Classic Values, Innovative Advice

UFCW and Participating Employers Pension Fund

June 19, 2020

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Topics

- 1/1/2019 Actuarial Valuation
- *P-Scan* Projection Scenarios
- Rehabilitation Plan

Valuation Results ($ in millions)

	2018	2019	Change
MV Assets 1/1	$120.4	$111.7	(7.2%)
AV Assets 1/1	$118.9	$118.7	(0.2%)
Liabilities 1/1	$202.1	$209.0	3.4%
Funding Ratio 1/1	58.9%	56.8%	
Beginning Credit Balance 1/1	($1.3)	($8.0)	
Minimum Contribution	$14.6	$24.5	
Contributions (over year)	$7.7	$7.5 est.	

2018 Experience

	Expected	Actual	Gain / (Loss)
Assets	$121.7	$118.7	($3.0)
Liabilities	$207.2	$209.0	($1.8)

- Assets returned (2.26%) on market value and 5.14% on actuarial value which is less than the assumed return of 7.75%
- The 2½% underperformance on actuarial value led to the $3.0 million loss
- Liability loss attributable to data changes and experience
- The data changes resulted in a $1.1 million loss
- Experience resulted in a $0.7 million loss

Scenario 1: Baseline

- Baseline Projection from the 1/1/2019 valuation
  - 7.75% assumed return for all years including 2019
  - Annual contribution rate increases follow the Rehabilitation Plan (RP)
    - Contributions equivalent to SuperValu 10 cent per year increase
  - Hours assumed to remain constant
  - Plan projected to emerge from Critical status in 2046

Scenario 1: Baseline

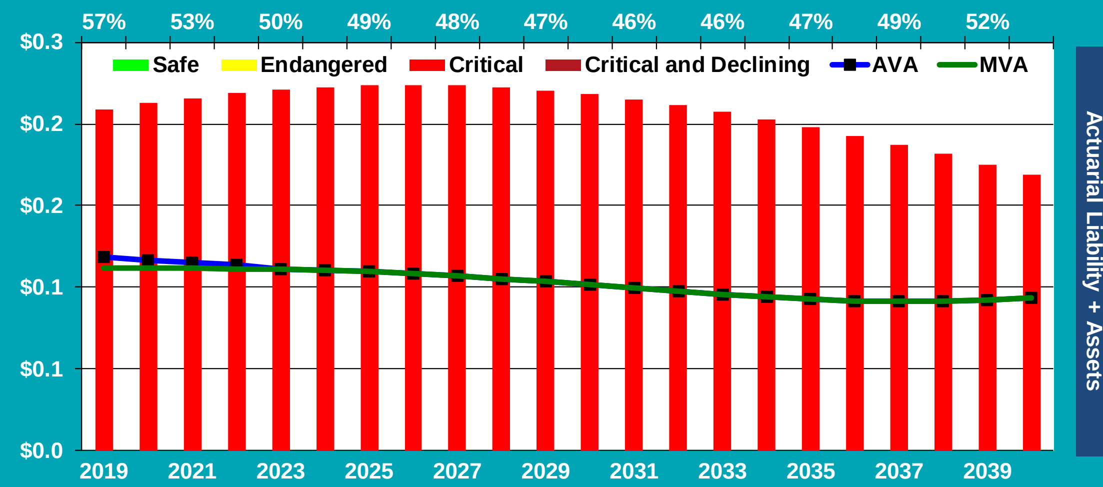
CHEIRON

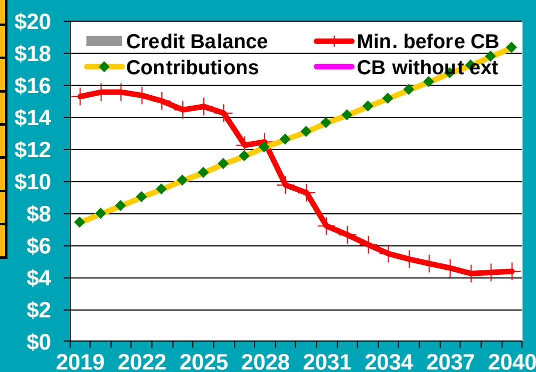
MFD: 2019
Insolvent PYB: None
Emergence: 2046

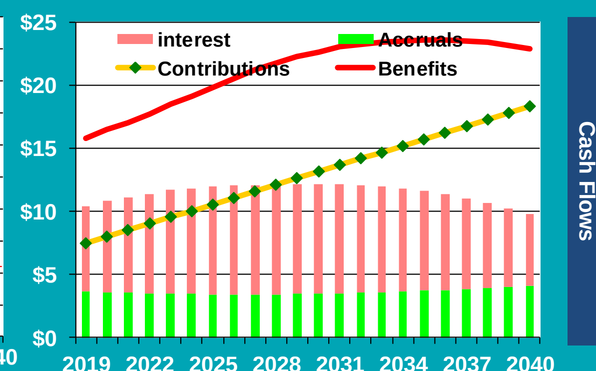
2019 Return: 7.75%
Use Actual Cash Flows: N

2017

PYB	Retur	Cont	Ben	Mem Grwth	Mem SFW	Mem Metro
2019	7.75%	6.9%	0.0%	0.0%	0.0%	0.0%
2020	7.75%	6.5%	0.0%	0.0%	0.0%	0.0%
2021	7.75%	6.1%	0.0%	0.0%	0.0%	0.0%
2022	7.75%	5.7%	0.0%	0.0%	0.0%	0.0%
2023	7.75%	5.4%	0.0%	0.0%	0.0%	0.0%
2024	7.75%	5.1%	0.0%	0.0%	0.0%	0.0%
2025	7.75%	4.9%	0.0%	0.0%	0.0%	0.0%
2026	7.75%	4.7%	0.0%	0.0%	0.0%	0.0%
2027	7.75%	4.4%	0.0%	0.0%	0.0%	0.0%
2028	7.75%	4.3%	0.0%	0.0%	0.0%	0.0%
2029	7.75%	4.1%	0.0%	0.0%	0.0%	0.0%
2030	7.75%	3.9%	0.0%	0.0%	0.0%	0.0%
2031	7.75%	3.8%	0.0%	0.0%	0.0%	0.0%
2032	7.75%	3.6%	0.0%	0.0%	0.0%	0.0%
2033	7.75%	3.5%	0.0%	0.0%	0.0%	0.0%
2034	7.75%	3.4%	0.0%	0.0%	0.0%	0.0%
2035	7.75%	3.3%	0.0%	0.0%	0.0%	0.0%
2036	7.75%	3.2%	0.0%	0.0%	0.0%	0.0%
2037	7.75%	3.1%	0.0%	0.0%	0.0%	0.0%







Scenario 2: 2020 PPA Certification

- Same as Scenario 1 except:
  - Estimated 2020 assets (estimated return of 16.24% for 2019), 7.75% assumed return thereafter
  - Membership decline: 44% decline for SFW in 2020 and 5% decline for SFW and Metro/Basics in 2021 and beyond
- Plan certified as Critical & Declining in 2020 and projected insolvent in 2034
- No longer making scheduled progress for 2019 Rehabilitation Plan

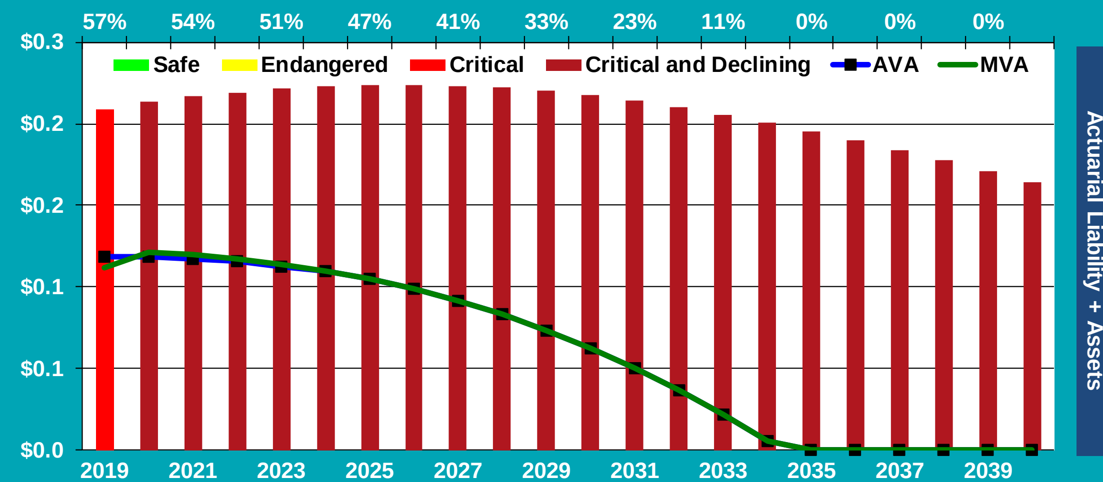
Scenario 2: 2020 PPA Certification

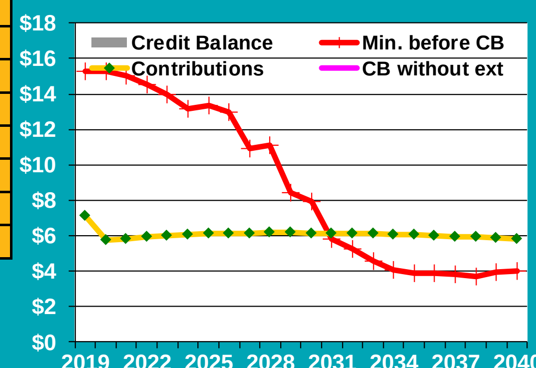
CHEIRON

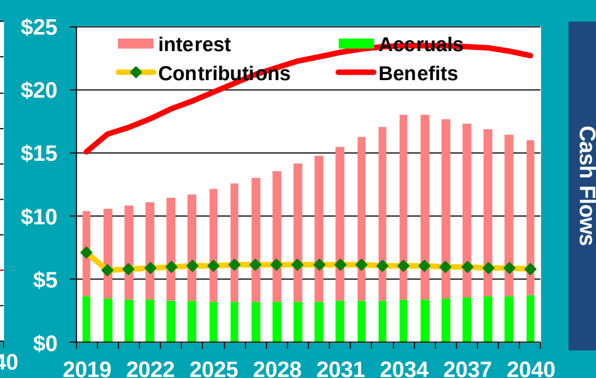
MFD	2019
Insolvent PYB	2034
Emergence	N/A
2019 Return	16.24%
Use Actual Cash Flows	Y

2017

PYB	Retur	Cont	Ben	Mem Grwth	Mem SFW	Mem Metro
2019	16.24%	6.9%	0.0%	0.0%	-44.0%	0.0%
2020	7.75%	6.5%	0.0%	0.0%	-5.0%	-5.0%
2021	7.75%	6.1%	0.0%	0.0%	-5.0%	-5.0%
2022	7.75%	5.7%	0.0%	0.0%	-5.0%	-5.0%
2023	7.75%	5.4%	0.0%	0.0%	-5.0%	-5.0%
2024	7.75%	5.1%	0.0%	0.0%	-5.0%	-5.0%
2025	7.75%	4.9%	0.0%	0.0%	-5.0%	-5.0%
2026	7.75%	4.7%	0.0%	0.0%	-5.0%	-5.0%
2027	7.75%	4.4%	0.0%	0.0%	-5.0%	-5.0%
2028	7.75%	4.3%	0.0%	0.0%	-5.0%	-5.0%
2029	7.75%	4.1%	0.0%	0.0%	-5.0%	-5.0%
2030	7.75%	3.9%	0.0%	0.0%	-5.0%	-5.0%
2031	7.75%	3.8%	0.0%	0.0%	-5.0%	-5.0%
2032	7.75%	3.6%	0.0%	0.0%	-5.0%	-5.0%
2033	7.75%	3.5%	0.0%	0.0%	-5.0%	-5.0%
2034	7.75%	3.4%	0.0%	0.0%	-5.0%	-5.0%
2035	7.75%	3.3%	0.0%	0.0%	-5.0%	-5.0%
2036	7.75%	3.2%	0.0%	0.0%	-5.0%	-5.0%
2037	7.75%	3.1%	0.0%	0.0%	-5.0%	-5.0%







Scenario 3: 0% Return in 2020

- Same as Scenario 2, except with 0% return in 2020
- Plan projected insolvent in 2032

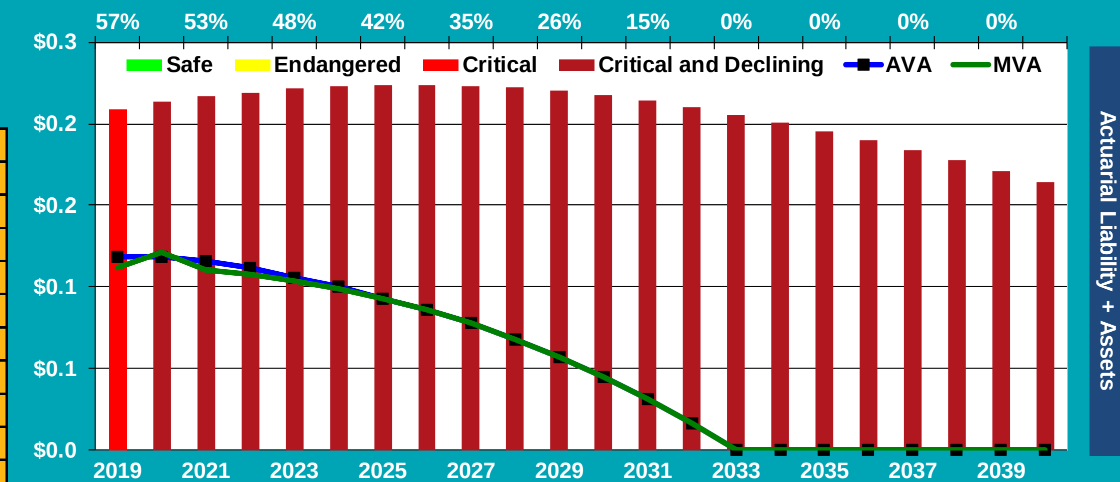
CHEIRON

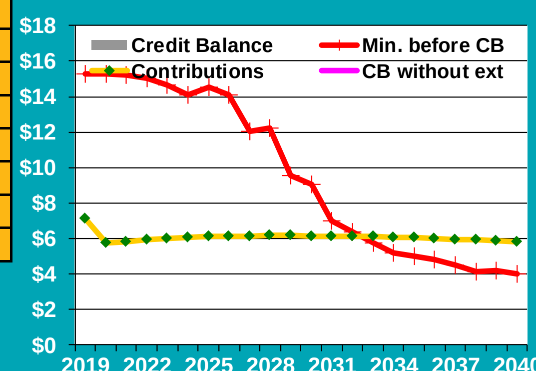
MFD	2019
Insolvent PYB	2032
Emergence	N/A

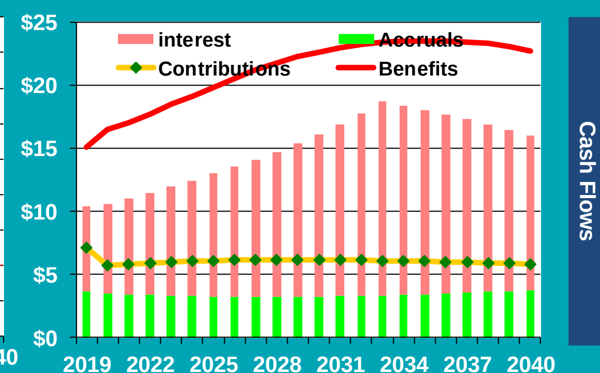
2019 Return	16.24%
Use Actual Cash Flows	Y

2017

PYB	Retur	Cont	Ben	Mem Grwth	Mem SFW	Mem Metro
2019	16.24%	6.9%	0.0%	0.0%	-44.0%	0.0%
2020	0.00%	6.5%	0.0%	0.0%	-5.0%	-5.0%
2021	7.75%	6.1%	0.0%	0.0%	-5.0%	-5.0%
2022	7.75%	5.7%	0.0%	0.0%	-5.0%	-5.0%
2023	7.75%	5.4%	0.0%	0.0%	-5.0%	-5.0%
2024	7.75%	5.1%	0.0%	0.0%	-5.0%	-5.0%
2025	7.75%	4.9%	0.0%	0.0%	-5.0%	-5.0%
2026	7.75%	4.7%	0.0%	0.0%	-5.0%	-5.0%
2027	7.75%	4.4%	0.0%	0.0%	-5.0%	-5.0%
2028	7.75%	4.3%	0.0%	0.0%	-5.0%	-5.0%
2029	7.75%	4.1%	0.0%	0.0%	-5.0%	-5.0%
2030	7.75%	3.9%	0.0%	0.0%	-5.0%	-5.0%
2031	7.75%	3.8%	0.0%	0.0%	-5.0%	-5.0%
2032	7.75%	3.6%	0.0%	0.0%	-5.0%	-5.0%
2033	7.75%	3.5%	0.0%	0.0%	-5.0%	-5.0%
2034	7.75%	3.4%	0.0%	0.0%	-5.0%	-5.0%
2035	7.75%	3.3%	0.0%	0.0%	-5.0%	-5.0%
2036	7.75%	3.2%	0.0%	0.0%	-5.0%	-5.0%
2037	7.75%	3.1%	0.0%	0.0%	-5.0%	-5.0%







Scenario 4: -10% Return in 2020

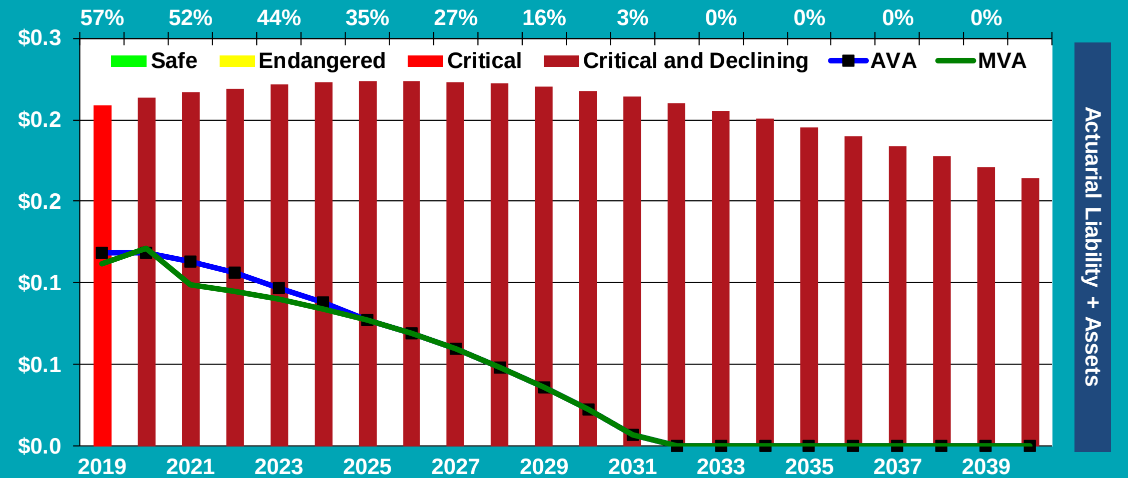
- Same as Scenario 2, except with -10% return in 2020
- Plan projected insolvent in 2031

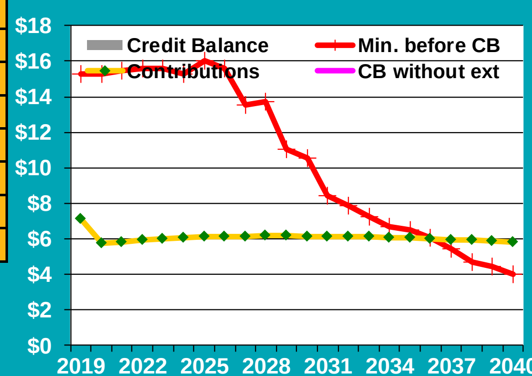
CHEIRON

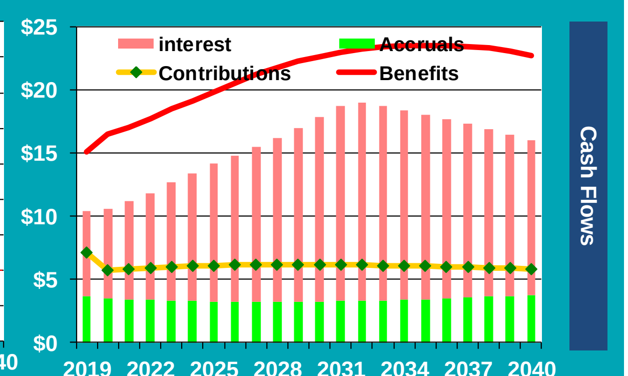
MFD	2019	2019 Return	16.24%
Insolvent PYB	2031	Use Actual Cash Flows	Y
Emergence	N/A		

2017

PYB	Retur	Cont	Ben	Mem Grwth	Mem SFW	Mem Metro
2019	16.24%	6.9%	0.0%	0.0%	-44.0%	0.0%
2020	-10.00%	6.5%	0.0%	0.0%	-5.0%	-5.0%
2021	7.75%	6.1%	0.0%	0.0%	-5.0%	-5.0%
2022	7.75%	5.7%	0.0%	0.0%	-5.0%	-5.0%
2023	7.75%	5.4%	0.0%	0.0%	-5.0%	-5.0%
2024	7.75%	5.1%	0.0%	0.0%	-5.0%	-5.0%
2025	7.75%	4.9%	0.0%	0.0%	-5.0%	-5.0%
2026	7.75%	4.7%	0.0%	0.0%	-5.0%	-5.0%
2027	7.75%	4.4%	0.0%	0.0%	-5.0%	-5.0%
2028	7.75%	4.3%	0.0%	0.0%	-5.0%	-5.0%
2029	7.75%	4.1%	0.0%	0.0%	-5.0%	-5.0%
2030	7.75%	3.9%	0.0%	0.0%	-5.0%	-5.0%
2031	7.75%	3.8%	0.0%	0.0%	-5.0%	-5.0%
2032	7.75%	3.6%	0.0%	0.0%	-5.0%	-5.0%
2033	7.75%	3.5%	0.0%	0.0%	-5.0%	-5.0%
2034	7.75%	3.4%	0.0%	0.0%	-5.0%	-5.0%
2035	7.75%	3.3%	0.0%	0.0%	-5.0%	-5.0%
2036	7.75%	3.2%	0.0%	0.0%	-5.0%	-5.0%
2037	7.75%	3.1%	0.0%	0.0%	-5.0%	-5.0%







Rehabilitation Plan

- Requirement to consider RP on an annual basis
- RP is operating under reasonable measures to emerge from Critical status at a later date
- However, due to the assumed declines, the Plan is expected to go insolvent in 2034 and consequently not emerge from Critical status

Required Disclosures

This presentation was prepared solely for the UFCW Unions and Participating Employers 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 such other user.

In preparing this presentation, we relied on information (some oral and some written) supplied by the Fund Office. 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.

This analysis was based on the current assumptions and methods, financial data through 12/31/2019, and the 1/1/2019 membership data. Unless otherwise noted, the assumptions and methods are outlined in the 2019 Actuarial Valuation Report. Future results may differ significantly from the current results presented in this presentation 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.

This presentation and its contents have been 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.

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