,008	59,327	42,730	49,691
Operating Expenses	178,261	279,148	358,218	247,574	175,047	246,448	222,643	164,312	198,770	145,242	154,015	191,594
Total	**$6,754,629**	**$6,141,087**	**$6,236,038**	**$6,205,449**	**$6,629,248**	**$5,027,336**	**$5,720,950**	**$4,611,715**	**$5,499,171**	**$5,727,233**	**$4,627,693**	**$4,670,810**
Operating Surplus/(Deficit)	($299,196)	$559,457	$512,627	$866,687	$376,156	$720,748	($578,549)	($248,821)	$108,453	($343,598)	$583,902	($4,144,300)
Other Operating Surplus/(Deficit)[1]	($187,429)	($274,483)	$275,949	$545,209	$59,888	$1,270,043[2]	$74,302	$64,871	$59,539	$59,016	$49,008	$46,780
Total Fund Operating Surplus/(Deficit)	**($486,625)**	**$284,974**	**$788,576**	**$1,411,896**	**$436,044**	**$1,990,791**	**($504,247)**	**($183,950)**	**$167,992**	**($284,582)**	**$632,910**	**($4,097,520)**
Quarterly Per Capita Expenses	$817.55	$744.92	$765.35	$718.47	$819.34	$691.04	$801.93	$667.20	$800.11	$864.23	$718.47	$832.14
Current 12-Month Per Capita Expenses	$765.67	$753.47	$775.32	$761.08	$761.23	$749.53	$757.39	$747.63	$739.84	$782.66	$762.14	$803.20
Prior 12-Month Per Capita Expenses	$785.26	$796.10	$789.88	$793.63	$765.67	$753.47	$775.32	$761.08	$761.23	$749.53	$757.39	$747.63
Year Over Year Change	-2.5%	-5.4%	-1.8%	-4.1%	-0.6%	-0.5%	-2.3%	-1.8%	-2.8%	4.4%	0.6%	7.4%

Based on income and expenses as reported on the Administrative Manager's Reports (AMR).
[1] Includes Kroger experience, interest and dividends, and miscellaneous income.
[2] Other Operating Surplus for July 1, 2018 through September 30, 2018 includes recovery proceeds from ESI audit for period ending 2006.

- Current 12-month per capita expenses have increased 7.4%, from $747.63 during the 12-month period April 1, 2018 through March 31, 2019 to $803.20 during the 12-month period April 1, 2019 through March 31, 2020.

Summarized Historical Experience (Continued)
MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	**4/1/2014**	**7/1/2014**	**10/1/2014**	**1/1/2015**	**4/1/2015**	**7/1/2015**	**10/1/2015**	**1/1/2016**	**4/1/2016**	**7/1/2016**	**10/1/2016**	**1/1/2017**
Period End:	**6/30/2014**	**9/30/2014**	**12/31/2014**	**3/31/2015**	**6/30/2015**	**9/30/2015**	**12/31/2015**	**3/31/2016**	**6/30/2016**	**9/30/2016**	**12/31/2016**	**3/31/2017**
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	3,065	3,073	3,040	3,022	3,031	2,973	2,878	2,864	2,843	2,834	2,784	2,753
Income												
Active Contributions	$5,991,114	$5,977,553	$4,012,461	$6,071,581	$6,357,289	$6,280,668	$6,126,830	$5,838,383	$6,659,494	$6,573,904	$6,529,727	$6,453,088
Retiree Contributions	30,788	28,731	28,915	29,987	32,842	32,772	31,055	53,362	58,162	57,074	57,068	57,499
Total	**$6,021,902**	**$6,006,284**	**$4,041,376**	**$6,101,568**	**$6,390,131**	**$6,313,440**	**$6,157,885**	**$5,891,745**	**$6,717,656**	**$6,630,978**	**$6,586,795**	**$6,510,587**
Paid Expenses												
Medical	$2,423,678	$3,892,383	$3,287,131	$2,892,717	$3,967,482	$3,667,397	$2,878,731	$3,655,085	$4,750,671	$3,973,535	$2,905,819	$3,457,790
HMO	74,284	62,155	63,987	66,112	52,959	26,110	38,990	38,988	32,685	41,738	26,819	44,024
Life/AD&D	17,957	21,276	21,225	21,181	21,076	26,837	22,662	22,361	22,047	22,012	22,468	22,565
Disability	265,567	275,104	253,693	207,084	258,246	290,716	358,016	228,000	287,105	325,849	247,119	273,061
Dental	279,485	280,540	281,132	278,725	277,071	276,003	272,097	260,402	257,441	256,793	252,823	243,995
Optical	33,332	33,352	33,045	33,234	32,330	31,830	31,525	24,230	23,887	23,957	23,531	23,296
Drug	1,637,748	1,403,539	1,281,009	1,356,813	1,303,835	1,183,450	1,333,799	1,065,654	1,326,103	959,718	1,096,492	1,165,690
Retirees	651,227	715,234	569,497	730,675	668,077	658,068	632,726	592,878	719,224	662,364	644,746	641,028
Medical Adm.	90,938	91,775	91,469	90,984	90,663	90,137	89,445	88,280	88,910	89,822	88,095	87,633
Mental Health Manager	81,668	69,099	91,963	61,303	90,247	65,897	95,105	106,873	77,215	47,583	48,735	43,808
PPO	77,647	89,827	79,233	82,664	81,738	54,108	51,721	51,258	49,190	48,635	48,234	46,549
EAP	2,561	2,848	2,992	2,968	2,969	2,955	2,918	2,753	2,693	2,691	2,631	2,641
UM/DM	92,941	73,562	71,545	74,962	72,300	76,678	76,716	74,197	60,542	70,082	64,609	64,714
Operating Expenses	171,155	258,077	150,514	436,708	250,074	248,731	222,008	312,338	201,821	217,951	198,422	269,626
Total	**$5,900,188**	**$7,268,771**	**$6,278,435**	**$6,336,130**	**$7,169,067**	**$6,698,917**	**$6,106,459**	**$6,523,297**	**$7,899,534**	**$6,742,730**	**$5,670,543**	**$6,386,420**
Operating Surplus/(Deficit)	$121,714	($1,262,487)	($2,237,059)	($234,562)	($778,936)	($385,477)	$51,426	($631,552)	($1,181,878)	($111,752)	$916,252	$124,167
Other Operating Surplus/(Deficit) [1]	($785,969)	($563,837)	($457,491)	($508,461)	($492,202)	($223,324)	$185,001	($244,058)	($120,025)	($290,898)	$181,340	$537,992
Total Fund Operating Surplus/(Deficit)	**($664,255)**	**($1,826,324)**	**($2,694,550)**	**($743,023)**	**($1,271,138)**	**($608,801)**	**$236,427**	**($875,610)**	**($1,301,903)**	**($402,650)**	**$1,097,592**	**$662,159**
Quarterly Per Capita Expenses	$641.67	$788.46	$688.42	$698.89	$788.42	$751.08	$707.26	$759.23	$926.20	$793.08	$678.94	$773.27
Current 12-Month Per Capita Expenses	$639.94	$665.78	$674.17	$704.47	$741.20	$731.60	$736.74	$751.96	$785.26	$796.10	$789.88	$793.63
Prior 12-Month Per Capita Expenses	$674.96	$680.01	$674.85	$658.20	$639.94	$665.78	$674.17	$704.47	$741.20	$731.60	$736.74	$751.96
Year Over Year Change	-5.2%	-2.1%	-0.1%	7.0%	15.8%	9.9%	9.3%	6.7%	5.9%	8.8%	7.2%	5.5%

Based on income and expenses as reported on the Administrative Manager's Reports (AMR).
[1] Includes Kroger experience, interest and dividends, and miscellaneous income.