

**Bricklayers & Allied Craftsmen Local No. 7 Pension Plan
Checklist Item #06**

Does the application describe the assumptions used, including the new entrant profile, the total contribution base units, and the average contribution rates? See section 3.01.

Document 6.1 describes the assumptions used by the Pension Plan's actuary. Document 6.2 provides a supplemental report that is based on the actuary's interpretation of the requirements under Revenue Procedure 2016-27, Section 3.01.

3.01 Actuarial Assumptions

Document 6.1

Assumptions Used by the Pension Plan's Actuary

The following sets forth the actuarial assumptions and methodology used by the Pension Plan's actuary in making the determination that the Pension Plan is in critical and declining status.

Net investment return	6.50% per year for the plan years ending 2017-2026; 7.50% per year thereafter															
Operational expenses	\$240,000 for the plan year ending 2017; \$120,000 per future year thereafter.															
Mortality	140% of the RP-2014 Blue Collar Mortality Table for employees and healthy annuitants adjusted backward to 2006 with the MP-2014 projection scale and projected forward using the MP-2015 projection scale.															
Retirement																
Active lives	When eligible and according to the following schedule: <table><thead><tr><th></th><th>Age</th><th>Retirement Rate</th></tr></thead><tbody><tr><td></td><td>55-59</td><td>.05</td></tr><tr><td></td><td>60</td><td>.10</td></tr><tr><td></td><td>61</td><td>.25</td></tr><tr><td></td><td>62+</td><td>1.00</td></tr></tbody></table>		Age	Retirement Rate		55-59	.05		60	.10		61	.25		62+	1.00
	Age	Retirement Rate														
	55-59	.05														
	60	.10														
	61	.25														
	62+	1.00														
Inactive vested lives	If terminated prior to 5/1/99, later of normal retirement age or age on valuation date. If terminated after 5/1/99, later of earliest retirement age or age on valuation date.															
Disability	n/a															
Withdrawal	Special withdrawal rates for first 3 years of employment:															

<u>Year of Employment</u>	<u>Annual Withdrawal Rate</u>
First	.35
Second	.25
Third	.15

T-8 Turnover Table from The Actuary's Pension Handbook (less GAM 51) adjusted after age 49 - specimen rates shown below:

<u>Age</u>	<u>Withdrawal Rate</u>
25	.1162
30	.1121
35	.1055
40	.0940
45	.0754
50	.0531
55	.0190
60	.0100
62	.0100

Future hours worked	125,000 for the plan year ending 2017; 140,000 per future year thereafter.
Future contributions	\$6.80 hourly contribution rate effective June 1, 2016.
Age of participants with unrecorded birth dates	Based on average entry age of participants with recorded birth dates and same vesting status.
Spouse assumptions	100% assumed married with the male spouse 3 years older than his wife.
Inactive vested lives over age 70	Continuing inactive vested participants over age 70 are assumed deceased and are not valued.
QDRO benefits	Benefits to alternate payee included with participant's benefit until payment commences.

Benefits not valued	Pre-retirement death benefits following withdrawal or disability for active participants.
Funding method	Traditional unit credit cost method, effective May 1, 2007.
Population valued	Employees who have satisfied the plan's eligibility requirements (435 hours worked in a plan year) and who had at least one hour during the preceding plan year, vested participants with no hours during the preceding plan year and participants and beneficiaries in pay status as of the valuation date.
Actuarial value of assets	Smoothed Market Value Method with phase in effective May 1, 1996. Each year's gain (or loss) is spread over a period of 5 years. The actuarial value is limited to not less than 80% and not more than 120% of the actual market value of assets in any plan year.
New Entrant Profile	No open group projections or specific new entrant profiles are used. The projection methodology uses implicit assumptions for future benefit payments. New actives are assumed to keep normal cost level. These new entrants then join other actives with assumed annual migration to retired status and benefit payments proportional to liabilities. Since the current benefit formula does not provide large benefits, the impact on cash flows is not material. This can be seen in comparing the exhibits for this purpose with other exhibits using open group projections.

Document 6.2

Supplemental Actuarial Information

See the following page.

RATIONALE FOR SELECTION OF ACTUARIAL ASSUMPTIONS

The non prescribed actuarial assumptions were selected to provide a reasonable long term estimate of developing experience. The assumptions are reviewed annually, including a comparison to actual experience. The following describes our rationale for the selection of each non-prescribed assumption that has a significant effect on the valuation results.

ERISA rate of return used to value liabilities	<p>Future rates of return were modeled based on the Plan's current investment policy asset allocation and composite, long-term capital market assumptions taken from Horizon Actuarial's 2015 survey of investment consultants.</p> <p>Based on this analysis, we selected a final assumed rate of 7.75%, which we feel is reasonable. This rate may not be appropriate for other purposes such as settlement of liabilities.</p>
Mortality	<p>The RP 2000 fully generational, combined healthy mortality table was chosen as the base table for this population. Projected mortality improvement was determined using Scale AA.</p> <p>Based on the industry of plan participants, the blue collar adjustment was applied.</p> <p>Finally, a 1-year set forward was applied. This was based on data of larger plans in similar industries.</p>
Retirement	<p>Actual rates of retirement by age were last studied for this plan for the period 1999 to 2005. No further adjustments were deemed necessary at this time.</p>
Withdrawal	<p>Actual rates of withdrawal by age were last studied for this plan for the period 2006 to 2010. No further adjustments were deemed necessary at this time.</p>
Future hours worked	<p>Based on review of recent plan experience adjusted for anticipated future changes in workforce.</p>