

**WESTERN STATES OFFICE AND  
PROFESSIONAL EMPLOYEES PENSION FUND  
SECOND SUSPENSION APPLICATION**

**Exhibit 3**

# **Western States Office and Professional Employees Pension Fund**

## **Exhibit 3**

### **Plan Actuary's Certification That the Plan is Projected to Avoid Insolvency Pursuant to IRC Section 432(e)(9)(C)(i)**

The attached graphs demonstrate that based upon the attached assumptions, the benefit suspension being requested in this application is sufficient to avoid Plan insolvency.

The graphs demonstrate that the Plan is not expected to go insolvent under the assumptions shown, and in addition, the Plan's funded status begins to improve over the last five plan years in the 40-year extended projection period ending December 31, 2056.

This certification was prepared on behalf of the Western States Office and Professional Employees Pension Fund based on employee data, asset statements and plan documents provided by the Plan Sponsor or its representatives. We relied upon the data as submitted, without formal audit. However, the data was tested for reasonableness, and we have no reason to believe that any other information which would have had a material effect on the results of this valuation was overlooked.

Therefore, to the best of our knowledge and belief, the information presented in this certification is complete and accurate, and each assumption used represents our best estimate of anticipated experience under the Plan.

The actuarial assumptions used are the same as those used in the January 1, 2016 actuarial valuation, except as noted below and in the following table of assumptions:

1. Updated healthy and disabled mortality tables, including generational mortality improvement scale adjustment
2. An assumption for joint and survivor annuity election
3. Revised assumed spousal age difference
4. Contributions and benefit payments for 2016 based on draft audited financial statements as of December 31, 2016; estimated contributions and benefit payments for 2017 based on unaudited Administrator financial statements as of June 30, 2017
5. Market value of assets based on the June 30, 2017 Administrator financial statements. Expected annual returns were developed using a building block approach based on the Treasury high-quality market corporate bond yield curve spot rates as of June 2017 and estimated risk premium for the portfolio. Expected return of 2.45% for the second half of 2017 based on ½ of the sum of the June 2017 monthly spot rate for a half-year maturity and a 3.5% risk premium. For subsequent plan years, varied expected investment returns based on the monthly spot rate plus a 3.5% risk premium for years 2018-2036, a 3.25% risk premium for years 2037-2046 and a 3.00% risk premium for years 2047-2056.

## Western States Office and Professional Employees Pension Fund

The assumed risk premium of 3.50% reflects the Plan's current asset allocation input into a Portfolio Return calculator reflecting the Horizon survey assumptions as of July 2016, focusing on the 10 and 20-year time periods. As the Plan matures and the asset base declines, we anticipate that the asset allocation may become more conservative and therefore produce a lower risk premium starting after 20 years have elapsed (risk premium dropped to 3.25%), and again 10 years later (risk premium dropped to 3.00%). Projected returns for individual future years reflect the assumed risk premium added to the implied Treasury spot rate for that year.

Over the 10 and 20-year time horizons, the total average returns line up with the average returns as calculated by the Horizon survey assumptions for those comparable time periods.

6. Contributions for 18 employers known to have withdrawn in the 2016 Plan Year, including WPAS, have been removed from estimates of future accruing contributions and costs. All withdrawn employers are assumed to make quarterly withdrawal liability payments, except for ATPA. Due to its recent bankruptcy filing, no withdrawal liability payments are assumed to be made by ATPA.

The assumptions utilized in this submission and described in this Exhibit have been selected for the purpose of determining projected benefit payments and assets that will be used to evaluate the projected solvency of the Plan. We have selected assumptions that reflect the Plan's experience, where appropriate, and general population demographics and trends, where Plan experience is not credible and able to be relied upon. We believe that the information provided, including the assumptions and methods utilized, are in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOP) Nos. 4, 23, 27, 35, 41 and 44. We are not aware of any deviations from the ASOPs in the preparation of the analysis and results provided herein.

Future actuarial experience and measurements may differ significantly from the current measurements presented in this submission due to such factors as plan experience differing from that anticipated by the economic and demographic assumptions. We have provided analysis in this submission using alternative assumptions as set forth in the regulations for benefit suspensions for multiemployer plans in IRC Sec.1.432(e)(9)-1(d)(5).

Certified by:  
Redacted by the U.S. Department of the  
Treasury

Paul Graf, A.S.A., E.A., M.A.A.A.  
Enrolled Actuary No. 17-05627

August 24, 2017

# Western States Office and Professional Employees Pension Fund

## ACTUARIAL METHODS AND ASSUMPTIONS

| METHODS:               |   |
|------------------------|---|
| Asset Valuation:       | Assets are valued according to a method which recognizes 20% of each year's excess (or deficiency) of actual investment return on the Market Value of Assets over the expected return on the Market Value of Assets in the year the excess (or deficiency) occurs. An additional 20% of the excess (or deficiency) is recognized in each of the succeeding four years until it is totally recognized. In no event will the Actuarial Value be less than 80% or more than 120% of the Market Value.  |
| Actuarial Cost Method: | <u>Unit Credit Cost Method</u><br><br>Under this method, we determine the present value of all benefits earned through the valuation date. An individual's normal cost is the present value of the benefit expected to be earned in the valuation year. The total accrued liability is the sum of the individual present values for all participants. The Unfunded Accrued Liability is the difference between the accrued liability and the assets of the Trust. If the assets exceed the accrued liability, the Plan is in a surplus position. This method requires that each year's contributions be applied first to the normal cost, and the balance of the contributions applied to amortize the Unfunded Accrued Liability. The normal cost is adjusted at the close of the Plan Year to reflect the actual level of contributions received during that Plan Year. |

## Western States Office and Professional Employees Pension Fund

| <b>ASSUMPTIONS:</b>                    |   |
|--|---|
| Interest Discount Rate:                | 7.25% for funding.  |
| Assumed Rate of Return on Investments: | Expected return of 2.45% for the second half of 2017 based on ½ of the sum of the June 2017 monthly spot rate for a half-year maturity and a 3.5% risk premium. For subsequent plan years, varied expected investment returns based on the monthly spot rate plus a 3.5% risk premium for years 2018-2036, a 3.25% risk premium for years 2037-2046 and a 3.00% risk premium for years 2047-2056.   |
| Derivation of Net Investment Return:   | Expected annual returns were developed using a building block approach based on the Treasury high-quality market corporate bond yield curve spot rates as of June 2017 and estimated risk premium for the portfolio. The estimated risk premium reflects expected return assumptions established based on a long-term outlook and are based on past experience, future expectations and professional judgement. We have modeled the assumptions based on average long-term future expected returns and their respective capital market assumptions as provided by several investment professionals. Based on the inputs of the Plan's specific target asset allocation, we have established the reasonability of the Plan's assumption.   |
| Operating Expenses:                    | \$1,400,000 for 2017, \$1,300,000 for 2018, \$1,000,000 for 2019 and all future years. Operating expenses are projected based on recent historical Plan expenses including additional expected expenses during the benefit suspension application process. Lower operating expenses are anticipated after the benefit suspension application process is completed.  |
| Mortality:                             | <p>Healthy Lives: RP2014 Blue Collar Mortality Table for males and females, adjusted backward to 2006 using MP-2014, and then projected forward from 2006 with Fully Generational Mortality Improvement under MP-2016.</p> <p>Disabled Lives: RP2014 Disabled Retiree Mortality Table for males and females, adjusted backward to 2006 using MP-2014, and then projected forward from 2006 with Fully Generational Mortality Improvement under MP-2016.</p> <p>Since the number of Plan participants is not large enough to justify adjustments to reflect Plan-specific mortality experience, we have used standard published mortality tables and full generational mortality improvement scales to project into the future. The populations is largely comprised of lower paid union participants and therefore deemed the blue-collar adjusted table to be the most appropriate match for the healthy participants.</p> |
| Mortality Improvement:                 | Effective January 1, 2017, the mortality assumption has been updated to reflect full generational mortality improvements using the MP-2016 scaling factors.   |
| Turnover:                              | <p>Table T-7, <u>The Actuary's Pension Handbook</u>. Non-Vested Participants are assumed to earn one year of vesting credit annually until vested.</p> <p>Due to the size of the Plan, a standard turnover table is used to project turnover experience for the Plan. There have been no significant gains or losses over the past 5 years, and there is no pattern to the gains or losses during the past 5 years to indicate a change in the current turnover table is needed.</p>  |

## Western States Office and Professional Employees Pension Fund

| <b>ASSUMPTIONS:</b>          |  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
|------------------------------|--|------------|---------------------------|----|-----|----|-----|-------|-----|----|-----|----|-----|----|-----|-------|-----|-----|------|------------|---------------------------|----|-----|-------|----|----|-----|-------|----|-----|------|
| <b>Retirement Rates:</b>     | <p>Active participants are assumed to retire based on the following rate table:</p> <table> <tr> <th><u>Age</u></th><th><u>Rate of Retirement</u></th></tr> <tr> <td>55</td><td>20%</td></tr> <tr> <td>56</td><td>15%</td></tr> <tr> <td>57-59</td><td>12%</td></tr> <tr> <td>60</td><td>15%</td></tr> <tr> <td>61</td><td>20%</td></tr> <tr> <td>62</td><td>40%</td></tr> <tr> <td>63-70</td><td>35%</td></tr> <tr> <td>71+</td><td>100%</td></tr> </table> <p>The retirement rates are based on historical and expected future Plan experience and are monitored on an annual basis for trends that indicate a change in the rates may be needed.</p> <p>Vested inactive participants are assumed to retire based on the following rate table, which reflects actual retirement experience over the past 3 years:</p> <table> <tr> <th><u>Age</u></th><th><u>Rate of Retirement</u></th></tr> <tr> <td>55</td><td>15%</td></tr> <tr> <td>56-61</td><td>5%</td></tr> <tr> <td>62</td><td>18%</td></tr> <tr> <td>63-64</td><td>3%</td></tr> <tr> <td>65+</td><td>100%</td></tr> </table> | <u>Age</u> | <u>Rate of Retirement</u> | 55 | 20% | 56 | 15% | 57-59 | 12% | 60 | 15% | 61 | 20% | 62 | 40% | 63-70 | 35% | 71+ | 100% | <u>Age</u> | <u>Rate of Retirement</u> | 55 | 15% | 56-61 | 5% | 62 | 18% | 63-64 | 3% | 65+ | 100% |
| <u>Age</u>                   | <u>Rate of Retirement</u>  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 55                           | 20%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 56                           | 15%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 57-59                        | 12%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 60                           | 15%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 61                           | 20%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 62                           | 40%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 63-70                        | 35%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 71+                          | 100%   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <u>Age</u>                   | <u>Rate of Retirement</u>  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 55                           | 15%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 56-61                        | 5%   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 62                           | 18%  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 63-64                        | 3%   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| 65+                          | 100%   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Disability Incidence:</b> | 1952 Society of Actuaries Table, Period 2, Benefit 5.  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Form of Payment:</b>      | For those not yet in pay status, 55% of participants are assumed to elect a Life Annuity and 45% of participants are assumed to elect a 50% Joint and Survivor Annuity. This assumption is based on Plan experience over the past 3 years.   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Marital Status:</b>       | 80% of non-retired participants are assumed to be married. Spouses are assumed to be one year younger than participants in the population, based on Plan experience over the past 3 years.   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Active Employment:</b>    | Worked at least 200 hours in covered employment.   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Future Employment:</b>    | Each active participant is assumed to work the same amount of hours worked in the prior plan year.   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Missing Data:</b>         | If not specified, participants are assumed to be female and the same age as the average of participants with the same status code.   |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |
| <b>Withdrawal:</b>           | Employers known to have withdrawn prior to June 2017, including WPAS, are assumed to make quarterly withdrawal liability payments; no withdrawal liability payments are assumed to be made by ATPA due to its recent bankruptcy filing.  |            |                           |    |     |    |     |       |     |    |     |    |     |    |     |       |     |     |      |            |                           |    |     |       |    |    |     |       |    |     |      |

## Western States Office and Professional Employees Pension Fund

| New Entrant Profile:   |   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
|--|---|-----------|-------------------------|----------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|----|---------|-----|
| New Entrants:  | <p>New entrants are assumed to replace participants who terminated employment during the year from contributing employers and to have a demographic mix consistent with recent entrants during the past five plan years with an average age of 39. This experience includes those that are rehired from terminated non-vested and terminated vested status. New entrants are assumed to be 85% female and 15% male with the following age distribution.</p> <table> <tr> <th>Age Range</th><th>Percent of New Entrants</th></tr> <tr> <td>Below 25</td><td>10%</td></tr> <tr> <td>25-30</td><td>18%</td></tr> <tr> <td>30-35</td><td>16%</td></tr> <tr> <td>35-40</td><td>13%</td></tr> <tr> <td>40-45</td><td>10%</td></tr> <tr> <td>45-50</td><td>9%</td></tr> <tr> <td>Over 50</td><td>23%</td></tr> </table>  | Age Range | Percent of New Entrants | Below 25 | 10% | 25-30 | 18% | 30-35 | 16% | 35-40 | 13% | 40-45 | 10% | 45-50 | 9% | Over 50 | 23% |
| Age Range  | Percent of New Entrants   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| Below 25   | 10%   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| 25-30  | 18%   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| 30-35  | 16%   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| 35-40  | 13%   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| 40-45  | 10%   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| 45-50  | 9%  |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| Over 50  | 23%   |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |
| <b>Changes Since<br/>January 1, 2016<br/>Actuarial Valuation</b> | <p>The assumed rate of return on investments was changed from 7.25% compounded annually, net of all expenses, to varied expected investment returns net of investment expenses, based on the monthly spot rate plus an annual risk premium. A separate operating expense assumption was established.</p> <p>The mortality assumption for healthy lives was changed from 1983 GAM(F) Mortality Table to RP2014 Blue Collar Mortality Table for males and females adjusted backward to 2006 using MP-2014, and then then projected forward from 2006 with Fully Generational Mortality Improvement under MP-2016.</p> <p>The mortality assumption for disabled lives was changed from 1983 GAM(F) Mortality Table with ages set forward 17 years until age 62 to RP2014 Disabled Retiree Mortality Table for males and females adjusted backward to 2006 using MP-2014, and then projected forward from 2006 with Fully Generational Mortality Improvement under MP-2016.</p> <p>The assumed retirement age for vested inactive participants was changed from age 62 to a varied rate table based on age.</p> <p>The form of payment election assumption was changed from all participants elect a Life Annuity to 55% of participants elect a Life Annuity and 45% elect a 50% Joint and Survivor Annuity, based on recent Plan experience.</p> <p>The spousal age difference assumption was changed from the spouse assumed to be the same age as the participant to the spouse assumed to be one year younger than the participant, after reviewing recent Plan experience.</p> <p>Accruing and supplemental/surcharge contributions for 18 employers known to have withdrawn during 2016 have been removed from future expected contributions and costs, and quarterly withdrawal liability payments have been added to future expected contributions. No withdrawal liability payments are expected from ATPA due to its recent bankruptcy filing.</p> |           |                         |          |     |       |     |       |     |       |     |       |     |       |    |         |     |

Western States Office and Professional Employees Pension Fund

Rael & Letson Expected Investment Return Calculator Results  
10-Year Expected Returns

|   |   |
|---|---|
| Client Name                             | OWS - Western States Office and Professional Employees Pension Fund |
| Horizon Survey Year                     | 2016  |
| Date of Asset Allocation                | 12/31/2016  |
| Short/Long Run/Blended Expected Returns | 0   |

0=10yr; 1=20yr; 2 = blended

| Summary of Calculations      | R&L Calculation Results | Investment Consultant Results | Check  |
|------------------------------|-------------------------|-------------------------------|--------|
| Arithmetic Return            | 6.71%                   |                               | 6.71%  |
| Geometric Return (estimate)  | 6.22%                   |                               | 6.22%  |
| Portfolio Standard Deviation | 10.24%                  |                               | 10.24% |

Capital Market Assumptions are derived from Horizon's 2016 Edition of their Survey of Capital Market Assumptions



# Western States Office and Professional Employees Pension Fund

10-Year Input, Returns, Standard Deviation and Correlation Matrix

| Paste Values Client Information | Client Specific Weightings | Asset Class                        |  | Long Run Expected Return | Standard Deviation | Paste Values       | Asset Class Names | 1     | 2    | 3     | 4     | 5    | 6    | 7     | 8    | 9    | 10    | 11    | 12   | 13   | 14   | 15   | 16 |
|---------------------------------|----------------------------|------------------------------------|--|--------------------------|--------------------|--------------------|-------------------|-------|------|-------|-------|------|------|-------|------|------|-------|-------|------|------|------|------|----|
|                                 |                            | Names                              |  |                          |                    | Correlation Matrix |                   |       |      |       |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 1                               | 21.00%                     | US Equity - Large Cap              |  | 8.16%                    | 17.12%             | 1                  | 1                 | 1     |      |       |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 2                               | 5.20%                      | US Equity - Small/Mid Cap          |  | 8.98%                    | 20.89%             | 2                  | 2                 | 0.9   | 1    |       |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 3                               | 20.22%                     | Non-US Equity - Developed          |  | 9.07%                    | 19.57%             | 3                  | 3                 | 0.82  | 0.76 | 1     |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 4                               |                            | Non-US Equity - Emerging           |  | 11.86%                   | 26.61%             | 4                  | 4                 | 0.73  | 0.72 | 0.79  | 1     |      |      |       |      |      |       |       |      |      |      |      |    |
| 5                               | 27.58%                     | US Corporate Bonds - Core          |  | 3.47%                    | 5.60%              | 5                  | 5                 | 0.15  | 0.11 | 0.15  | 0.1   | 1    |      |       |      |      |       |       |      |      |      |      |    |
| 6                               |                            | US Corporate Bonds - Long Duration |  | 4.29%                    | 10.84%             | 6                  | 6                 | 0.13  | 0.09 | 0.14  | 0.11  | 0.91 | 1    |       |      |      |       |       |      |      |      |      |    |
| 7                               |                            | US Corporate Bonds - High Yield    |  | 6.19%                    | 11.20%             | 7                  | 7                 | 0.64  | 0.64 | 0.62  | 0.64  | 0.36 | 0.35 | 1     |      |      |       |       |      |      |      |      |    |
| 8                               |                            | Non-US Debt - Developed            |  | 2.64%                    | 7.43%              | 8                  | 8                 | 0.11  | 0.06 | 0.3   | 0.17  | 0.57 | 0.53 | 0.21  | 1    |      |       |       |      |      |      |      |    |
| 9                               |                            | Non-US Debt - Emerging             |  | 6.40%                    | 11.66%             | 9                  | 9                 | 0.55  | 0.51 | 0.59  | 0.66  | 0.44 | 0.38 | 0.63  | 0.4  | 1    |       |       |      |      |      |      |    |
| 10                              | 1.70%                      | US Treasuries (Cash Equivalents)   |  | 2.11%                    | 2.77%              | 10                 | 10                | -0.08 | -0.1 | -0.06 | -0.06 | 0.3  | 0.22 | -0.04 | 0.23 | 0.1  | 1     |       |      |      |      |      |    |
| 11                              |                            | TIPS (Inflation-Protected)         |  | 3.08%                    | 6.31%              | 11                 | 11                | 0.02  | 0.01 | 0.08  | 0.13  | 0.68 | 0.63 | 0.27  | 0.51 | 0.4  | 0.29  | 1     |      |      |      |      |    |
| 12                              | 13.70%                     | Real Estate                        |  | 7.22%                    | 13.56%             | 12                 | 12                | 0.38  | 0.38 | 0.36  | 0.31  | 0.07 | 0.11 | 0.31  | 0.06 | 0.25 | 0.04  | 0.13  | 1    |      |      |      |    |
| 13                              | 5.20%                      | Hedge Funds                        |  | 5.89%                    | 8.34%              | 13                 | 13                | 0.62  | 0.62 | 0.65  | 0.64  | 0.14 | 0.1  | 0.54  | 0.11 | 0.48 | -0.01 | 0.11  | 0.27 | 1    |      |      |    |
| 14                              |                            | Commodities                        |  | 5.83%                    | 17.96%             | 14                 | 14                | 0.3   | 0.3  | 0.4   | 0.44  | 0.07 | 0.03 | 0.32  | 0.2  | 0.36 | 0.02  | 0.26  | 0.22 | 0.43 | 1    |      |    |
| 15                              | 5.40%                      | Infrastructure                     |  | 7.78%                    | 13.10%             | 15                 | 15                | 0.53  | 0.51 | 0.56  | 0.5   | 0.23 | 0.21 | 0.48  | 0.23 | 0.37 | 0.02  | 0.16  | 0.27 | 0.46 | 0.32 | 1    |    |
| 16                              |                            | Private Equity                     |  | 11.91%                   | 23.55%             | 16                 | 16                | 0.77  | 0.76 | 0.72  | 0.64  | 0.02 | 0.05 | 0.54  | 0.06 | 0.46 | -0.05 | -0.04 | 0.39 | 0.6  | 0.29 | 0.43 | 1  |
| Total                           | 100.00%                    |                                    |  |                          |                    |                    |                   |       |      |       |       |      |      |       |      |      |       |       |      |      |      |      |    |

Western States Office and Professional Employees Pension Fund

Rael & Letson Expected Investment Return Calculator Results  
20-Year Expected Returns

|   |   |
|---|---|
| Client Name                             | OWS - Western States Office and Professional Employees Pension Fund |
| Horizon Survey Year                     | 2016  |
| Date of Asset Allocation                | 12/31/2016  |
| Short/Long Run/Blended Expected Returns | 1   |

0=10yr; 1=20yr; 2 = blended

| Summary of Calculations      | R&L Calculation Results | Investment Consultant Results | Check  |
|------------------------------|-------------------------|-------------------------------|--------|
| Arithmetic Return            | 7.67%                   |                               | 7.67%  |
| Geometric Return (estimate)  | 7.18%                   |                               | 7.18%  |
| Portfolio Standard Deviation | 10.30%                  |                               | 10.30% |

Capital Market Assumptions are derived from Horizon's 2016 Edition of their Survey of Capital Market Assumptions

# Western States Office and Professional Employees Pension Fund

20-Year Input, Returns, Standard Deviation and Correlation Matrix

| Paste Values Client Information | Client Specific Weightings | Asset Class                        | Long Run Expected Return | Standard Deviation | Paste Values | Asset Class Names | 1     | 2    | 3     | 4     | 5    | 6    | 7     | 8    | 9    | 10    | 11    | 12   | 13   | 14   | 15   | 16 |
|---------------------------------|----------------------------|------------------------------------|--------------------------|--------------------|--------------|-------------------|-------|------|-------|-------|------|------|-------|------|------|-------|-------|------|------|------|------|----|
| 1                               | 21.00%                     | US Equity - Large Cap              | 9.18%                    | 17.12%             | 1            | 1                 | 1     |      |       |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 2                               | 5.20%                      | US Equity - Small/Mid Cap          | 10.15%                   | 20.99%             | 2            | 2                 | 0.9   | 1    |       |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 3                               | 20.22%                     | Non-US Equity - Developed          | 9.80%                    | 19.57%             | 3            | 3                 | 0.82  | 0.76 | 1     |       |      |      |       |      |      |       |       |      |      |      |      |    |
| 4                               |                            | Non-US Equity - Emerging           | 12.26%                   | 26.61%             | 4            | 4                 | 0.73  | 0.72 | 0.79  | 1     |      |      |       |      |      |       |       |      |      |      |      |    |
| 5                               | 27.58%                     | US Corporate Bonds - Core          | 4.58%                    | 5.60%              | 5            | 5                 | 0.15  | 0.11 | 0.15  | 0.1   | 1    |      |       |      |      |       |       |      |      |      |      |    |
| 6                               |                            | US Corporate Bonds - Long Duration | 5.27%                    | 10.84%             | 6            | 6                 | 0.13  | 0.09 | 0.14  | 0.11  | 0.91 | 1    |       |      |      |       |       |      |      |      |      |    |
| 7                               |                            | US Corporate Bonds - High Yield    | 6.93%                    | 11.20%             | 7            | 7                 | 0.64  | 0.64 | 0.62  | 0.64  | 0.36 | 0.35 | 1     |      |      |       |       |      |      |      |      |    |
| 8                               |                            | Non-US Debt - Developed            | 3.70%                    | 7.43%              | 8            | 8                 | 0.11  | 0.06 | 0.3   | 0.17  | 0.57 | 0.53 | 0.21  | 1    |      |       |       |      |      |      |      |    |
| 9                               |                            | Non-US Debt - Emerging             | 6.85%                    | 11.66%             | 9            | 9                 | 0.55  | 0.51 | 0.59  | 0.66  | 0.44 | 0.38 | 0.63  | 0.4  | 1    |       |       |      |      |      |      |    |
| 10                              | 1.70%                      | US Treasuries (Cash Equivalents)   | 3.14%                    | 2.77%              | 10           | 10                | -0.08 | -0.1 | -0.06 | -0.06 | 0.3  | 0.22 | -0.04 | 0.23 | 0.1  | 1     |       |      |      |      |      |    |
| 11                              |                            | TIPS (Inflation-Protected)         | 3.65%                    | 6.31%              | 11           | 11                | 0.02  | 0.01 | 0.08  | 0.13  | 0.68 | 0.63 | 0.27  | 0.51 | 0.4  | 0.29  | 1     |      |      |      |      |    |
| 12                              | 13.70%                     | Real Estate                        | 7.42%                    | 13.56%             | 12           | 12                | 0.38  | 0.38 | 0.36  | 0.31  | 0.07 | 0.11 | 0.31  | 0.06 | 0.25 | 0.04  | 0.13  | 1    |      |      |      |    |
| 13                              | 5.20%                      | Hedge Funds                        | 6.40%                    | 8.34%              | 13           | 13                | 0.62  | 0.62 | 0.65  | 0.64  | 0.14 | 0.1  | 0.54  | 0.11 | 0.48 | -0.01 | 0.11  | 0.27 | 1    |      |      |    |
| 14                              |                            | Commodities                        | 6.32%                    | 17.98%             | 14           | 14                | 0.3   | 0.3  | 0.4   | 0.44  | 0.07 | 0.03 | 0.32  | 0.2  | 0.36 | 0.02  | 0.26  | 0.22 | 0.43 | 1    |      |    |
| 15                              | 5.40%                      | Infrastructure                     | 8.39%                    | 13.10%             | 15           | 15                | 0.53  | 0.51 | 0.56  | 0.5   | 0.23 | 0.21 | 0.48  | 0.23 | 0.37 | 0.02  | 0.16  | 0.27 | 0.46 | 0.32 | 1    |    |
| 16                              |                            | Private Equity                     | 12.85%                   | 23.55%             | 16           | 16                | 0.77  | 0.76 | 0.72  | 0.64  | 0.02 | 0.05 | 0.54  | 0.06 | 0.46 | -0.05 | -0.04 | 0.39 | 0.6  | 0.29 | 0.43 | 1  |
| Total                           | 100.00%                    |                                    |                          |                    |              |                   |       |      |       |       |      |      |       |      |      |       |       |      |      |      |      |    |

# Western States Office and Professional Employees Pension Plan

## Assumed Return on Investments

| Plan Year         | Assumed Returns | Treasury Spot Rates | Risk Premium Rates | Avg. Annualized Geometric Returns <sup>1</sup> |
|-------------------|-----------------|---------------------|--------------------|--|
| 2017 <sup>1</sup> | 2.45%           | 1.39%               | 3.50%              |  |
| 2018              | 5.21%           | 1.71%               | 3.50%              |  |
| 2019              | 5.45%           | 1.95%               | 3.50%              |  |
| 2020              | 5.63%           | 2.13%               | 3.50%              |  |
| 2021              | 5.82%           | 2.32%               | 3.50%              |  |
| 2022              | 6.02%           | 2.52%               | 3.50%              |  |
| 2023              | 6.24%           | 2.74%               | 3.50%              |  |
| 2024              | 6.45%           | 2.95%               | 3.50%              |  |
| 2025              | 6.65%           | 3.15%               | 3.50%              |  |
| 2026              | 6.83%           | 3.33%               | 3.50%              | 6.28%  |
| 2027              | 6.99%           | 3.49%               | 3.50%              |  |
| 2028              | 7.13%           | 3.63%               | 3.50%              |  |
| 2029              | 7.24%           | 3.74%               | 3.50%              |  |
| 2030              | 7.34%           | 3.84%               | 3.50%              |  |
| 2031              | 7.41%           | 3.91%               | 3.50%              |  |
| 2032              | 7.47%           | 3.97%               | 3.50%              |  |
| 2033              | 7.53%           | 4.03%               | 3.50%              |  |
| 2034              | 7.57%           | 4.07%               | 3.50%              |  |
| 2035              | 7.60%           | 4.10%               | 3.50%              |  |
| 2036              | 7.63%           | 4.13%               | 3.50%              | 6.83%  |
| 2037              | 7.41%           | 4.16%               | 3.25%              |  |
| 2038              | 7.43%           | 4.18%               | 3.25%              |  |
| 2039              | 7.45%           | 4.20%               | 3.25%              |  |
| 2040              | 7.47%           | 4.22%               | 3.25%              |  |
| 2041              | 7.49%           | 4.24%               | 3.25%              |  |
| 2042              | 7.51%           | 4.26%               | 3.25%              |  |
| 2043              | 7.52%           | 4.27%               | 3.25%              |  |
| 2044              | 7.54%           | 4.29%               | 3.25%              |  |
| 2045              | 7.55%           | 4.30%               | 3.25%              |  |
| 2046              | 7.57%           | 4.32%               | 3.25%              | 7.05%  |
| 2047              | 7.33%           | 4.33%               | 3.00%              |  |
| 2048              | 7.34%           | 4.34%               | 3.00%              |  |
| 2049              | 7.35%           | 4.35%               | 3.00%              |  |
| 2050              | 7.36%           | 4.36%               | 3.00%              |  |
| 2051              | 7.37%           | 4.37%               | 3.00%              |  |
| 2052              | 7.38%           | 4.38%               | 3.00%              |  |
| 2053              | 7.39%           | 4.39%               | 3.00%              |  |
| 2054              | 7.40%           | 4.40%               | 3.00%              |  |
| 2055              | 7.40%           | 4.40%               | 3.00%              |  |
| 2056              | 7.41%           | 4.41%               | 3.00%              | 7.13%  |

<sup>1</sup> Return shown for 2017 is for the period 7/1/2017 through 12/31/2017; 5.94% net return for the first half of 2017, based on Administrator financial statements, is included in the calculation of annualized geometric returns.



## The Treasury High Quality Market (HQM) Corporate Bond Yield Curve Monthly Average Spot Rates, Percent

These yield curves are based on data from the month listed at the top of the column.

<https://www.irs.gov/retirement-plans/monthly-yield-curve-tables>

| <u>Maturity</u> | 2017       |            |            |            |            |            |
|-----------------|------------|------------|------------|------------|------------|------------|
|                 | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> |
| 0.5             | 1.16       | 1.13       | 1.25       | 1.28       | 1.29       | 1.39       |
| 1.0             | 1.41       | 1.37       | 1.47       | 1.47       | 1.49       | 1.56       |
| 1.5             | 1.63       | 1.60       | 1.69       | 1.65       | 1.67       | 1.71       |
| 2.0             | 1.83       | 1.79       | 1.88       | 1.80       | 1.83       | 1.84       |
| 2.5             | 2.00       | 1.96       | 2.04       | 1.94       | 1.96       | 1.95       |
| 3.0             | 2.14       | 2.10       | 2.18       | 2.06       | 2.07       | 2.04       |
| 3.5             | 2.28       | 2.23       | 2.32       | 2.17       | 2.17       | 2.13       |
| 4.0             | 2.40       | 2.36       | 2.45       | 2.28       | 2.27       | 2.22       |
| 4.5             | 2.53       | 2.48       | 2.57       | 2.40       | 2.38       | 2.32       |
| 5.0             | 2.65       | 2.61       | 2.70       | 2.51       | 2.49       | 2.42       |
| 5.5             | 2.77       | 2.73       | 2.82       | 2.63       | 2.60       | 2.52       |
| 6.0             | 2.89       | 2.86       | 2.94       | 2.74       | 2.72       | 2.63       |
| 6.5             | 3.02       | 2.98       | 3.06       | 2.86       | 2.84       | 2.74       |
| 7.0             | 3.13       | 3.11       | 3.18       | 2.98       | 2.95       | 2.84       |
| 7.5             | 3.25       | 3.22       | 3.29       | 3.09       | 3.07       | 2.95       |
| 8.0             | 3.36       | 3.34       | 3.40       | 3.20       | 3.18       | 3.05       |
| 8.5             | 3.46       | 3.44       | 3.50       | 3.30       | 3.29       | 3.15       |
| 9.0             | 3.56       | 3.54       | 3.59       | 3.40       | 3.39       | 3.25       |
| 9.5             | 3.65       | 3.64       | 3.68       | 3.50       | 3.48       | 3.33       |
| 10.0            | 3.73       | 3.73       | 3.77       | 3.58       | 3.57       | 3.42       |
| 10.5            | 3.81       | 3.81       | 3.84       | 3.66       | 3.65       | 3.49       |
| 11.0            | 3.88       | 3.88       | 3.92       | 3.74       | 3.73       | 3.56       |
| 11.5            | 3.95       | 3.95       | 3.98       | 3.81       | 3.80       | 3.63       |
| 12.0            | 4.01       | 4.01       | 4.04       | 3.87       | 3.86       | 3.69       |
| 12.5            | 4.06       | 4.07       | 4.09       | 3.93       | 3.92       | 3.74       |
| 13.0            | 4.11       | 4.12       | 4.14       | 3.98       | 3.97       | 3.79       |
| 13.5            | 4.15       | 4.16       | 4.19       | 4.03       | 4.02       | 3.84       |
| 14.0            | 4.19       | 4.20       | 4.23       | 4.07       | 4.06       | 3.88       |
| 14.5            | 4.23       | 4.24       | 4.26       | 4.11       | 4.10       | 3.91       |
| 15.0            | 4.26       | 4.27       | 4.30       | 4.15       | 4.14       | 3.95       |
| 15.5            | 4.28       | 4.30       | 4.33       | 4.18       | 4.17       | 3.97       |
| 16.0            | 4.31       | 4.32       | 4.35       | 4.21       | 4.20       | 4.00       |
| 16.5            | 4.33       | 4.35       | 4.38       | 4.24       | 4.22       | 4.03       |
| 17.0            | 4.35       | 4.37       | 4.40       | 4.26       | 4.25       | 4.05       |
| 17.5            | 4.37       | 4.39       | 4.42       | 4.28       | 4.27       | 4.07       |
| 18.0            | 4.39       | 4.41       | 4.44       | 4.30       | 4.29       | 4.09       |
| 18.5            | 4.40       | 4.42       | 4.46       | 4.32       | 4.31       | 4.10       |
| 19.0            | 4.42       | 4.44       | 4.47       | 4.34       | 4.32       | 4.12       |
| 19.5            | 4.43       | 4.45       | 4.49       | 4.36       | 4.34       | 4.13       |

| <u>Maturity</u> | 2017       |            |            |            |            |            |
|-----------------|------------|------------|------------|------------|------------|------------|
|                 | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> |
| 20.0            | 4.44       | 4.46       | 4.50       | 4.37       | 4.35       | 4.15       |
| 20.5            | 4.45       | 4.47       | 4.51       | 4.39       | 4.37       | 4.16       |
| 21.0            | 4.46       | 4.49       | 4.53       | 4.40       | 4.38       | 4.17       |
| 21.5            | 4.47       | 4.50       | 4.54       | 4.42       | 4.39       | 4.18       |
| 22.0            | 4.48       | 4.51       | 4.55       | 4.43       | 4.40       | 4.19       |
| 22.5            | 4.49       | 4.52       | 4.56       | 4.44       | 4.42       | 4.20       |
| 23.0            | 4.50       | 4.52       | 4.57       | 4.45       | 4.43       | 4.21       |
| 23.5            | 4.51       | 4.53       | 4.58       | 4.46       | 4.44       | 4.22       |
| 24.0            | 4.51       | 4.54       | 4.59       | 4.47       | 4.45       | 4.23       |
| 24.5            | 4.52       | 4.55       | 4.60       | 4.48       | 4.46       | 4.24       |
| 25.0            | 4.53       | 4.56       | 4.61       | 4.49       | 4.46       | 4.25       |
| 25.5            | 4.54       | 4.56       | 4.62       | 4.50       | 4.47       | 4.26       |
| 26.0            | 4.54       | 4.57       | 4.62       | 4.51       | 4.48       | 4.27       |
| 26.5            | 4.55       | 4.58       | 4.63       | 4.52       | 4.49       | 4.27       |
| 27.0            | 4.56       | 4.59       | 4.64       | 4.53       | 4.50       | 4.28       |
| 27.5            | 4.56       | 4.59       | 4.65       | 4.54       | 4.51       | 4.29       |
| 28.0            | 4.57       | 4.60       | 4.65       | 4.55       | 4.51       | 4.30       |
| 28.5            | 4.58       | 4.61       | 4.66       | 4.56       | 4.52       | 4.30       |
| 29.0            | 4.58       | 4.61       | 4.67       | 4.56       | 4.53       | 4.31       |
| 29.5            | 4.59       | 4.62       | 4.68       | 4.57       | 4.54       | 4.32       |
| 30.0            | 4.59       | 4.63       | 4.68       | 4.58       | 4.54       | 4.32       |
| 30.5            | 4.60       | 4.63       | 4.69       | 4.58       | 4.55       | 4.33       |
| 31.0            | 4.60       | 4.64       | 4.69       | 4.59       | 4.56       | 4.33       |
| 31.5            | 4.61       | 4.64       | 4.70       | 4.60       | 4.56       | 4.34       |
| 32.0            | 4.61       | 4.65       | 4.71       | 4.60       | 4.57       | 4.35       |
| 32.5            | 4.62       | 4.65       | 4.71       | 4.61       | 4.57       | 4.35       |
| 33.0            | 4.62       | 4.66       | 4.72       | 4.62       | 4.58       | 4.36       |
| 33.5            | 4.63       | 4.66       | 4.72       | 4.62       | 4.59       | 4.36       |
| 34.0            | 4.63       | 4.67       | 4.73       | 4.63       | 4.59       | 4.37       |
| 34.5            | 4.64       | 4.67       | 4.73       | 4.63       | 4.60       | 4.37       |
| 35.0            | 4.64       | 4.68       | 4.74       | 4.64       | 4.60       | 4.38       |
| 35.5            | 4.65       | 4.68       | 4.74       | 4.64       | 4.61       | 4.38       |
| 36.0            | 4.65       | 4.68       | 4.75       | 4.65       | 4.61       | 4.38       |
| 36.5            | 4.65       | 4.69       | 4.75       | 4.65       | 4.62       | 4.39       |
| 37.0            | 4.66       | 4.69       | 4.76       | 4.66       | 4.62       | 4.39       |
| 37.5            | 4.66       | 4.70       | 4.76       | 4.66       | 4.62       | 4.40       |
| 38.0            | 4.66       | 4.70       | 4.76       | 4.67       | 4.63       | 4.40       |
| 38.5            | 4.67       | 4.70       | 4.77       | 4.67       | 4.63       | 4.40       |
| 39.0            | 4.67       | 4.71       | 4.77       | 4.68       | 4.64       | 4.41       |
| 39.5            | 4.67       | 4.71       | 4.78       | 4.68       | 4.64       | 4.41       |
| 40.0            | 4.68       | 4.71       | 4.78       | 4.69       | 4.64       | 4.42       |

Western States Pension  
Balance Sheet  
As of June 30, 2017

|  | <u>Current Year</u>   | <u>Prior Year</u>     |
|--|-----------------------|-----------------------|
| <b>ASSETS</b>                          |                       |                       |
| Current Assets                         |                       |                       |
| Checking/Savings                       |                       |                       |
| US Bank Checking Acct                  | 339,173.67            | 371,678.10            |
| US Bank Clearing Acct                  | 0.00                  | 8,063.69              |
| Total Checking/Savings                 | <u>339,173.67</u>     | <u>379,741.79</u>     |
| INVESTMENT ACCOUNTS                    |                       |                       |
| MONEY MARKET                           |                       |                       |
| Cash Overlay Account                   | 108.43                | 5,208,585.86          |
| Operating Account                      | 107,255.38            | 0.00                  |
| Total MONEY MARKET                     | <u>107,363.81</u>     | <u>5,208,585.86</u>   |
| DOMESTIC EQUITY                        |                       |                       |
| BlackRock Equity Non-Lendable Fund     | 45,403,021.85         | 42,199,295.59         |
| Intech - US Managed Volatility Fund    | 28,590,921.06         | 26,100,476.60         |
| PanAgora US Small Cap Core Fund        | 17,026,901.97         | 15,050,242.61         |
| Total DOMESTIC EQUITY                  | <u>91,020,844.88</u>  | <u>83,350,014.80</u>  |
| INTERNATIONAL EQUITY                   |                       |                       |
| BlackRock MSCI ACWI ex-US Index Fund   | 0.00                  | 17,728,573.92         |
| WCM Focused International Growth Fund  | 23,234,920.00         | 20,000,000.00         |
| Causeway International Small Cap       | 13,998,105.51         | 0.00                  |
| Brandes International Small Cap Equity | 6,775,908.00          | 0.00                  |
| Total INTERNATIONAL EQUITY             | <u>44,008,933.51</u>  | <u>37,728,573.92</u>  |
| FIXED INCOME                           |                       |                       |
| Loomis Core                            | 0.00                  | 70,710,427.52         |
| Loomis Core Plus Fixed                 | 71,857,982.26         | 0.00                  |
| Total FIXED INCOME                     | <u>71,857,982.26</u>  | <u>70,710,427.52</u>  |
| GLOBAL/TAA                             |                       |                       |
| Mellon Global Balanced Acct            | 0.04                  | 20,098,872.29         |
| Total GLOBAL/TAA                       | <u>0.04</u>           | <u>20,098,872.29</u>  |
| RISK PARITY                            |                       |                       |
| INVESCO Balanced-Risk Alloc Trust      | 39,515,455.09         | 32,509,399.74         |
| Total RISK PARITY                      | <u>39,515,455.09</u>  | <u>32,509,399.74</u>  |
| HEDGE FUNDS                            |                       |                       |
| Grosvenor Institutional Partners       | 16,982,016.00         | 15,834,281.00         |
| Total HEDGE FUNDS                      | <u>16,982,016.00</u>  | <u>15,834,281.00</u>  |
| REAL ESTATE                            |                       |                       |
| Chevy Chase Trust                      | 32,184,440.01         | 31,070,934.63         |
| INVESCO Real Estate Fund II            | 73,522.17             | 2,196,148.10          |
| JPMorgan Spec Situation Property Fund  | 12,574,455.71         | 11,736,052.53         |
| Total REAL ESTATE                      | <u>44,832,417.89</u>  | <u>45,003,135.26</u>  |
| INFRASTRUCTURE                         |                       |                       |
| IFM Global Infrastructure Fund         | 10,253,199.14         | 9,176,298.46          |
| JPMorgan Infrastructure                | 8,259,172.97          | 8,328,057.75          |
| Total INFRASTRUCTURE                   | <u>18,512,372.11</u>  | <u>17,504,356.21</u>  |
| PENDING TRADES                         |                       |                       |
| Pending Trades                         | 0.00                  | 326,061.32            |
| Total PENDING TRADES                   | <u>0.00</u>           | <u>326,061.32</u>     |
| TOTAL INVESTMENT ACCOUNTS              | <u>326,837,385.59</u> | <u>328,273,707.92</u> |

Western States Pension  
Balance Sheet  
As of June 30, 2017

|   | <u>Current Year</u>          | <u>Prior Year</u>            |
|---|------------------------------|------------------------------|
| <b>ASSETS</b>                           |                              |                              |
| Current Assets                          |                              |                              |
| Prepaid Expenses                        |                              |                              |
| Prepaid Commercial & Umbrella Insurance | 3,367.87                     | 0.00                         |
| Prepaid Fiduciary Liability Insurance   | 60,007.50                    | 0.00                         |
| Prepaid Benefits                        | <u>3,337,746.90</u>          | <u>2,983,761.49</u>          |
| Total Prepaid Expenses                  | <u>3,401,122.27</u>          | <u>2,983,761.49</u>          |
| Receivables                             |                              |                              |
| Accrued Contributions Receivable        | <u>748,204.47</u>            | <u>748,204.47</u>            |
| Total Receivables                       | <u>748,204.47</u>            | <u>748,204.47</u>            |
| Total Current Assets                    | <u>331,325,886.00</u>        | <u>332,385,415.67</u>        |
| <b>TOTAL ASSETS</b>                     | <u><u>331,325,886.00</u></u> | <u><u>332,385,415.67</u></u> |
| <b>LIABILITIES &amp; EQUITY</b>         |                              |                              |
| Liabilities                             |                              |                              |
| Current Liabilities                     |                              |                              |
| Accounts Payable                        | 198,994.55                   | 75,352.80                    |
| Unprocessed Contributions               | <u>5,890.47</u>              | <u>2,853.34</u>              |
| Total Current Liabilities               | <u>204,885.02</u>            | <u>78,206.14</u>             |
| Total Liabilities                       | <u>204,885.02</u>            | <u>78,206.14</u>             |
| Equity                                  |                              |                              |
| Fund Balance                            | 327,559,622.64               | 334,216,189.38               |
| Net Income                              | <u>3,561,378.34</u>          | <u>(1,908,979.85)</u>        |
| Total Equity                            | <u>331,121,000.98</u>        | <u>332,307,209.53</u>        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>   | <u><u>331,325,886.00</u></u> | <u><u>332,385,415.67</u></u> |



Western States Pension  
Statement of Income  
For the 6 Months Ended June 30, 2017

|  | Current<br>Month    | Year<br>to Date       | Prior<br>Year to Date |
|--|---------------------|-----------------------|-----------------------|
| <b>Income</b>                          |                     |                       |                       |
| Employer Contributions                 | 296,892.81          | 1,814,252.79          | 2,404,440.29          |
| Employer Surcharge                     | 439.22              | 3,907.85              | 43,412.18             |
| Employer Supplemental Contributions    | 238,199.58          | 1,445,979.26          | 1,638,729.20          |
| Overs and Shorts                       | 4,719.11            | 15,665.66             | (80,494.18)           |
|  | <u>540,250.72</u>   | <u>3,279,805.56</u>   | <u>4,006,087.49</u>   |
| <b>Investment Income</b>               |                     |                       |                       |
| Dividends                              | 75,229.84           | 353,119.52            | 296,592.94            |
| Interest Income                        | 23,562.66           | 152,412.33            | 350,223.19            |
| Accrued Income                         | (1,172.81)          | (544.42)              | 0.00                  |
| Total Dividends and Interest Income    | <u>97,619.69</u>    | <u>504,987.43</u>     | <u>646,816.13</u>     |
| <b>Realized Gain(Loss)</b>             |                     |                       |                       |
| BlackRock MSCI ACWI ex-US Index        | 0.00                | 0.00                  | 366,640.38            |
| Chevy Chase Trust                      | 10,869.61           | 20,813.14             | 12,895.72             |
| IFM Global Infrastructure              | 0.00                | 0.00                  | (470,807.21)          |
| Intech - US Managed Volatility Fund    | 132,489.38          | 2,296,579.60          | (205,210.15)          |
| INVESCO Balanced-Risk Alloc Trust      | 0.00                | 2,417,746.01          | 2,499,999.93          |
| INVESCO Real Estate Fund               | 0.00                | 0.00                  | (100,727.00)          |
| JPMorgan Special Situation Property    | 0.00                | 10,746.77             | 15,731.46             |
| JPMorgan Infrastructure                | 0.00                | (2,378.00)            | 0.00                  |
| Causeway International Small Cap       | 0.00                | 23,844.09             | 0.00                  |
| Loomis Core                            | 0.00                | 15,274,492.07         | 0.00                  |
| Mellon Global Balanced Acct            | 0.00                | 2,333,951.07          | 0.00                  |
| PanAgora US Small Cap Core Fund        | 0.00                | 0.00                  | 0.17                  |
| The Clifton Group - Cash Overlay       | 0.00                | 218,271.10            | 472,780.15            |
| Total Realized Gain(Loss)              | <u>143,358.99</u>   | <u>22,594,065.85</u>  | <u>2,591,303.45</u>   |
| <b>Unrealized Gain(Loss)</b>           |                     |                       |                       |
| BlackRock Equity Non-Lendable Fund     | 281,212.34          | 3,878,959.84          | 1,563,823.59          |
| BlackRock MSCI ACWI ex-US Index        | 0.00                | 0.00                  | 68,221.60             |
| Chevy Chase Trust                      | 200,324.12          | 610,241.22            | 870,246.91            |
| WCM Focused Int'l Growth Fund          | (49,960.00)         | 3,741,840.00          | 0.00                  |
| Causeway International Small Cap       | (26,747.97)         | 1,626,214.14          | 0.00                  |
| Brandes International Small Cap Equity | (13,206.00)         | 558,558.00            | 0.00                  |
| The Clifton Group - Cash Overlay       | 0.00                | 1,477.29              | (30,490.70)           |
| Grosvenor Institutional Partners       | (20,870.00)         | 437,000.00            | (372,425.00)          |
| IFM Global Infrastructure              | 288,211.19          | 1,080,852.65          | 789,611.52            |
| Intech - US Managed Volatility Fund    | (183,146.38)        | 213,238.27            | 1,628,200.10          |
| INVESCO Balanced-Risk Alloc Trust      | (781,306.31)        | (1,699,584.56)        | 880,081.61            |
| INVESCO Real Estate Fund               | 0.00                | 10,975.00             | 29,302.00             |
| JPMorgan Infrastructure                | 146,429.14          | 83,746.51             | 225,353.63            |
| JPMorgan Special Situation Property    | 132,870.75          | 358,881.17            | 535,202.64            |
| Loomis Core                            | 0.00                | (13,899,807.44)       | 4,370,375.08          |
| Loomis Core Plus Fixed                 | 0.00                | 1,351,090.19          | 0.00                  |
| Mellon Global Balanced Acct            | 0.00                | (1,709,554.01)        | (1,052,936.37)        |
| PanAgora US Small Cap Core Fund        | 531,795.56          | 436,966.07            | 448,557.24            |
| Total Unrealized Gain(Loss)            | <u>505,606.44</u>   | <u>(2,918,905.66)</u> | <u>9,953,123.85</u>   |
| <b>Total Investment Income</b>         | <u>746,585.12</u>   | <u>20,180,147.62</u>  | <u>13,191,243.43</u>  |
| Liquidated Damages and Interest        | 552.43              | 6,763.94              | 13,615.75             |
| Withdrawal Liability Estimate Payment  | 1,275.00            | 7,850.00              | 4,300.00              |
| Withdrawal Liability Payment           | 322,758.00          | 1,794,594.04          | 1,705,991.00          |
| Litigation Settlements                 | 11,970.00           | 12,342.27             | 315.94                |
|  | <u>336,555.43</u>   | <u>1,821,550.25</u>   | <u>1,724,222.69</u>   |
| <b>Total Income</b>                    | <u>1,623,391.27</u> | <u>25,281,503.43</u>  | <u>18,921,553.61</u>  |

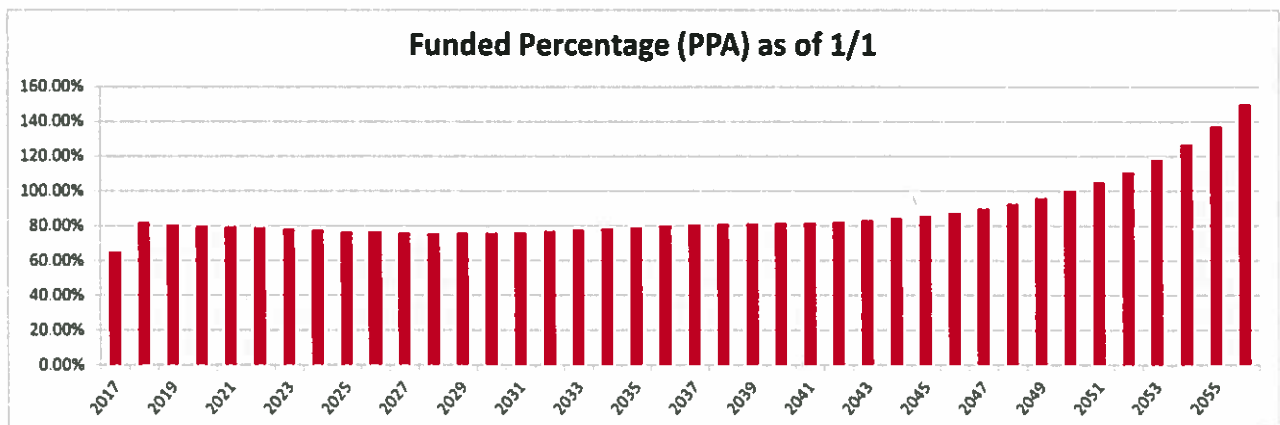
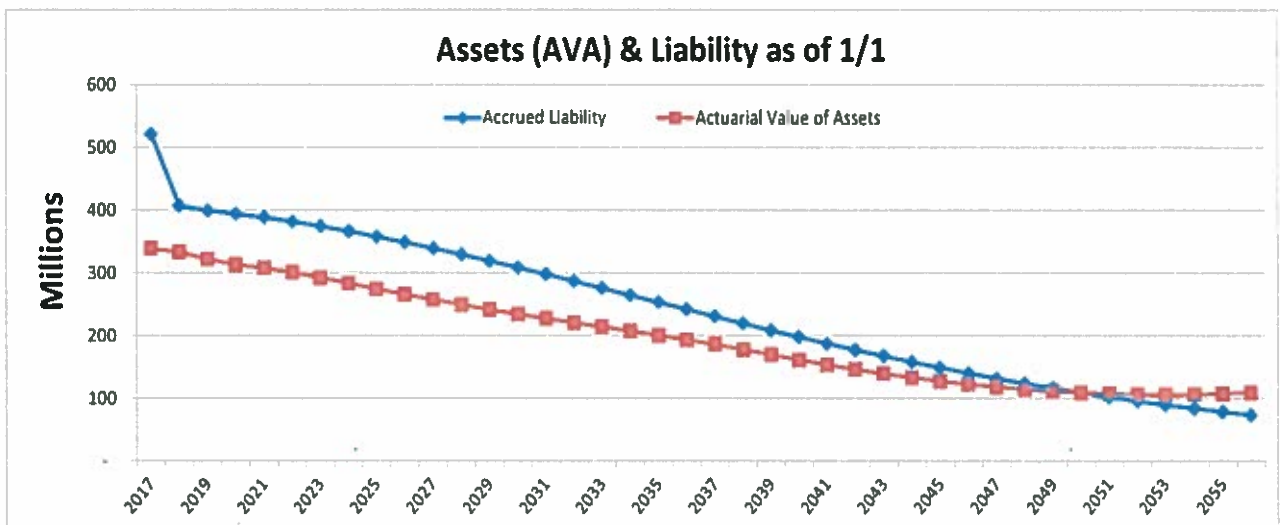
Western States Pension  
Statement of Income  
For the 6 Months Ended June 30, 2017

|                                     | Current<br>Month | Year<br>to Date | Prior<br>Year to Date |
|-------------------------------------|------------------|-----------------|-----------------------|
| Expense                             |                  |                 |                       |
| Benefits Paid                       | 3,330,010.10     | 19,885,772.83   | 19,494,812.38         |
| Investment Expenses                 |                  |                 |                       |
| Investment Consulting               | 17,083.33        | 102,499.98      | 68,333.32             |
| Custodial US Bank Expense           | 3,396.80         | 19,914.15       | 0.00                  |
| Investment Managers                 |                  |                 |                       |
| BlackRock                           | 3,375.50         | 9,671.79        | 13,591.38             |
| Chevy Chase Trust                   | 78,991.26        | 235,057.32      | 151,173.73            |
| The Clifton Group                   | 0.00             | 25,689.28       | 844.32                |
| Grosvenor Institutional Partners    | 16,228.00        | 96,541.00       | 76,711.00             |
| IFM Global Infrastructure           | 0.00             | 0.00            | 44.26                 |
| Intech-US Managed Volatility Fund   | 10,402.84        | 62,970.47       | 58,536.64             |
| INVESCO Balanced-Risk Alloc Trust   | 0.00             | 27,472.88       | 74,513.41             |
| INVESCO Real Estate Fund            | 0.00             | 0.00            | 7,794.00              |
| JPMorgan Infrastructure             | 0.00             | 50,754.42       | 91,461.36             |
| JPMorgan Special Situation Property | 0.00             | 47,462.42       | 86,040.94             |
| Loomis, Sayles & Company, L.P.      | 49,594.21        | 101,085.27      | 99,347.47             |
| Mellon Capital Management Corp      | 0.00             | 93,368.01       | 77,555.82             |
| PanAgora US Small Cap Core Fund     | 36,182.17        | 71,435.79       | 62,160.05             |
| Total Investment Managers           | 194,773.98       | 821,508.65      | 799,774.38            |
| Total Investment Expenses           | 215,254.11       | 943,922.78      | 868,107.70            |
| Operating Expenses                  |                  |                 |                       |
| Actuary                             | 15,210.00        | 58,160.00       | 57,960.00             |
| Audit                               | 19,032.00        | 28,993.35       | 65,927.77             |
| Bank Charge                         | 1,059.55         | 6,359.66        | 7,164.43              |
| MPRA Expenses                       | 65,761.42        | 366,751.04      | 0.00                  |
| Insurance-Fiduciary                 | 10,001.25        | 60,007.50       | 0.00                  |
| Insurance-Commercial                | 306.13           | 306.13          | 3,550.00              |
| Legal Fees                          | 32,047.25        | 113,481.01      | 78,652.05             |
| Meeting & Conferences               | 0.00             | 12,927.59       | 18,902.63             |
| Payroll Audit                       | 6,309.00         | 6,309.00        | 0.00                  |
| PBGC                                | 0.00             | 0.00            | 99.00                 |
| PBI - Semi-annual Processing Fee    | 0.00             | 2,383.00        | 656.00                |
| Plan Manager                        | 36,361.00        | 218,166.00      | 215,111.00            |
| Printing & Postage                  | 298.99           | 15,961.70       | 19,300.15             |
| Storage                             | 328.32           | 623.50          | 290.35                |
| Total Operating Expenses            | 186,714.91       | 890,429.48      | 467,613.38            |
| Total Expense                       | 3,731,979.12     | 21,720,125.09   | 20,830,533.46         |
| Net Income                          | (2,108,587.85)   | 3,561,378.34    | (1,908,979.85)        |

# Western States Office and Professional Employees Pension Fund

## PROJECTION OF PROPOSED SUSPENSION<sup>1</sup>

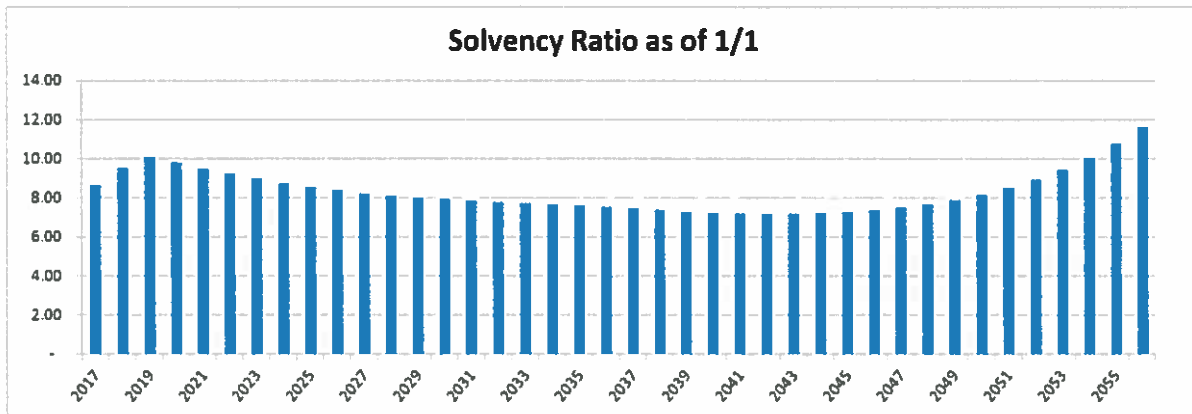
| Year Beg January 1, | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  | 2029  | 2030  | 2031  | 2032  | 2033  | 2034  | 2035  | 2036  | 2037  | 2038  | 2039  |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return              | 2.45% | 5.21% | 5.45% | 5.63% | 5.82% | 6.02% | 6.24% | 6.45% | 6.65% | 6.83% | 6.99% | 7.13% | 7.24% | 7.34% | 7.41% | 7.47% | 7.53% | 7.57% | 7.60% | 7.63% | 7.65% | 7.68% | 7.69% |
| Supplemental %      | 79.4% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% | 80.0% |
| % Decrease in Hours | 0.0%  | 0.0%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |



<sup>1</sup> 2017 figures are as of July 1; all other years are as of January 1.

# Western States Office and Professional Employees Pension Fund

## PROJECTION OF PROPOSED SUSPENSION<sup>1</sup>



<sup>1</sup> 2017 figures are as of July 1; all other years are as of January 1.

## Western States Office and Professional Employees Pension Fund

### Projected Total Contribution Base Units and Contribution Rates

| Year Beginning<br>January 1 | Base Accrual<br>Contribution | Total Contribution<br>Base Units<br>(Hours) | Average<br>Contribution Rate<br>(Hourly) |
|-----------------------------|------------------------------|---|--|
| 2017 <sup>1</sup>           | 1,796,014                    | 567,831                                     | 3.16                                     |
| 2018                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2019                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2020                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2021                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2022                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2023                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2024                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2025                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2026                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2027                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2028                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2029                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2030                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2031                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2032                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2033                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2034                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2035                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2036                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2037                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2038                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2039                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2040                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2041                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2042                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2043                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2044                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2045                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2046                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2047                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2048                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2049                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2050                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2051                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2052                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2053                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2054                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2055                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |
| 2056                        | 3,592,027                    | 1,135,663                                   | 3.16                                     |

<sup>1</sup> Contributions and hours shown are for the period 7/1/2017 through 12/31/2017.

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning<br>Plan Year Ending              | 7/1/2017<br>12/31/2017 | 1/1/2018<br>12/31/2018 | 1/1/2019<br>12/31/2019 | 1/1/2020<br>12/31/2020 | 1/1/2021<br>12/31/2021 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| A. Market Value at Beginning of Year                 | 331,121,001            | 323,984,174            | 308,572,544            | 292,686,278            | 275,942,324            |
| <b>Income</b>  |                        |                        |                        |                        |                        |
| B. Base Contributions                                | 1,796,014              | 3,592,027              | 3,592,027              | 3,592,027              | 3,592,027              |
| C. Supplemental/Surcharge Contributions              | 1,426,124              | 2,873,622              | 2,873,622              | 2,873,622              | 2,873,622              |
| D. Withdrawal Liability Payments                     | 2,108,458              | 4,671,267              | 4,630,041              | 4,618,072              | 4,618,072              |
| E. Total Investment Income                           | 7,927,921              | 16,059,746             | 15,949,674             | 15,568,638             | 15,099,995             |
| <b>Disbursements</b>                                 |                        |                        |                        |                        |                        |
| <b>F. Benefit Payments</b>                           |                        |                        |                        |                        |                        |
| (a) Current Actives                                  | 476,092                | 1,808,566              | 2,507,570              | 3,075,639              | 3,568,157              |
| (b) Current Inactive Vested                          | 404,675                | 1,518,275              | 2,351,401              | 3,194,293              | 4,357,772              |
| (c) Current Retirees/Beneficiaries                   | 19,005,006             | 37,981,451             | 37,072,658             | 36,126,382             | 35,142,274             |
| (d) Future New Entrants                              | -                      | -                      | -                      | -                      | -                      |
| (e) Total  | 19,885,773             | 41,308,292             | 41,931,629             | 42,396,314             | 43,068,203             |
| G. Administrative expenses                           | 509,571                | 1,300,000              | 1,000,000              | 1,000,000              | 1,000,000              |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 323,984,174            | 308,572,544            | 292,686,278            | 275,942,324            | 258,057,837            |
| I. Available Resources<br>(A+B+C+D+E-G)              | 343,869,947            | 349,880,836            | 334,617,908            | 318,338,637            | 301,126,040            |
| J. Solvency Ratio (I / F)                            | 8.65                   | 8.47                   | 7.98                   | 7.51                   | 6.99                   |
| K. Accrued Liability                                 | 521,437,575            | 520,576,294            | 516,492,889            | 511,467,505            | 505,596,251            |
| L. Funded Percentage (A / K)                         | 63.50%                 | 62.24%                 | 59.74%                 | 57.22%                 | 54.58%                 |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2022    | 1/1/2023    | 1/1/2024    | 1/1/2025    | 1/1/2026    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2022  | 12/31/2023  | 12/31/2024  | 12/31/2025  | 12/31/2026  |
| A. Market Value at Beginning of Year                 | 258,057,837 | 239,207,114 | 219,317,939 | 198,285,143 | 176,289,105 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | 4,618,072   | 4,604,036   | 4,599,256   | 4,599,256   | 4,599,256   |
| E. Total Investment Income                           | 14,530,313  | 13,873,140  | 13,046,936  | 12,053,805  | 10,881,980  |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 3,990,574   | 4,360,370   | 4,668,622   | 4,938,165   | 5,181,591   |
| (b) Current Inactive Vested                          | 5,349,502   | 6,398,086   | 7,486,132   | 8,298,201   | 9,073,095   |
| (c) Current Retirees/Beneficiaries                   | 34,122,326  | 33,065,821  | 31,972,733  | 30,843,287  | 29,678,164  |
| (d) Future New Entrants                              | 2,355       | 7,721       | 17,149      | 35,095      | 57,851      |
| (e) Total  | 43,464,757  | 43,831,999  | 44,144,637  | 44,114,748  | 43,990,701  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 239,207,114 | 219,317,939 | 198,285,143 | 176,289,105 | 153,245,289 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 282,671,871 | 263,149,938 | 242,429,780 | 220,403,853 | 197,235,989 |
| J. Solvency Ratio (I / F)                            | 6.50        | 6.00        | 5.49        | 5.00        | 4.48        |
| K. Accrued Liability                                 | 498,603,087 | 490,691,988 | 481,826,780 | 471,994,873 | 461,481,125 |
| L. Funded Percentage (A / K)                         | 51.76%      | 48.75%      | 45.52%      | 42.01%      | 38.20%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning<br>Plan Year Ending              | 1/1/2027<br>12/31/2027 | 1/1/2028<br>12/31/2028 | 1/1/2029<br>12/31/2029 | 1/1/2030<br>12/31/2030 | 1/1/2031<br>12/31/2031 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| A. Market Value at Beginning of Year                 | 153,245,289            | 128,963,777            | 103,555,821            | 76,926,256             | 48,982,443             |
| <b>Income</b>  |                        |                        |                        |                        |                        |
| B. Base Contributions                                | 3,592,027              | 3,592,027              | 3,592,027              | 3,592,027              | 3,592,027              |
| C. Supplemental/Surcharge Contributions              | 2,873,622              | 2,873,622              | 2,873,622              | 2,873,622              | 2,873,622              |
| D. Withdrawal Liability Payments                     | 4,582,229              | 4,581,008              | 4,581,008              | 4,535,277              | 4,488,152              |
| E. Total Investment Income                           | 9,530,129              | 8,003,982              | 6,305,203              | 4,457,268              | 2,450,296              |
| <b>Disbursements</b>                                 |                        |                        |                        |                        |                        |
| <b>F. Benefit Payments</b>                           |                        |                        |                        |                        |                        |
| (a) Current Actives                                  | 5,380,501              | 5,572,569              | 5,752,742              | 5,860,579              | 5,991,459              |
| (b) Current Inactive Vested                          | 9,916,418              | 10,527,074             | 11,101,821             | 11,670,677             | 12,198,041             |
| (c) Current Retirees/Beneficiaries                   | 28,478,587             | 27,246,394             | 25,984,106             | 24,695,020             | 23,383,280             |
| (d) Future New Entrants                              | 84,012                 | 112,558                | 142,755                | 175,731                | 211,051                |
| (e) Total  | 43,859,518             | 43,458,595             | 42,981,424             | 42,402,007             | 41,783,830             |
| G. Administrative expenses                           | 1,000,000              | 1,000,000              | 1,000,000              | 1,000,000              | 1,000,000              |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 128,963,777            | 103,555,821            | 76,926,256             | 48,982,443             | 19,602,710             |
| I. Available Resources<br>(A+B+C+D+E-G)              | 172,823,296            | 147,014,416            | 119,907,681            | 91,384,450             | 61,386,540             |
| J. Solvency Ratio (I / F)                            | 3.94                   | 3.38                   | 2.79                   | 2.16                   | 1.47                   |
| K. Accrued Liability                                 | 450,333,676            | 438,513,973            | 426,252,799            | 413,597,158            | 400,624,404            |
| L. Funded Percentage (A / K)                         | 34.03%                 | 29.41%                 | 24.29%                 | 18.60%                 | 12.23%                 |



# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2032     | 1/1/2033     | 1/1/2034     | 1/1/2035      | 1/1/2036      |
|--|--------------|--------------|--------------|---------------|---------------|
| Plan Year Ending                                     | 12/31/2032   | 12/31/2033   | 12/31/2034   | 12/31/2035    | 12/31/2036    |
| A. Market Value at Beginning of Year                 | 19,602,710   | (11,411,034) | (44,636,191) | (80,666,135)  | (118,580,007) |
| <b>Income</b>  |              |              |              |               |               |
| B. Base Contributions                                | 3,592,027    | 3,592,027    | 3,592,027    | 3,592,027     | 3,592,027     |
| C. Supplemental/Surcharge Contributions              | 2,873,622    | 2,873,622    | 2,873,622    | 2,873,622     | 2,873,622     |
| D. Withdrawal Liability Payments                     | 4,380,636    | 3,745,928    | 2,508,384    | 2,421,276     | 2,233,451     |
| E. Total Investment Income                           | 294,943      | (2,033,613)  | (4,569,729)  | (7,294,175)   | (10,183,998)  |
| <b>Disbursements</b>                                 |              |              |              |               |               |
| <b>F. Benefit Payments</b>                           |              |              |              |               |               |
| (a) Current Actives                                  | 6,120,956    | 6,218,600    | 6,246,446    | 6,286,791     | 6,307,124     |
| (b) Current Inactive Vested                          | 12,730,118   | 13,181,199   | 13,488,744   | 13,821,384    | 14,069,264    |
| (c) Current Retirees/Beneficiaries                   | 22,053,877   | 20,712,538   | 19,365,570   | 18,019,968    | 16,683,368    |
| (d) Future New Entrants                              | 250,021      | 290,784      | 333,488      | 378,479       | 425,530       |
| (e) Total  | 41,154,972   | 40,403,121   | 39,434,248   | 38,506,622    | 37,485,286    |
| G. Administrative expenses                           | 1,000,000    | 1,000,000    | 1,000,000    | 1,000,000     | 1,000,000     |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | (11,411,034) | (44,636,191) | (80,666,135) | (118,580,007) | (158,550,191) |
| I. Available Resources<br>(A+B+C+D+E-G)              | 29,743,938   | (4,233,070)  | (41,231,887) | (80,073,384)  | (121,064,904) |
| J. Solvency Ratio (I / F)                            | 0.72         | (0.10)       | (1.05)       | (2.08)        | (3.23)        |
| K. Accrued Liability                                 | 387,351,710  | 373,768,401  | 359,979,408  | 346,194,708   | 332,371,869   |
| L. Funded Percentage (A / K)                         | 5.06%        | -3.05%       | -12.40%      | -23.30%       | -35.68%       |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2037      | 1/1/2038      | 1/1/2039      | 1/1/2040      | 1/1/2041      |
|--|---------------|---------------|---------------|---------------|---------------|
| Plan Year Ending                                     | 12/31/2037    | 12/31/2038    | 12/31/2039    | 12/31/2040    | 12/31/2041    |
| A. Market Value at Beginning of Year                 | (158,550,191) | (201,413,203) | (247,008,889) | (294,703,897) | (344,596,049) |
| <b>Income</b>  |               |               |               |               |               |
| B. Base Contributions                                | 3,592,027     | 3,592,027     | 3,592,027     | 3,592,027     | 3,592,027     |
| C. Supplemental/Surcharge Contributions              | 2,873,622     | 2,873,622     | 2,873,622     | 2,873,622     | 2,873,622     |
| D. Withdrawal Liability Payments                     | 818,070       | -             | -             | -             | -             |
| E. Total Investment Income                           | (12,860,174)  | (16,062,171)  | (19,454,135)  | (23,018,126)  | (26,764,664)  |
| <b>Disbursements</b>                                 |               |               |               |               |               |
| <b>F. Benefit Payments</b>                           |               |               |               |               |               |
| (a) Current Actives                                  | 6,298,513     | 6,267,141     | 6,258,720     | 6,191,019     | 6,110,345     |
| (b) Current Inactive Vested                          | 14,145,801    | 14,130,064    | 14,051,753    | 13,914,758    | 13,717,248    |
| (c) Current Retirees/Beneficiaries                   | 15,363,784    | 14,069,523    | 12,808,892    | 11,589,979    | 10,420,548    |
| (d) Future New Entrants                              | 478,459       | 532,436       | 587,158       | 643,919       | 702,699       |
| (e) Total  | 36,286,557    | 34,999,164    | 33,706,523    | 32,339,675    | 30,950,841    |
| G. Administrative expenses                           | 1,000,000     | 1,000,000     | 1,000,000     | 1,000,000     | 1,000,000     |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | (201,413,203) | (247,008,889) | (294,703,897) | (344,596,049) | (396,845,905) |
| I. Available Resources<br>(A+B+C+D+E-G)              | (165,126,646) | (212,009,725) | (260,997,374) | (312,256,374) | (365,895,064) |
| J. Solvency Ratio (I / F)                            | (4.55)        | (6.06)        | (7.74)        | (9.66)        | (11.82)       |
| K. Accrued Liability                                 | 318,605,233   | 305,082,701   | 291,913,845   | 279,129,746   | 266,835,197   |
| L. Funded Percentage (A / K)                         | -49.76%       | -66.02%       | -84.62%       | -105.58%      | -129.14%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2042      | 1/1/2043      | 1/1/2044      | 1/1/2045      | 1/1/2046      |
|--|---------------|---------------|---------------|---------------|---------------|
| Plan Year Ending                                     | 12/31/2042    | 12/31/2043    | 12/31/2044    | 12/31/2045    | 12/31/2046    |
| A. Market Value at Beginning of Year                 | (396,845,905) | (451,687,585) | (509,269,923) | (569,857,733) | (633,690,165) |
| <b>Income</b>  |               |               |               |               |               |
| B. Base Contributions                                | 3,592,027     | 3,592,027     | 3,592,027     | 3,592,027     | 3,592,027     |
| C. Supplemental/Surcharge Contributions              | 2,873,622     | 2,873,622     | 2,873,622     | 2,873,622     | 2,873,622     |
| D. Withdrawal Liability Payments                     | -             | -             | -             | -             | -             |
| E. Total Investment Income                           | (30,709,298)  | (34,822,670)  | (39,205,081)  | (43,781,193)  | (48,678,240)  |
| <b>Disbursements</b>                                 |               |               |               |               |               |
| <b>F. Benefit Payments</b>                           |               |               |               |               |               |
| (a) Current Actives                                  | 6,015,306     | 5,892,095     | 5,756,643     | 5,617,755     | 5,448,160     |
| (b) Current Inactive Vested                          | 13,503,115    | 13,234,361    | 12,905,894    | 12,553,758    | 12,139,838    |
| (c) Current Retirees/Beneficiaries                   | 9,307,700     | 8,257,517     | 7,275,001     | 6,364,069     | 5,527,324     |
| (d) Future New Entrants                              | 771,909       | 841,344       | 910,840       | 981,307       | 1,052,957     |
| (e) Total  | 29,598,030    | 28,225,317    | 26,848,378    | 25,516,888    | 24,168,279    |
| G. Administrative expenses                           | 1,000,000     | 1,000,000     | 1,000,000     | 1,000,000     | 1,000,000     |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | (451,687,585) | (509,269,923) | (569,857,733) | (633,690,165) | (701,071,035) |
| I. Available Resources<br>(A+B+C+D+E-G)              | (422,089,554) | (481,044,606) | (543,009,355) | (608,173,277) | (676,902,756) |
| J. Solvency Ratio (I / F)                            | (14.26)       | (17.04)       | (20.23)       | (23.83)       | (28.01)       |
| K. Accrued Liability                                 | 255,088,472   | 243,891,959   | 233,306,173   | 223,379,771   | 214,113,461   |
| L. Funded Percentage (A / K)                         | -155.57%      | -185.20%      | -218.28%      | -255.11%      | -295.96%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2047      | 1/1/2048      | 1/1/2049      | 1/1/2050        | 1/1/2051        |
|--|---------------|---------------|---------------|-----------------|-----------------|
| Plan Year Ending                                     | 12/31/2047    | 12/31/2048    | 12/31/2049    | 12/31/2050      | 12/31/2051      |
| A. Market Value at Beginning of Year                 | (701,071,035) | (770,492,700) | (843,785,409) | (921,272,970)   | (1,003,324,917) |
| <b>Income</b>  |               |               |               |                 |                 |
| B. Base Contributions                                | 3,592,027     | 3,592,027     | 3,592,027     | 3,592,027       | 3,592,027       |
| C. Supplemental/Surcharge Contributions              | 2,873,622     | 2,873,622     | 2,873,622     | 2,873,622       | 2,873,622       |
| D. Withdrawal Liability Payments                     | -             | -             | -             | -               | -               |
| E. Total Investment Income                           | (52,026,056)  | (57,146,722)  | (62,566,574)  | (68,311,345)    | (74,409,130)    |
| <b>Disbursements</b>                                 |               |               |               |                 |                 |
| <b>F. Benefit Payments</b>                           |               |               |               |                 |                 |
| (a) Current Actives                                  | 5,258,138     | 5,077,507     | 4,886,072     | 4,675,880       | 4,462,238       |
| (b) Current Inactive Vested                          | 11,695,875    | 11,225,544    | 10,716,878    | 10,200,503      | 9,653,270       |
| (c) Current Retirees/Beneficiaries                   | 4,766,155     | 4,080,637     | 3,469,506     | 2,930,322       | 2,459,574       |
| (d) Future New Entrants                              | 1,141,089     | 1,227,948     | 1,314,181     | 1,399,547       | 1,484,414       |
| (e) Total  | 22,861,258    | 21,611,636    | 20,386,637    | 19,206,251      | 18,059,497      |
| G. Administrative expenses                           | 1,000,000     | 1,000,000     | 1,000,000     | 1,000,000       | 1,000,000       |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | (770,492,700) | (843,785,409) | (921,272,970) | (1,003,324,917) | (1,090,327,895) |
| I. Available Resources<br>(A+B+C+D+E-G)              | (747,631,442) | (822,173,773) | (900,886,334) | (984,118,666)   | (1,072,268,398) |
| J. Solvency Ratio (I / F)                            | (32.70)       | (38.04)       | (44.19)       | (51.24)         | (59.37)         |
| K. Accrued Liability                                 | 205,572,840   | 197,767,424   | 190,691,037   | 184,371,018     | 178,815,970     |
| L. Funded Percentage (A / K)                         | -341.03%      | -389.60%      | -442.49%      | -499.68%        | -561.09%        |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow without Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning<br>Plan Year Ending              | 1/1/2052<br>12/31/2052 | 1/1/2053<br>12/31/2053 | 1/1/2054<br>12/31/2054 | 1/1/2055<br>12/31/2055 | 1/1/2056<br>12/31/2056 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| A. Market Value at Beginning of Year                 | (1,090,327,895)        | (1,182,732,604)        | (1,281,004,546)        | (1,385,643,442)        | (1,497,052,282)        |
| <b>Income</b>  |                        |                        |                        |                        |                        |
| B. Base Contributions                                | 3,592,027              | 3,592,027              | 3,592,027              | 3,592,027              | 3,592,027              |
| C. Supplemental/Surcharge Contributions              | 2,873,622              | 2,873,622              | 2,873,622              | 2,873,622              | 2,873,622              |
| D. Withdrawal Liability Payments                     | -                      | -                      | -                      | -                      | -                      |
| E. Total Investment Income                           | (80,891,053)           | (87,791,203)           | (95,145,589)           | (102,854,139)          | (111,216,247)          |
| <b>Disbursements</b>                                 |                        |                        |                        |                        |                        |
| <b>F. Benefit Payments</b>                           |                        |                        |                        |                        |                        |
| (a) Current Actives                                  | 4,239,209              | 4,013,576              | 3,786,157              | 3,560,751              | 3,340,907              |
| (b) Current Inactive Vested                          | 9,096,767              | 8,534,181              | 7,967,488              | 7,401,971              | 6,844,065              |
| (c) Current Retirees/Beneficiaries                   | 2,052,963              | 1,705,579              | 1,412,059              | 1,166,762              | 963,910                |
| (d) Future New Entrants                              | 1,590,366              | 1,693,054              | 1,793,251              | 1,890,867              | 2,000,241              |
| (e) Total  | 16,979,305             | 15,946,389             | 14,958,956             | 14,020,351             | 13,149,122             |
| G. Administrative expenses                           | 1,000,000              | 1,000,000              | 1,000,000              | 1,000,000              | 1,000,000              |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | (1,182,732,604)        | (1,281,004,546)        | (1,385,643,442)        | (1,497,052,282)        | (1,615,952,002)        |
| I. Available Resources<br>(A+B+C+D+E-G)              | (1,165,753,298)        | (1,265,058,157)        | (1,370,684,486)        | (1,483,031,931)        | (1,602,802,880)        |
| J. Solvency Ratio (I / F)                            | (68.66)                | (79.33)                | (91.63)                | (105.78)               | (121.89)               |
| K. Accrued Liability                                 | 174,046,506            | 170,050,605            | 166,835,360            | 164,410,239            | 162,781,925            |
| L. Funded Percentage (A / K)                         | -626.46%               | -695.52%               | -767.83%               | -842.80%               | -919.67%               |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 7/1/2017    | 1/1/2018    | 1/1/2019    | 1/1/2020    | 1/1/2021    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2017  | 12/31/2018  | 12/31/2019  | 12/31/2020  | 12/31/2021  |
| A. Market Value at Beginning of Year                 | 331,121,001 | 323,984,174 | 313,323,606 | 306,150,804 | 298,882,013 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 1,796,014   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 1,426,124   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | 2,108,458   | 4,671,267   | 4,630,041   | 4,618,072   | 4,618,072   |
| E. Total Investment Income                           | 7,927,921   | 16,180,369  | 16,432,882  | 16,565,359  | 16,690,712  |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 476,092     | 1,534,287   | 1,864,095   | 2,304,140   | 2,695,598   |
| (b) Current Inactive Vested                          | 404,675     | 1,299,161   | 1,761,626   | 2,381,299   | 3,228,154   |
| (c) Current Retirees/Beneficiaries                   | 19,005,006  | 33,844,405  | 30,075,653  | 29,232,431  | 28,360,015  |
| (d) Future New Entrants                              | -           | -           | -           | -           | -           |
| (e) Total  | 19,885,773  | 36,677,853  | 33,701,374  | 33,917,870  | 34,283,766  |
| G. Administrative expenses                           | 509,571     | 1,300,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 323,984,174 | 313,323,606 | 306,150,804 | 298,882,013 | 291,372,680 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 343,869,947 | 350,001,459 | 339,852,178 | 332,799,884 | 325,656,446 |
| J. Solvency Ratio (I / F)                            | 8.65        | 9.54        | 10.08       | 9.81        | 9.50        |
| K. Accrued Liability                                 | 521,437,575 | 406,933,273 | 399,208,281 | 394,007,603 | 388,205,531 |
| L. Funded Percentage (A / K)                         | 63.50%      | 79.62%      | 78.49%      | 77.70%      | 76.99%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2022    | 1/1/2023    | 1/1/2024    | 1/1/2025    | 1/1/2026    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2022  | 12/31/2023  | 12/31/2024  | 12/31/2025  | 12/31/2026  |
| A. Market Value at Beginning of Year                 | 291,372,680 | 283,811,317 | 276,225,848 | 268,612,007 | 261,166,851 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | 4,618,072   | 4,604,036   | 4,599,256   | 4,599,256   | 4,599,256   |
| E. Total Investment Income                           | 16,807,143  | 16,944,491  | 17,022,059  | 17,048,291  | 17,008,469  |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 3,035,967   | 3,339,135   | 3,595,619   | 3,820,881   | 4,024,579   |
| (b) Current Inactive Vested                          | 3,952,850   | 4,717,287   | 5,504,048   | 6,095,002   | 6,657,441   |
| (c) Current Retirees/Beneficiaries                   | 27,461,056  | 26,535,502  | 25,583,989  | 24,607,375  | 23,606,925  |
| (d) Future New Entrants                              | 2,355       | 7,721       | 17,149      | 35,095      | 57,851      |
| (e) Total  | 34,452,227  | 34,599,646  | 34,700,805  | 34,558,353  | 34,346,796  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 283,811,317 | 276,225,848 | 268,612,007 | 261,166,851 | 253,893,430 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 318,263,544 | 310,825,494 | 303,312,812 | 295,725,204 | 288,240,225 |
| J. Solvency Ratio (I / F)                            | 9.24        | 8.98        | 8.74        | 8.56        | 8.39        |
| K. Accrued Liability                                 | 381,603,650 | 406,933,273 | 399,208,281 | 394,007,603 | 388,205,531 |
| L. Funded Percentage (A / K)                         | 76.35%      | 69.74%      | 69.19%      | 68.17%      | 67.28%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2027    | 1/1/2028    | 1/1/2029    | 1/1/2030    | 1/1/2031    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2027  | 12/31/2028  | 12/31/2029  | 12/31/2030  | 12/31/2031  |
| A. Market Value at Beginning of Year                 | 253,893,430 | 246,722,202 | 239,801,987 | 233,122,984 | 226,694,396 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | 4,582,229   | 4,581,008   | 4,581,008   | 4,535,277   | 4,488,152   |
| E. Total Investment Income                           | 16,905,663  | 16,747,538  | 16,521,795  | 16,277,899  | 15,975,797  |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 4,194,315   | 4,357,831   | 4,509,545   | 4,605,648   | 4,718,071   |
| (b) Current Inactive Vested                          | 7,262,083   | 7,702,123   | 8,112,884   | 8,517,263   | 8,892,601   |
| (c) Current Retirees/Beneficiaries                   | 22,584,359  | 21,541,897  | 20,482,272  | 19,408,771  | 18,325,264  |
| (d) Future New Entrants                              | 84,012      | 112,558     | 142,755     | 175,731     | 211,051     |
| (e) Total  | 34,124,769  | 33,714,409  | 33,247,455  | 32,707,413  | 32,146,987  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 246,722,202 | 239,801,987 | 233,122,984 | 226,694,396 | 220,477,007 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 280,846,971 | 273,516,397 | 266,370,439 | 259,401,809 | 252,623,994 |
| J. Solvency Ratio (I / F)                            | 8.23        | 8.11        | 8.01        | 7.93        | 7.86        |
| K. Accrued Liability                                 | 339,179,478 | 329,187,969 | 318,897,311 | 308,344,462 | 297,586,149 |
| L. Funded Percentage (A / K)                         | 74.86%      | 74.95%      | 75.20%      | 75.60%      | 76.18%      |



# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2032    | 1/1/2033    | 1/1/2034    | 1/1/2035    | 1/1/2036    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2032  | 12/31/2033  | 12/31/2034  | 12/31/2035  | 12/31/2036  |
| A. Market Value at Beginning of Year                 | 220,477,007 | 214,397,764 | 207,999,550 | 200,735,783 | 193,675,619 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | 4,380,636   | 3,745,928   | 2,508,384   | 2,421,276   | 2,233,451   |
| E. Total Investment Income                           | 15,657,756  | 15,326,226  | 14,906,424  | 14,438,953  | 13,981,186  |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 4,828,764   | 4,913,616   | 4,948,221   | 4,988,575   | 5,015,733   |
| (b) Current Inactive Vested                          | 9,268,354   | 9,585,425   | 9,802,139   | 10,035,036  | 10,207,310  |
| (c) Current Retirees/Beneficiaries                   | 17,236,146  | 16,146,193  | 15,060,376  | 13,983,952  | 12,922,454  |
| (d) Future New Entrants                              | 250,021     | 290,784     | 333,488     | 378,479     | 425,530     |
| (e) Total  | 31,583,284  | 30,936,017  | 30,144,224  | 29,386,042  | 28,571,027  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 214,397,764 | 207,999,550 | 200,735,783 | 193,675,619 | 186,784,877 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 245,981,048 | 238,935,567 | 230,880,007 | 223,061,661 | 215,355,905 |
| J. Solvency Ratio (I / F)                            | 7.79        | 7.72        | 7.66        | 7.59        | 7.54        |
| K. Accrued Liability                                 | 286,628,601 | 275,460,767 | 264,153,995 | 252,847,978 | 241,507,941 |
| L. Funded Percentage (A / K)                         | 76.92%      | 77.83%      | 78.74%      | 79.39%      | 80.19%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2037    | 1/1/2038    | 1/1/2039    | 1/1/2040    | 1/1/2041    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2037  | 12/31/2038  | 12/31/2039  | 12/31/2040  | 12/31/2041  |
| A. Market Value at Beginning of Year                 | 186,784,877 | 178,482,250 | 169,776,144 | 161,477,805 | 153,661,781 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | 818,070     | -           | -           | -           | -           |
| E. Total Investment Income                           | 13,049,657  | 12,474,376  | 11,896,081  | 11,346,666  | 10,830,734  |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 5,017,921   | 5,002,953   | 5,004,840   | 4,963,578   | 4,908,398   |
| (b) Current Inactive Vested                          | 10,258,113  | 10,243,913  | 10,184,058  | 10,082,419  | 9,937,818   |
| (c) Current Retirees/Beneficiaries                   | 11,881,511  | 10,866,829  | 9,884,013   | 8,938,422   | 8,035,119   |
| (d) Future New Entrants                              | 478,459     | 532,436     | 587,158     | 643,919     | 702,699     |
| (e) Total  | 27,636,003  | 26,646,132  | 25,660,069  | 24,628,338  | 23,584,035  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 178,482,250 | 169,776,144 | 161,477,805 | 153,661,781 | 146,374,129 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 206,118,254 | 196,422,276 | 187,137,874 | 178,290,120 | 169,958,164 |
| J. Solvency Ratio (I / F)                            | 7.46        | 7.37        | 7.29        | 7.24        | 7.21        |
| K. Accrued Liability                                 | 230,190,311 | 219,021,070 | 208,067,815 | 197,342,256 | 186,908,225 |
| L. Funded Percentage (A / K)                         | 81.14%      | 81.49%      | 81.60%      | 81.83%      | 82.21%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2042    | 1/1/2043    | 1/1/2044    | 1/1/2045    | 1/1/2046    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2042  | 12/31/2043  | 12/31/2044  | 12/31/2045  | 12/31/2046  |
| A. Market Value at Beginning of Year                 | 146,374,129 | 139,613,782 | 133,416,756 | 127,832,584 | 122,856,959 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | -           | -           | -           | -           | -           |
| E. Total Investment Income                           | 10,350,196  | 9,893,936   | 9,491,279   | 9,119,278   | 8,804,352   |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 4,845,031   | 4,758,589   | 4,665,153   | 4,566,737   | 4,441,629   |
| (b) Current Inactive Vested                          | 9,780,601   | 9,583,869   | 9,344,493   | 9,088,157   | 8,787,872   |
| (c) Current Retirees/Beneficiaries                   | 7,178,651   | 6,372,809   | 5,620,614   | 4,924,352   | 4,285,421   |
| (d) Future New Entrants                              | 771,909     | 841,344     | 910,840     | 981,307     | 1,052,957   |
| (e) Total  | 22,576,192  | 21,556,612  | 20,541,099  | 19,560,552  | 18,567,879  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 139,613,782 | 133,416,756 | 127,832,584 | 122,856,959 | 118,559,081 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 162,189,975 | 154,973,368 | 148,373,684 | 142,417,511 | 137,126,960 |
| J. Solvency Ratio (I / F)                            | 7.18        | 7.19        | 7.22        | 7.28        | 7.39        |
| K. Accrued Liability                                 | 176,799,886 | 167,003,070 | 157,552,524 | 148,469,139 | 139,743,299 |
| L. Funded Percentage (A / K)                         | 82.79%      | 83.60%      | 84.68%      | 86.10%      | 87.92%      |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2047    | 1/1/2048    | 1/1/2049    | 1/1/2050    | 1/1/2051    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2047  | 12/31/2048  | 12/31/2049  | 12/31/2050  | 12/31/2051  |
| A. Market Value at Beginning of Year                 | 118,559,081 | 114,660,006 | 111,431,613 | 108,900,545 | 107,086,942 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | -           | -           | -           | -           | -           |
| E. Total Investment Income                           | 8,245,290   | 8,003,822   | 7,810,183   | 7,666,223   | 7,573,761   |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| F. Benefit Payments                                  |             |             |             |             |             |
| (a) Current Actives                                  | 4,298,471   | 4,164,382   | 4,022,016   | 3,861,955   | 3,698,633   |
| (b) Current Inactive Vested                          | 8,466,046   | 8,124,511   | 7,756,623   | 7,382,385   | 6,986,192   |
| (c) Current Retirees/Beneficiaries                   | 3,704,408   | 3,181,024   | 2,714,079   | 2,301,588   | 1,940,827   |
| (d) Future New Entrants                              | 1,141,089   | 1,227,948   | 1,314,181   | 1,399,547   | 1,484,414   |
| (e) Total  | 17,610,013  | 16,697,864  | 15,806,900  | 14,945,475  | 14,110,066  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 114,660,006 | 111,431,613 | 108,900,545 | 107,086,942 | 106,016,286 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 132,270,020 | 128,129,478 | 124,707,445 | 122,032,417 | 120,126,352 |
| J. Solvency Ratio (I / F)                            | 7.51        | 7.67        | 7.89        | 8.17        | 8.51        |
| K. Accrued Liability                                 | 131,413,494 | 123,472,367 | 115,900,723 | 108,703,396 | 101,876,915 |
| L. Funded Percentage (A / K)                         | 90.22%      | 92.86%      | 96.14%      | 100.18%     | 105.11%     |

# Western States Office and Professional Employees Pension Fund

## Projected Cash Flow with Proposed Suspension

Projection for Plan Years beginning July 1, 2017 through December 31, 2056

| Plan Year Beginning                                  | 1/1/2052    | 1/1/2053    | 1/1/2054    | 1/1/2055    | 1/1/2056    |
|--|-------------|-------------|-------------|-------------|-------------|
| Plan Year Ending                                     | 12/31/2052  | 12/31/2053  | 12/31/2054  | 12/31/2055  | 12/31/2056  |
| A. Market Value at Beginning of Year                 | 106,016,286 | 105,687,832 | 106,121,783 | 107,340,616 | 109,355,703 |
| <b>Income</b>  |             |             |             |             |             |
| B. Base Contributions                                | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   | 3,592,027   |
| C. Supplemental/Surcharge Contributions              | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   | 2,873,622   |
| D. Withdrawal Liability Payments                     | -           | -           | -           | -           | -           |
| E. Total Investment Income                           | 7,533,882   | 7,547,486   | 7,616,305   | 7,731,691   | 7,914,701   |
| <b>Disbursements</b>                                 |             |             |             |             |             |
| <b>F. Benefit Payments</b>                           |             |             |             |             |             |
| (a) Current Actives                                  | 3,525,678   | 3,348,890   | 3,169,178   | 2,989,746   | 2,814,238   |
| (b) Current Inactive Vested                          | 6,583,411   | 6,176,232   | 5,766,444   | 5,357,601   | 4,954,342   |
| (c) Current Retirees/Beneficiaries                   | 1,628,531   | 1,361,007   | 1,134,248   | 944,039     | 786,070     |
| (d) Future New Entrants                              | 1,590,366   | 1,693,054   | 1,793,251   | 1,890,867   | 2,000,241   |
| (e) Total  | 13,327,985  | 12,579,184  | 11,863,122  | 11,182,252  | 10,554,891  |
| G. Administrative expenses                           | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   | 1,000,000   |
| H. Market Value at End of Year<br>(A+B+C+D+E-F(e)-G) | 105,687,832 | 106,121,783 | 107,340,616 | 109,355,703 | 112,181,163 |
| I. Available Resources<br>(A+B+C+D+E-G)              | 119,015,817 | 118,700,967 | 119,203,737 | 120,537,956 | 122,736,053 |
| J. Solvency Ratio (I / F)                            | 8.93        | 9.44        | 10.05       | 10.78       | 11.63       |
| K. Accrued Liability                                 | 95,421,206  | 89,307,891  | 83,527,304  | 78,069,644  | 72,921,855  |
| L. Funded Percentage (A / K)                         | 111.10%     | 118.34%     | 127.05%     | 137.49%     | 149.96%     |