Classic Values, Innovative Advice

United Furniture Workers Pension Fund

Actuarial Valuation Report as of March 1, 2016

Produced by Cheiron

January 2017

TABLE OF CONTENTS

January 18, 2017

Board of Trustees
c/o Ms. Dee Anne Walker, Secretary-Treasurer/Director
United Furniture Workers Pension Fund A
1910 Air Lane Drive
Nashville, Tennessee 37210

Dear Trustees:

At your request, we have performed the March 1, 2016 Actuarial Valuation of the United Furniture Workers Pension Fund A (the "Plan"). The purpose of this report is to present information on the Plan's assets and liabilities and also discloses contribution levels, including the minimum required amount as mandated by Federal law. This report is for the use of the Plan and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

In the Foreword we refer to the general approach employed in the preparation of this report. The Summary section discusses the long-term funded status and emerging issues facing the Trustees. We also comment on the sources and reliability of both the data and the actuarial assumptions. The results of this report are only applicable to the 2016 Plan Year and rely on future Plan experience conforming to the underlying assumptions. Future valuation results may differ significantly from the results presented in this report due to such factors as the following: Plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in Plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Board of Trustees
United Furniture Workers Pension Plan A
January 18, 2017

This report was prepared exclusively for the Plan for the purposes described herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

Redacted by the U.S. Department of the Treasury

[redacted]

Christian E. Benjaminson, FSA, EA, MAAA
Principal Consulting Actuary

Redacted by the U.S. Department of the Treasury

[redacted]

Principal Consulting Actuary

FOREWORD

Cheiron has performed the Actuarial Valuation of the United Furniture Workers Pension Fund A as of March 1, 2016. The purpose of this report is to:

1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan;
2) **Provide specific information** and documentation required by the Federal Government and the auditors of the Plan; and
3) **Review past and expected trends** in the financial condition of the Plan.

An actuarial valuation establishes and analyzes Plan assets, liabilities and contributions on a consistent basis, and traces their progress from one year to the next. It includes measurement of the Plan's investment performance as well as an analysis of Actuarial Liability gains and losses. This valuation report is organized as follows:

Section I – Summary presents a summary of the key valuation results, general comments about the results, and a review of historical trends and projection scenarios.

Section II – Assets contains exhibits relating to the valuation of assets.

Section III – Liabilities shows the various measures of liabilities.

Section IV – Contributions shows the development of the minimum and maximum contributions.

Section V – Unfunded Vested Benefits (UVB) shows the development of the UVB as of March 1, 2016 that would be allocated to employers that withdraw before February 28, 2017.

Section VI – FASB ASC Topic #960 Disclosure provides information required by the Plan's auditor.

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

In preparing our report, we relied on information (some oral and some written) supplied by the Fund Office and Joseph Warren & Co, a division of Rogoff & Company P.C. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

The actuarial assumptions, taken individually, reflect our understanding and best estimate of the likely future experience of the Plan. The results in this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results.

Finally, in preparing this report, we have conformed to generally accepted actuarial principles and practices which are consistent with the Code of Professional Conduct, and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board.

This valuation was prepared using census data and financial information as of March 1, 2016. Events following that date are not, and should not be, reflected in this report. The next valuation will reflect all membership and investment experience changes through February 28, 2017.

SECTION I –SUMMARY

The table below sets out the principal results of this year's valuation and compares them to last year's results.

Table I-1
Summary of Principal Results

Participant Counts	**3/1/2015**	**3/1/2016**	**% Change**
Actives	1,029	1,076	4.6 %
Terminated Vesteds	3,471	3,323	(4.3)%
In Pay Status	5,563	5,497	(1.2)%
Total	10,063	9,896	(1.7)%
Financial Information			
Market Value of Assets	$ 70,887,468	$ 55,263,192	(22.0)%
Actuarial Value of Assets	69,965,653	59,571,556	(14.9)%
Present Value of Future Benefits	$ 187,800,158	$ 186,904,934	(0.5)%
Actuarial / PPA Liability	$ 181,564,343	$ 180,326,943	(0.7)%
Surplus / (Unfunded) based on Actuarial Value of Assets	$ (111,598,690)	$ (120,755,387)	8.2 %
Funded Ratio based on Actuarial Value of Assets	38.5%	33.0%	
Funded Ratio based on Market Value of Assets	39.0%	30.6%	
Present Value of Vested Benefits for Withdrawal Liability	$ 189,927,695	$ 188,527,070	(0.7)%
Surplus / (Unfunded) based on Market Value of Assets	$ (121,540,178)	$ (133,263,878)	9.6 %
Gain / (Loss), Minimum Funding, and Cash Flows			
Actuarial Asset Gain / (Loss)	$ 1,357,542	$ (1,596,480)	
Liability Gain / (Loss)	(1,125,905)	379,824	
Total Normal Cost (Unit Credit plus Admin. Expenses)	$ 2,064,551	$ 2,243,933	8.7 %
ERISA Minimum Funding before Funding Deficiency	18,183,029	17,173,241	(5.6)%
ERISA Funding Deficiency (Beginning of Year)	29,886,971	48,290,593	61.6 %
Prior Year Contributions (net from all sources)	$ 3,958,319	$ 4,276,739	8.0 %
Prior Year Benefit Payments	13,604,248	13,603,642	(0.0)%
Prior Year Administrative Expenses	1,198,244	1,372,735	14.6 %
Prior Year Total Investment Income (net of expenses)	4,506,559	(2,426,887)	

SECTION I –SUMMARY

Following is an analysis of the Plan's results for the prior year followed by historical results for the last ten years. After that, a projection of future results is shown.

Prior Year Results

Investment and liability experience and their effect on future costs traditionally have been the focus of year to year analyses.

- The Market Value of Assets returned -3.77% for the Plan Year ending February 29, 2016. For long-term planning the Plan applies a smoothing method to develop an Actuarial Value of Assets which phases in actuarial investment gains and losses over five years. On this basis the Actuarial Value of Assets returned 4.11%. Comparing this return to the prior year's long-term investment assumption of 6.75% results in an actuarial asset loss of $1.60 million.
- The Plan experienced a liability gain totaling $0.38 million. Combined with the actuarial investment loss of $1.60 million, the Plan had a net actuarial experience loss of $1.22 million.
- The funded ratio (Actuarial Value of Assets as a percentage of Actuarial Liability) decreased from 38.5% to 33.0%. Based on Market Value of Assets, the funded ratio decreased from 39.0% to 30.6%. The decline in the funded ratios is mainly due to the investment loss and significant negative cash flow.

The Pension Protection Act of 2006 (PPA) added a significant layer of new considerations for the Plan.

- The Plan was certified as "Critical and Declining" status under the Pension Protection Act (PPA) as amended by the Multiemployer Pension Reform Act of 2014 (MPRA) for the 2016 Plan Year because of the current Funding Deficiency and is projected insolvent within the next 19 years. The PPA status is re-determined annually.
- A Rehabilitation Plan was prepared in December 2008 modifying adjustable benefits and requiring annual contribution increases of 5.5% beginning March 1, 2009. This Rehabilitation Plan is based on the reasonable measures (exhaustion) method and is annually monitored.
- The funded ratio is an important measure that is used in determining the PPA zone, which as noted, has declined over the past year.
- The period of time until a Funding Deficiency occurs is usually an important measure that is used for PPA testing. The Plan already has a Funding Deficiency which increased from $29.9 million as of March 1, 2015 to $48.3 million as of March 1, 2016 and is projected to grow. However, under PPA there is no excise tax due as long as the Plan has a valid Rehabilitation Plan.
- Effective with this valuation only current year contributions are being applied for Minimum Funding. As a result, the contributions shown in this report reflect a partial year (actual contributions for the year ending 2/29/2016 less the amount already reflected on the 2015 Form 5500).

In addition, please note that:

- Active membership increased by 4.6% over last year reversing a trend of active membership declines. In fact, this is only the second time in the last 15 years when the active membership increased.

- The Plan received $4.28 million in contributions (including Withdrawal Liability payments of $0.49 million) and paid $14.98 million in benefits and expenses for the year ending February 29, 2016. Comparing these two amounts shows a negative net cash flow of $10.70 million, which means the Plan is currently using invested assets to pay for benefits and expenses not covered by contributions.

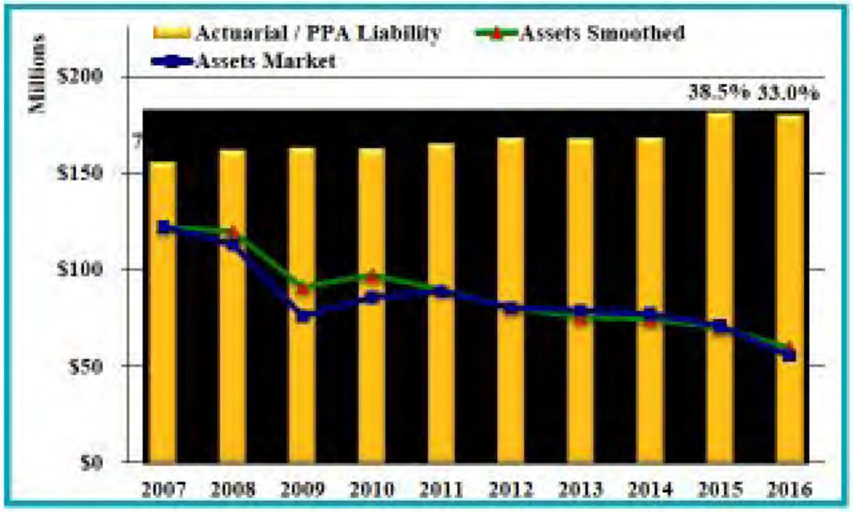
- The Plan assesses Withdrawal Liability based on a 6.25% interest rate assumption which is 0.5% less than the discount rate assumption used for funding. The Unfunded Vested Benefits increased from $121.5 million as of March 1, 2015 to $133.3 million as of March 1, 2016.

Historical Review:

We think it is important to take a step back from the current year's results and view them in the context of the Plan's recent history. On the next few pages, we present a series of graphs which display key valuation results for the last ten years.

SECTION I – SUMMARY

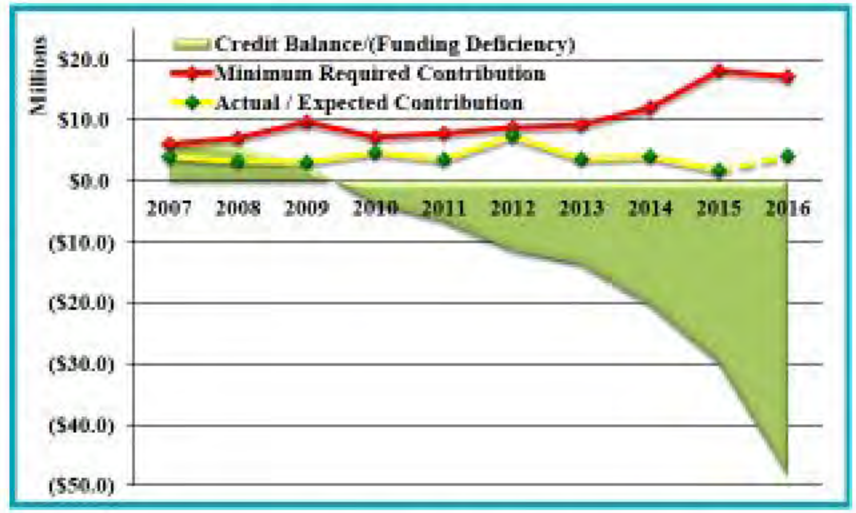
Assets & Liabilities: The following graph compares historical assets and liabilities. The bars represent the Actuarial Liability (the value of benefits already earned) and the two lines represent the Actuarial Value of Assets and Market Value of Assets. The percentages shown are the funded ratios (Actuarial Value of Assets as a percent of the Actuarial Liability).



- The funded ratio has decreased over the period shown due to assumption changes and actuarial losses on investments and liabilities.

- The five-year average compounded investment return is on the Market Value and 8.61% on the Actuarial Value; as compared to the long-term 6.75% assumption.

Minimum Funding: The next graph shows the Credit Balance (green area) which represents accumulated contributions in excess of the Minimum Required Contribution (red line), and the actual contributions (yellow line). The Credit Balance decreases whenever the red line is more than the yellow line. A Funding Deficiency occurs when the Credit Balance becomes negative.

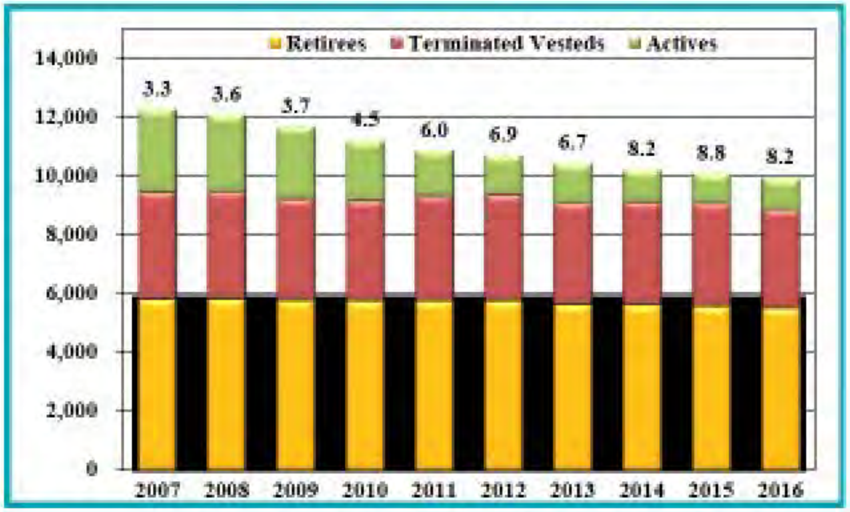


- Contributions have been less than the Minimum Required Contribution for the entire nine year period shown.

- A Funding Deficiency occurred at the end of the 2009 Plan Year and has grown every year since. However, under the PPA there is no excise tax due as long as the Plan has a valid Rehabilitation Plan.

SECTION I –SUMMARY

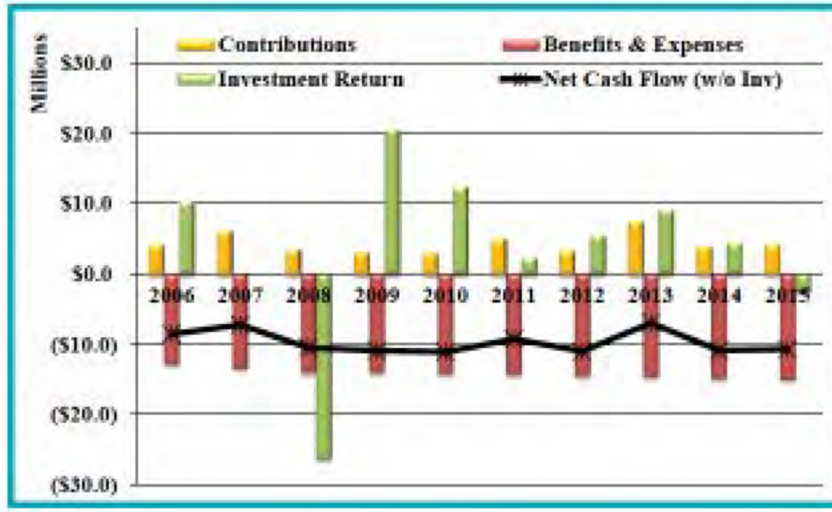
Participation: The following graph shows the Plan participants at successive valuations. The numbers above each bar represents the support ratio; the number of inactive participants (retirees and terminated vested) to active participants.



- The support ratio has more than doubled over this nine-year period. However, the ratio did decrease from 8.8 to 8.2 during the past year as a result of an increase in the Plan's active participants.

- The active population has declined steadily over the period shown, with an average annual decline of 10.1% per year during the nine-year period shown and 7.5% per year for the prior three years. However, over the past year the active population increased 4.6%.

Cash Flow: Plan net cash flow (contributions less benefits and expenses) is a critical measure, as it reflects the ability to have funds available to meet benefit payments without having to make difficult investment decisions, especially during volatile markets.



- The Plan's net cash flow has averaged negative $9.7 million per year for the period shown, which represents almost 18% of the current Market Value of Assets.

- Negative cash flow is expected for a mature plan such as this one. The implications of a plan in negative cash flow are that the impact of market fluctuations can be more severe. This is because as assets are being depleted to pay benefits in down markets, there is less principal that is available to be reinvested during favorable return periods.

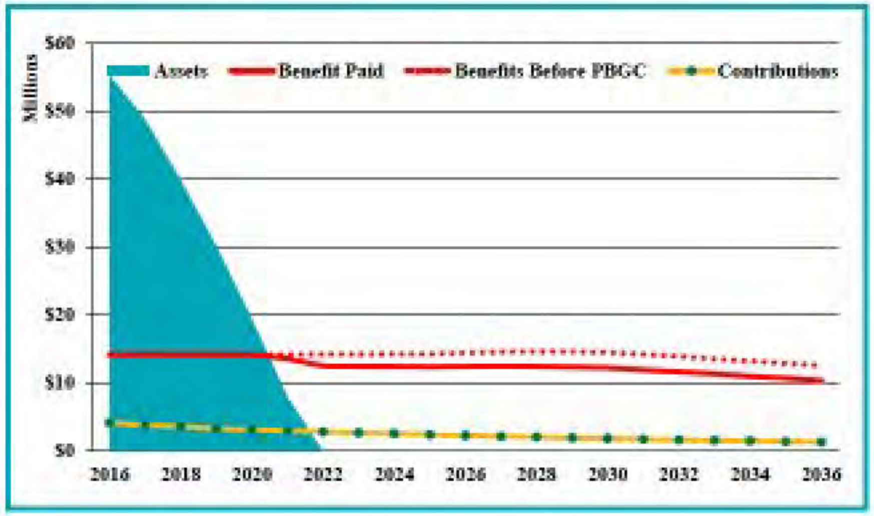
Future Outlook:

In this section, we move away from viewing a single year's results or historical trends and focus on the future of the Plan. The following graph provides a projection of the Plan's assets, contributions, and benefit payments over the next 20 years.

This projection scenario assumes the assets earn exactly 6.75% each year on their market value, including the current Plan Year, and all other assumptions are met. We also factor in the current Rehabilitation Plan with annual 5.5% contribution increases and the Trustees' industry assumption of 10% annual membership declines.

Under this scenario, the Plan is projected to be insolvent shortly after December 1, 2021. This is a few months earlier than last year's projection which had the insolvency date around March 1, 2022. The impact is mainly due to the investment returns and negative cash flow.

Upon insolvency the benefit payments would drop to the PBGC guarantee level and the PBGC would provide financial assistance to the Plan. The drop in benefit payments is illustrated in the graph; the solid red line represents the benefit actually paid which are cut to the PBGC guarantee at the point of insolvency. The dotted red line represents the benefit payments prior to reduction to the PBGC guarantee.



SECTION II –ASSETS

Assets at Market Value:

Market values represent "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next.

Table II - 1
Statement of Assets at Market Value, March 1

Assets	**2015**	**2016**
Short Term Obligations	$ 264,333	$ 242,895
Common Stocks	5,234,786	3,199,259
Intech Institutional Large Cap Growth Fund	5,772,886	0
Fidelity Growth International Fund	5,083,707	0
Fidelity Emerging Markets Fund	582,499	0
Rothchild SMID Fund	4,564,317	3,218,540
Pimco Bond Fund	6,421,005	4,133,425
BPIF Non-Taxable LP	8,231,939	8,202,128
State Street Global - MSCI	3,032,140	4,282,529
Wellington Global Total Return Fund	3,272,743	2,157,366
JPMCB Strategic Property Fund	8,828,137	8,369,863
State Street Global - Daily	3,235,289	4,941,275
Robeco BP - All Cap Value Fund	5,215,651	3,616,237
Loomis Sayles Credit Long/Short	5,901,800	6,390,235
Investment in UFW Building Corporation	1,260,000	1,350,000
Vanguard Growth Index Fund Admiral	0	3,837,697
Cash	1,292,443	1,089,377
Property & equipment	28,701	23,336
Receivables		
Employer Contributions	$ 2,827,951	$ 324,000
Accrued Interest & Dividends	13,475	10,004
Liabilities		
Accrued Expenses and payroll taxes	$ (176,334)	$ (124,974)
Total Market Value	$ 70,887,468	$ 55,263,192

Assets at Actuarial Value:

For long-term planning, actuaries commonly use smoothing techniques to mitigate the short-term volatility exhibited by the capital markets. The Plan currently phases in investment gains and losses over five years. The Actuarial Value of Assets is also constrained so that it cannot exceed 120% of the Market Value and cannot be less than 80% of the Market Value. The table below shows the development of the Actuarial Value of Assets.

Table II - 2
Development of Actuarial Value of Assets as of March 1, 2016

Market Value of Assets as of March 1, 2016				**$ 55,263,192**
Plan Year	Investment Gains / (Losses)	Percent Recognized	Percent Deferred	Amount Deferred
2011	$ (3,803,566)	100%	0%	$ 0
2012	(4,321)	80%	20%	(864)
2013	3,791,415	60%	40%	1,516,566
2014	(738,241)	40%	60%	(442,945)
2015	(6,726,401)	20%	80%	(5,381,121)
Total				$ (4,308,364)
Preliminary Actuarial value as of March 1, 2016				$ 59,571,556
Corridor for Actuarial Value				
80% of Market Value				$ 44,210,554
120% of Market Value				$ 66,315,830
Actuarial Value of Assets as of March 1, 2016				**$ 59,571,556**
- as a percent of Market Value of Assets				107.8%

SECTION II – ASSETS

Changes in Market Value:

The components of change in market value are:

- Contributions
- Benefit payments
- Expenses
- Investment income (realized and unrealized)

The specific changes since the prior valuation are presented below:

Table II - 3 Changes in Market Values		
Total Value of Assets — March 1, 2015	**$**	**70,887,468**
Contributions	$	1,776,788
Investment Return (Net)		(2,426,887)
Benefit Payments		(13,603,642)
Other Income / Adjustments		2,200
Administrative Expenses		(1,372,735)
Total Value of Assets — March 1, 2016	**$**	**55,263,192**

Market Value for valuation purposes was determined as follows:

Table II - 4 Reconciliation with Market Value from Financial Statement		
		March 1, 2016
Market Value of Assets on Financial Statement	$	55,798,192
Additional Employer Contributions	$	0
Withdrawal Liability Payments Receivable		(535,000)
Net		(535,000)
Market Value of Assets for Valuation Purposes	**$**	**55,263,192**

Actuarial Gains/Losses from Investment Performance:

The following table calculates the actuarial gain/loss and the return for the Plan Year on both a Market Value and Actuarial Value basis. Because the Actuarial Value of Assets is used to establish the Minimum Required Contribution and the Internal Revenue Code limits and contribution requirements, the actuarial gain/loss on the Actuarial Value of Assets most directly impacts the valuation results.

Table II - 5 Asset Gain / (Loss)				
		Market Value		*Actuarial Value*
March 1, 2015 Value	**$**	**70,887,468**	**$**	**69,965,653**
Contributions		1,776,788		1,776,788
Benefit Payments		(13,603,642)		(13,603,642)
Administrative Expenses		(1,372,735)		(1,175,000) *
Expected Investment Earnings (6.75%)		4,299,514		4,204,237
Other		2,200		N/A
Expected Value on February 29, 2016	$	61,989,593	$	61,168,036
Investment Gain / (Loss)		(6,726,401)		(1,596,480)
March 1, 2016 Value	**$**	**55,263,192**	**$**	**59,571,556**
Return		-3.77%		4.11%

*Assumed Expenses, payable beginning of year

In this section, we present detailed information on the Plan's liabilities including:

- **Disclosure of Plan liabilities** at March 1, 2015 and March 1, 2016;
- Statement of **changes** in these liabilities during the year; and
- **Development** of the actuarial liability gain/loss during the year.

Disclosure:

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which they are being used. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for analyzing the financial outlook of the Plan, this represents the amount of money needed today to fully pay off all future benefits assuming participants continue to accrue benefits.

- **Actuarial Liabilities:** Used in determining Minimum Funding Requirements, maximum tax deductible contributions, and long-term funding targets. These liabilities represent the total amount of money needed to fully pay off all obligations of the Plan using funding assumptions and assuming no further accrual of benefits. For this Plan, the Trustee's chose the Unit Credit Cost Method to determine this liability.

- **Accrued Liabilities:** These liabilities are also required for determining PPA funded status and for accounting disclosures (ASC Topic No. 960). For that purpose, they are referred to as the Present Value of Accumulated Benefits. They can also be used to establish comparative benchmarks with other plans. These liabilities are determined using the Unit Credit Cost Method, and therefore for this Plan will equal the Actuarial Liabilities.

- **Vested Liabilities:** Required for accounting purposes, this liability represents the portion of the Accrued Liabilities which are vested.

- **Current Liabilities:** Used for Federal Government compliance purposes, the calculation of this liability is defined by the Internal Revenue Code and regulations and is used to determine maximum allowable tax deductible contributions.

The table on the following page discloses most of these liabilities for the current and prior valuation. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields an **unfunded liability** for each respective type.

SECTION III – LIABILITIES

Table III - 1
Liabilities/Net Surplus (Unfunded)

	3/1/2015	3/1/2016
FUNDING DISCOUNT RATE ASSUMPTION	**6.75%**	**6.75%**
ACTUARIAL / PPA LIABILITY		
Actuarial / PPA Liability	**$ 181,564,343**	**$ 180,326,943**
Actuarial Value of Assets	69,965,653	59,571,556
Net Surplus (Unfunded)	**$ (111,598,690)**	**$ (120,755,387)**
VESTED LIABILITY		
Actuarial / PPA Liability	$ 181,564,343	$ 180,326,943
Less Present Value of Non-Vested Benefits	505,890	466,640
Vested Liability	**$ 181,058,453**	**$ 179,860,303**
Market Value of Assets	70,887,468	55,263,192
Net Surplus (Unfunded)	**$ (110,170,985)**	**$ (124,597,111)**
RPA DISCOUNT RATE	**3.44%**	**3.25%**
CURRENT LIABILITY (RPA 1994)	**$ 290,549,936**	**$ 293,946,648**
Market Value of Assets	70,887,468	55,263,192
Net Surplus (Unfunded)	**$ (219,662,468)**	**$ (238,683,456)**

Allocation of Liabilities by Type:

The Plan participants may qualify for a benefit upon death, termination, and disability as well as upon retirement. The value of the liabilities arising from each of these sources is shown in the following table:

Table III - 2
Allocation of Liabilities by Type
March 1, 2016

Benefit Type	Retirement	Termination	Death	Disability	Total
Unit Credit Normal Cost	$ 781,472	$ 126,755	$ 19,917	$ 30,789	$ 958,933
Actuarial / PPA Liability					
Actives	$ 24,036,360	$ 2,260,244	$ 561,787	$ 657,421	$ 27,515,812
Terminated Vesteds	0	43,715,200	0	0	43,715,200
Retirees and Beneficiaries	89,548,197	0	7,409,961	12,137,773	109,095,931
Total	**$ 113,584,557**	**$ 45,975,444**	**$ 7,971,748**	**$ 12,795,194**	**$ 180,326,943**
RPA Current Liability Normal Cost	$ 1,516,951	$ 424,719	$ 15,409	$ 62,466	$ 2,019,545
RPA Current Liability					
Actives	$ 43,749,962	$ 6,657,801	$ 400,379	$ 1,261,392	$ 52,069,534
Terminated Vesteds	0	87,964,284	0	0	87,964,284
Retirees and Beneficiaries	124,106,685	0	10,069,791	19,736,354	153,912,830
Total	**$ 167,856,647**	**$ 94,622,085**	**$ 10,470,170**	**$ 20,997,746**	**$ 293,946,648**
Vested RPA Current Liability					
Actives	$ 33,092,110	$ 16,900,667	$ 396,156	$ 1,233,370	$ 51,622,303
Terminated Vesteds	0	87,964,284	0	0	87,964,284
Retirees and Beneficiaries	124,106,685	0	10,069,791	19,736,354	153,912,830
Total	**$ 157,198,795**	**$ 104,864,951**	**$ 10,465,947**	**$ 20,969,724**	**$ 293,499,417**

Changes in Liabilities:

The Actuarial Liability shown in the preceding table changes at successive valuations based on the experience of the Plan. The liability may change for any of several reasons, including:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments
- Interest on Actuarial Liability
- Benefits paid to retirees and beneficiaries
- Participants leaving employment at rates different than expected
- Changes in actuarial assumptions
- Changes in actuarial methods

The following table shows the change in the Actuarial Liability measure since the last valuation. There were no changes to assumptions, methods, or Plan provisions since last year.

Table III - 3
Actuarial (PPA) Liability

Liabilities 3/1/2015	$	181,564,343
Liabilities 3/1/2016		180,326,943
Liability Increase (Decrease)		(1,237,400)
Change due to:		
Plan Amendment	$	0
Assumption Change		0
Accrual of Benefits		889,551
Actual Benefits		(13,603,642)
Passage of Time		11,856,515
Other Sources		0
Actuarial (Gain)/Loss		(379,824)

SECTION IV – CONTRIBUTIONS

In this section, we present detailed information on the Plan's contributions from two perspectives:

- **Minimum Required Contributions**, based on the Unit Credit Cost Method; and
- **Government Limitations** which could affect the above.

Minimum Required Contributions:

For the Plan, the funding method used is the Unit Credit Cost Method. The Minimum Required Contribution is determined in two parts.

The first part is the Unit Credit Normal Cost. This is the cost for the benefits expected to be earned in the current year for each active participant. The Normal Cost includes a provision for Plan administrative expenses.

The second part is an amortization payment to pay off the Unfunded Actuarial Liability. The Unfunded Actuarial Liability is the difference between the Actuarial Value of Assets at the valuation date and the Actuarial Liability determined by the actuarial cost method. The amortization payment is determined using the amortization schedule required by the minimum funding rules in the Internal Revenue Code.

Government Limitations:

ERISA and the Internal Revenue Code place various limits on the contributions made to qualified pension plans. The limits impact the minimum that must be paid, the maximum that can be deducted, and the timing of contributions.

To ensure that Minimum Required Contributions are met, pension plans are required to retain an Enrolled Actuary to complete Schedule MB to Form 5500 on an annual basis. In the past, bargained contributions exceeded the Minimum Required Contribution and the Plan built up a Credit Balance. The Credit Balance can be used in the future to make up the difference between the Minimum Required Contribution and the bargained contribution. However, for the past several years the Plan has exhausted the Credit Balance and has a Funding Deficiency (i.e. a negative Credit Balance) for the current Plan Year.

The Minimum Required Contribution for 2016 is shown below compared to the Government Limitations and the estimated employer contributions. The table also shows the per capita Minimum Required Contribution and contribution.

Table IV - 1
Contributions for 2016

Minimum Required Contribution		
Unit Credit Normal Cost (with Expenses)	$	2,243,933
Amortization Payment		13,843,412
Interest to End of Year		1,085,896
Total	**$**	**17,173,241**
Government Limitations		
Maximum Deductible Contribution	$	360,093,849
Minimum Contribution (before Funding Deficiency)		17,173,241
Funding Deficiency with Interest		51,550,208
Estimated Employer Contributions with Interest	$	4,339,435
Count of Active Participants		1,076
Per Capita Minimum Required Contribution	$	15,960
Per Capita Contribution	$	4,033

SECTION IV – CONTRIBUTIONS

The tables on the following pages show the IRS Funding Standard Account, as well as the development of the minimum and maximum contributions for the 2016 Plan Year.

Table IV - 2
Funding Standard Account for Plan Years Ending

	2/29/2016	2/28/2017
1. Charges for Plan Year		
a. Prior Year Funding Deficiency	$ 29,886,971	$ 48,290,593
b. Normal Cost with Expenses	2,064,551	2,243,933
c. Amortization Charges	17,562,499	16,437,180
d. Interest on a., b., and c. to Year End	3,342,196	4,520,590
e. Additional Funding Charge	N/A	N/A
f. Interest Charge due to Late Quarterly Contributions	N/A	N/A
g. Total Charges	$ 52,856,217	$ 71,492,296
2. Credits for Plan Year		
a. Prior Year Credit Balance	$ 0	$ 0
b. Contributions for Minimum Funding (actual / *expected*)	1,776,788 *	***4,200,000***
c. Amortization Credits	2,593,768	2,593,768
d. Interest on a., b., and c. to Year End	195,068	316,829
e. Full Funding Limit Credit	0	0
f. Total Credits	$ 4,565,624	$ 7,110,597
3. Credit Balance / (Funding Deficiency) at End of Year [2. - 1.]	$ (48,290,593)	$ (64,381,699)

* *Effective with this valuation only current year contributions are being applied for Minimum Funding. As a result, the contributions shown in this report reflect a partial year (actual contributions for the year ending 2/29/2016 less the amount already reflected on the 2015 Form 5500).*

SECTION IV – CONTRIBUTIONS

Table IV - 3
Calculation of the Maximum Deductible Contribution
For the Plan Year Beginning March 1, 2016

1.	"Fresh Start" Method		
a.	Unit Credit Normal Cost with Expenses	$	2,243,933
b.	Net Charge to Amortize Unfunded Actuarial Liability Over 10 Years		15,920,098
c.	Interest on a. and b. to Year End		1,226,072
d.	Total		19,390,103
e.	Minimum Required Contribution at Year End		68,723,449
f.	Larger of d. and e.		68,723,449
g.	Full Funding Limit		214,483,580
h.	**Preliminary Maximum Deductible Contribution [lesser of f. and g.]**	**$**	**68,723,449**
2.	140% of Current Liability Calculation		
a.	RPA 1994 Current Liability at Start of Year	$	293,946,648
b.	Present Value of Benefits Estimated to Accrue during Year		2,019,545
c.	Expected Benefit Payments		14,136,672
d.	Net Interest on a., b. and c. at Current Liability Interest Rate (3.25%)		9,391,017
e.	Expected Current Liability at End of Year [a. + b. – c. + d.]		291,220,538
f.	140% of e.		407,708,753
g.	Actuarial Value of Assets		59,571,556
h.	Expected Expenses		1,285,000
i.	Net Interest on c., g., and h. at Valuation Interest Rate (6.75%)		3,465,020
j.	Estimated Value of Assets [g. – c. – h. + i.]		47,614,904
k.	Unfunded Current Liability at Year End [f. – j.], not less than $0	$	360,093,849
3.	**Maximum Deductible Contribution at Year End, greater of 1.h. and 2.k.**	**$**	**360,093,849**

Table IV - 4
Development of Actuarial Gain / (Loss)
For the Year Ended February 29, 2016

1.	Unfunded Actuarial Liability at Start of Year (not less than zero)	$	111,598,690
2.	Normal Cost and Expenses at Start of Year		2,064,551
3.	Interest on 1. and 2. to End of Year		7,672,267
4.	Contributions for Prior Year		1,776,788
5.	Interest on 4. to End of Year		19,989
6.	Change in Unfunded Actuarial Liability Due to Changes in Methods		0
7.	Change in Unfunded Actuarial Liability Due to Changes in Assumptions		0
8.	Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9.	Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	$	119,538,731
10.	Actual Unfunded Actuarial Liability at End of Year (not less than zero)		120,755,387
11.	Actuarial Gain / (Loss) [9. – 10.]	$	(1,216,656)
12.	Amortization Factor for Actuarial Gain / (Loss)		9.8781
13.	Amortization Credit / (Charge) for Actuarial Gain / (Loss)	$	(123,167)

SECTION IV – CONTRIBUTIONS

Table IV - 5
Schedule of Amortizations Required for Minimum Required Contribution as of March 1, 2016

Type of Base	Date Established	Initial Amount	Initial Amortization Years	3/1/2016 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CHARGES						
1. Initial Unfunded	3/1/1978	$ 16,575,006	40	$ 2,283,728	2	$ 1,179,144
2. Plan Amendment	3/1/1989	63,848	30	13,711	3	4,872
3. Method Change	3/1/1989	15,842,844	30	3,402,580	3	1,209,031
4. Plan Amendment	3/1/1993	5,282,693	30	2,326,287	7	400,839
5. Actuarial Loss	3/1/2000	7,511,951	30	5,348,203	14	564,313
6. Actuarial Loss	3/1/2002	13,842,899	15	1,442,045	1	1,442,045
7. Actuarial Loss	3/1/2003	22,582,575	15	4,656,058	2	2,404,035
8. Actuarial Loss	3/1/2005	3,018,172	15	1,138,102	4	312,980
9. Actuarial Loss	3/1/2006	2,642,095	15	1,205,401	5	273,556
10. Assumption Change	3/1/2007	8,194,633	30	7,211,734	21	611,008
11. Actuarial Loss	3/1/2007	2,180,614	15	1,156,093	6	225,456
12. Actuarial Loss	3/1/2008	15,092,752	15	9,029,954	7	1,555,936
13. Actuarial Loss	3/1/2009	28,127,155	15	18,611,327	8	2,891,493
14. Actuarial Loss	3/1/2011	7,919,489	15	6,141,864	10	809,729
15. Assumption Change	3/1/2012	2,075,229	15	1,715,374	11	211,632
16. Actuarial Loss	3/1/2012	6,035,275	15	4,988,732	11	615,477
17. Actuarial Loss	3/1/2013	3,242,769	15	2,834,511	12	329,865
18. Assumption Change	3/1/2015	12,570,893	15	12,060,926	14	1,272,602
19. Actuarial Loss	3/1/2016	1,216,656	15	1,216,656	15	123,167
TOTAL CHARGES				$ 86,783,286		$ 16,437,180

SECTION IV – CONTRIBUTIONS

Table IV - 6
Schedule of Amortizations Required for Minimum Required Contribution as of March 1, 2016

Type of Base	Date Established	Initial Amount	Initial Amortization Years	3/1/2016 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CREDITS						
1. Funding Method Change	3/1/2008	$ 6,945,571	10	$ 1,810,897	2	$ 935,010
2. Plan Amendment	3/1/2009	590,517	15	390,735	8	60,705
3. Actuarial Gain	3/1/2010	11,371,471	15	8,195,000	9	1,165,787
4. Actuarial Gain	3/1/2014	4,028,752	15	3,699,620	13	408,816
5. Actuarial Gain	3/1/2015	231,637	15	222,240	14	23,450
TOTAL CREDITS				$ 14,318,492		$ 2,593,768
NET CHARGE				$ 72,464,794		$ 13,843,412

SECTION IV – CONTRIBUTIONS

Table IV - 7
Accumulated Reconciliation Account and Balance Test
as of March 1, 2016

1. Amount due to Additional Interest Charges in prior years	$	0
2. Amount due to Additional Funding Charges in prior years		NA
3. Reconciliation Account at Start of Year [1. + 2.]	$	0
4. Net Outstanding Amortization Bases	$	72,464,794
5. Funding Deficiency at Start of Year	$	48,290,593
6. Unfunded Actuarial Liability at Start of Year from Funding Equation [4. - 3. + 5.]	$	120,755,387
7. Actuarial Liability at Start of Year	$	180,326,943
8. Actuarial Value of Assets at Start of Year	$	59,571,556
9. Unfunded Actuarial Liability at Start of Year from Liability Calculation [7. - 8.]	$	120,755,387

The Plan passes the Balance Test because line 6. equals line 9.

SECTION IV – CONTRIBUTIONS

Table IV - 8
Development of Full Funding Limitation
for the Year Beginning March 1, 2016

	Minimum	*Maximum*
1. Actuarial / PPA Liability Full Funding Limit Calculation		
a. Actuarial / PPA Liability	$ 180,326,943	$ 180,326,943
b. Normal Cost with Expenses	2,243,933	2,243,933
c. Lesser of Market Value and Actuarial Value of Assets	55,263,192	55,263,192
d. Credit Balance at Start of Year, not less than zero	0	N/A
e. Net Interest on a., b., c., and d. at Funding Interest Rate (6.75%)	8,593,269	8,593,269
f. Actuarial / PPA Liability Full Funding Limit [a. + b. – c. + d. + e.], limited to zero	**$ 135,900,953**	**$ 135,900,953**
2. Full Funding Limit Override (RPA 1994)		
a. RPA 1994 Current Liability at Start of Year	$ 293,946,648	$ 293,946,648
b. Present Value of Benefits Estimated to Accrue during Year	2,019,545	2,019,545
c. Expected Benefit Payments	14,136,672	14,136,672
d. Net Interest on a., b. and c. at Current Liability Interest Rate (3.25%)	9,391,017	9,391,017
e. Expected Current Liability at End of Year [a. + b. – c. + d.]	291,220,538	291,220,538
f. 90% of e.	262,098,484	262,098,484
g. Actuarial Value of Assets	59,571,556	59,571,556
h. Expected Expenses	1,285,000	1,285,000
i. Net Interest on c., g., and h. at Valuation Interest Rate (6.75%)	3,465,020	3,465,020
j. Estimated Value of Assets [g. – c. – h. + i.]	47,614,904	47,614,904
k. RPA 1994 Full Funding Limit Override [f. – j.], limited to zero	**$ 214,483,580**	**$ 214,483,580**
3. **Full Funding Limitation at End of Plan Year, greater of 1.f. and 2.k.**	**$ 214,483,580**	**$ 214,483,580**

SECTION V – UNFUNDED VESTED BENEFITS

The allocation of the Unfunded Vested Benefits (UVB) is determined under the Presumptive method as defined in the Multiemployer Pension Plan Amendments Act of 1980 (MEPPA). If an employer withdraws between March 1, 2016 and February 28, 2017, they will be assessed Withdrawal Liability based on their share of the UVB. The Present Value of Vested Benefits (PVVB) is valued using a 6.25% interest rate assumption, and the same provisions as disclosed in Appendix B with the exception that disability benefits are excluded.

Under the Presumptive method, "pools" are created each year based on the change in the Plan's UVB. The UVB is calculated as the difference between the PVVB and the Market Value of Assets (MVA). In addition, the pools may include an adjustment for uncollectible Withdrawal Liability for prior withdrawn employers and statutory limits. Each pool is then written down over 20 years and allocated among the employers based on their proportional share of contributions.

Table V - 1
Unfunded Vested Benefits

	2/28/2015	2/29/2016
1. Present Value of Vested Benefits		
a. Retirees and Beneficiaries	$ 113,139,696	$ 112,785,487
b. Terminated Vested Participants	49,471,348	47,197,262
c. Active Participants	27,316,651	28,544,321
d. Total	$ 189,927,695	$ 188,527,070
2. Interest Rate	6.25%	6.25%
3. Market Value of Assets on Financial Statement (without the Withdrawal Liability Payments Receivable)	$ 68,387,517	$ 55,263,192
4. Unfunded Vested Benefits [1.d - 3.]	$ 121,540,178	$ 133,263,878
5. Funded Ratio [3. ÷ 1.d]	36.0%	29.3%

SECTION VI – FASB ASC TOPIC #960

Table VI - 1
Present Value of Accumulated Benefits as of March 1, 2016
in Accordance with ASC Topic No. 960

	Amounts	Counts
1. Actuarial Present Value of Vested Benefits		
For Retirees and Beneficiaries	$ 109,095,931	5,497
Terminated Vesteds	43,715,200	3,323
Active Participants	27,049,172	693
Total Vested Benefits	$ 179,860,303	9,513
2. Non-Vested Benefits	$ 466,640	383
3. Accumulated Benefits	$ 180,326,943	9,896
4. Market Value of Assets on Financial Statement (without the Withdrawal Liability Payments Receivable)	$ 55,263,192	
5. Funded Ratios		
Vested Benefits	30.7%	
Accumulated Benefits	30.6%	

Reconciliation of Present Value of Accumulated Benefits

1. Actuarial Present Value at Start of Prior Plan Year	$ 181,564,343
2. Increase (Decrease) over Prior Year due to:	
Benefit Accruals	$ 889,551
Benefit Payments	(13,603,642)
Increase for Interest	11,856,515
Experience (Gains)/Losses	(379,824)
Changes in Assumptions	0
Plan Amendments	0
Total	$ (1,237,400)
3. Actuarial Present Value at End of Prior Year	$ 180,326,943

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Fund Office as of March 1, 2016. Cheiron did not audit any of the data. However, we did perform an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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

- Summary of Participant Data
- Changes in Plan Membership
- Age/Service Distribution for Active Participants
- Counts and Average Benefit Amount by Age for Retirees, Beneficiaries, and Disabled Participants
- Counts and Average Benefit Amount by Age for Terminated Vested Participants

Summary of Participant Data		
Active Participants	**March 1, 2015**	**March 1, 2016**
Count	1,029	1,076
Average Age	47.1	46.9
Average Benefit Service	13.1	12.8
Retirees and Beneficiaries Receiving Payments		
Count	5,563	5,497
Annual Benefits	$ 13,462,349	$ 13,466,391
Average Annual Benefit	2,420	2,450
Terminated Vested Participants		
Count	3,471	3,323
Annual Benefits	$ 9,913,931	$ 9,274,054
Average Annual Benefit	2,856	2,791

APPENDIX A – MEMBERSHIP INFORMATION

Participant Reconciliation from March 1, 2015 to March 1, 2016

	Actives	Terminated Vested	Retired	Disabled	Beneficiaries	Total
1. March 1, 2015 Valuation	**1,029**	**3,471**	**4,464**	**332**	**767**	**10,063**
2. Additions						
a. New entrants	145	0	0	0	0	145
b. Inactive but not in prior year's data	0	1	11	0	8	20
c. New QDRO	0	0	0	0	0	0
d. Total	145	1	11	0	8	165
3. Reductions						
a. Terminated Nonvested	(62)	0	0	0	0	(62)
b. Benefits expired	0	(2)	0	0	0	(2)
c. Died without beneficiary	(1)	(8)	(178)	(15)	(64)	(266)
d. Assumed deceased	0	(3)	0	0	0	(3)
e. Total	(63)	(13)	(178)	(15)	(64)	(333)
4. Changes in Status						
a. Terminated Vested	(28)	28	0	0	0	0
b. Returned to work	8	(8)	0	0	0	0
c. Retired	(14)	(144)	158	0	0	0
d. Disabled	(1)	(4)	(1)	6	0	0
e. Beneficiary commencing	0	(2)	0	0	2	0
f. Died with beneficiary	0	(7)	(39)	(7)	53	0
g. Data Correction	0	1	(7)	(2)	9	1
h. Total	(35)	(136)	111	(3)	64	1
5. March 1, 2016 Valuation	**1,076**	**3,323**	**4,408**	**314**	**775**	**9,896**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution of Active Participants as of March 1, 2016

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	29	34	0	0	0	0	0	0	0	0	63
25 to 29	21	44	7	1	0	0	0	0	0	0	73
30 to 34	20	37	13	6	1	0	0	0	0	0	77
35 to 39	14	31	15	28	25	1	0	0	0	0	114
40 to 44	15	32	9	22	26	7	1	0	0	0	112
45 to 49	12	33	22	19	41	11	8	1	0	0	147
50 to 54	11	16	17	22	32	23	25	8	1	0	155
55 to 59	3	16	9	21	40	23	30	19	7	1	169
60 to 64	4	7	7	17	24	15	14	15	12	5	120
65 to 69	0	4	0	3	9	5	4	7	3	5	40
70 & up	0	0	0	2	0	0	0	2	2	0	6
Total	129	254	99	141	198	85	82	52	25	11	1,076

Average Age = 46.9 Average Service = 12.8

APPENDIX A – MEMBERSHIP INFORMATION

Age Distribution of Inactive Participants
Pensioners and Beneficiaries Receiving Benefits as of March 1, 2016

Age	Disability Retirements		Normal, Early Deferred Vested Retirements		Surviving Spouses, Beneficiaries, and Alternate Payees Receiving Benefits		Total	
	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 55	36	$ 15,194	0	$ 0	29	$ 3,409	65	$ 18,603
55-59	47	18,750	203	48,712	28	2,841	278	70,303
60-64	61	25,623	517	112,279	63	9,012	641	146,914
65-69	49	24,696	838	195,350	88	9,126	975	229,172
70-74	47	13,377	834	188,057	118	12,945	999	214,379
75-79	30	6,939	730	151,342	145	13,926	905	172,207
80 & Over	44	8,886	1,286	232,793	304	28,942	1,634	270,621
Total	314	$ 113,465	4,408	$ 928,533	775	$ 80,201	5,497	$ 1,122,199

Deferred Vested Participants
and Surviving Spouses Entitled to Future Benefits as of March 1, 2016

Age	Number	Monthly Benefit Payable at Normal Retirement Date
Under 45	610	$ 143,564
45-49	423	103,848
50-54	680	204,380
55-59	697	166,248
60-64	559	110,125
65 & Over	354	44,672
Total	**3,323**	**$ 772,837**

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

The following is a summary of the major provisions. Please refer to the Plan document for a more complete description.

1. Effective Date

The Plan was established on March 1, 1962. The most recent amendment was effective March 1, 2009.

2. Participation

Employees become Participants as of the date their employer is obligated to begin contributions to the Plan on their behalf.

3. Past Service

Participants shall, after 36 months of contributions have been made, be credited with a year of Past Service during any calendar year prior to the employer's applicable effective date in which they were employed for at least six months.

4. Effective Service

Participants on July 1, 1974 shall be credited with Effective Service for each month for which contributions were made on their behalf through January 1, 1971.

5. Future Eligibility Service

A Participant shall be credited with a year of Future Eligibility Service for each calendar year beginning January 1, 1971 during which contributions were made on their behalf and they worked at least 1,000 hours.

6. Normal Retirement

Eligibility: The later of age 65 and 5th anniversary of Plan participation.

Benefit: The monthly benefit is equal to the sum of the following, but not less than $50:

(A) Multiply the average annual contribution made on the Participant's behalf after January 1, 1971 by the number of years of Past Service by the applicable percentage. The percentage ranges from 1.8% to 2.2% depending on when participation began and how many months employer contributions were made.

(B) Multiply the average annual contribution made on the Participant's behalf after January 1, 1971 by the Effective Service Credit by 3.0%.

(C) Multiply the total amount contributed on behalf of the participant from January 1, 1971 to August 31, 2003 by 3%.

(D) Multiply the total amount contributed on behalf of the participant from September 1, 2003 to August 31, 2006 by 2%.

(E) Multiply the total amount contributed on behalf of the participant after August 31, 2006 by 1%.

Effective March 1, 2009, the monthly benefit for participants not yet retired will have no 36-month guarantee feature.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

7. Early Retirement

Eligibility: Age 55 and five years of service (ten years of service if the participant did not have at least one hour of service after March 1, 1998).

Benefit: The normal retirement benefit described above reduced by 5/9 of 1% for each month the Participant is less than 65 and by 5/12 of 1% for each month the Participant is less than 62.

Effective March 1, 2009, the subsidized reduction described above is only applied to Participants retiring directly from active status. All other retirements will be actuarially reduced to reflect early commencement of benefits.

8. Disability Retirement

Eligibility: Five years of service (ten years of service if the participant did not have at least one hour of service after March 1, 1998) and awarded a Social Security Disability Award.

Benefit: The normal retirement benefit earned to date will be payable without reduction for age.

9. Deferred Vested Pension

Eligibility: Five years of service (ten years of service if the participant did not have at least one hour of service after March 1, 1998).

Benefit: Accrued benefit payable at normal retirement.

10. Joint & Survivor Annuity Benefit

Eligibility: Participant must be eligible for early, normal or disability pension on their date of death.

Benefit: The actuarial equivalence of 50% or 75% of the accrued benefit with reduction for early retirement if applicable.

11. Normal Form

If Single: Straight Life Annuity

If Married: 50% Joint & Survivor, actuarial equivalence

12. Changes to Plan Provisions Since Last Valuation

None

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHONDS

A. Actuarial Assumptions

1. Investment Return (net of investment expenses)

Funding & Accounting purposes	6.75% per year
Current Liability under RPA 1994	3.25% per year
Withdrawal Liability purposes	6.25% per year

2. Administrative Expenses

Average expenses from the most recent two years rounded to the nearest $5,000; this year the assumption is $1,285,000.

3. Rates of Mortality

Funding & ASC 960:

- Healthy Lives:	RP2000 with blue collar adjustment, projected 5-years with Scale AA
- Disabled Lives:	same with ages set-forward five years

RPA '94 Current Liability:
- 2016 Current Liability Combined Mortality Table

Terminated Vested Participants over age 80 are assumed to be deceased.

In accordance with Actuarial Standard of Practice #35, we have considered the effect of mortality improvement prior to and subsequent to the measurement date in developing this assumption.

4. Rates of Turnover

	Service			
Age	0 - 1	1 – 2	2 - 3	3+
25	20.5%	20.5%	19.0%	15.0%
35	16.9	16.9	16.9	11.3
45	15.0	15.0	12.4	7.8
55	15.0	15.0	7.0	7.0
62	15.0	15.0	7.0	7.0

5. Rates of Disability

Age	Rate
25	0.050%
35	0.065
45	0.244
55	0.406
65	0.000

6. Rates of Retirement

Age	Rate
55 - 59	3.00%
60	5.00
61	10.00
62 - 64	15.00
65 - 69	50.00
70	100.00

7. Normal Form Life Annuity

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHONDS

8. Marriage Assumption

We assume 70% of participants are married and wives are three years younger than husbands.

9. Justification for Assumptions

In accordance with Actuarial Standard of Practice No. 27, the rationale for our 6.75% discount rate is based on the Trustees risk preference, the Fund's current asset allocation, and the investment managers capital market outlook. Based on the current asset allocation, the investment manager's projected long-term return exceeds the discount rate.

For the demographic assumptions, rates of retirement and termination are based on Plan experience. The mortality table remains appropriate based on recent experience.

10. Changes in Assumptions Since the Last Valuation

The RPA '94 current liability interest rate was changed from 3.44% to 3.25% to comply with appropriate guidance.

The RPA '94 current liability mortality table changed from the 2015 static mortality table to the 2016 static mortality table to comply with appropriate guidance.

The expense assumption remains the average expenses from the most recent two years rounded to the nearest $5,000. However, the resulting amount increased from $1,175,000 to 1,285,000.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHONDS

B. Actuarial Methods

1. Actuarial Cost Method

The cost method for determining liabilities for this valuation is the Unit Credit Cost method. This is one of a family of valuation methods known as accrued benefit methods. The chief characteristic of accrued benefit methods is that the funding pattern follows the pattern of benefit accrual. The normal cost is determined as that portion of each participant's benefit attributable to service expected to be earned in the upcoming plan year. The Actuarial Liability, which is determined for each participant as of each valuation date, represents the actuarial present value of the portion of each participant's benefit attributable to service earned prior to the valuation date.

2. Asset Valuation Method

The actuarial value of assets is determined in accordance with Section 3.16 of Revenue Procedure 2000-40 using a five-year smoothing period. Specifically, the actuarial value of assets as of March 1, 2007 is set equal to the market value of assets. For each subsequent plan year, the actuarial value shall be the market value minus a decreasing fraction (4/5, 3/5, 2/5, 1/5) of each gain or loss for each of the preceding four plan years. Gains or losses prior to March 1, 2007 are ignored. The resulting actuarial value of assets is then limited to be no greater than 120% and no less than 80% of the market value of assets on the valuation date.

3. Withdrawal Liability Method

The Plan uses the Presumptive method with the Unfunded Vested Benefits calculated as the difference between the Market Value of Assets and the present value of nonforfeitable benefits valued at 6.25%.

4. Changes in Actuarial Methods Since the Last Valuation

None.

Classic Values, Innovative Advice

United Furniture Workers Pension Fund

Actuarial Valuation Report as of March 1, 2015

Produced by Cheiron

April 2016

www.cheiron.us 1.877.CHEIRON (243.4766)

TABLE OF CONTENTS

April 20, 2016

Board of Trustees
c/o Ms. Dee Anne Walker, Secretary-Treasurer/Director
United Furniture Workers Pension Fund A
1910 Air Lane Drive
Nashville, Tennessee 37210

Dear Trustees:

At your request, we have performed the March 1, 2015 Actuarial Valuation of the United Furniture Workers Pension Fund A (the “Plan”). The purpose of this report is to present information on the Plan’s assets and liabilities and to disclose contribution levels, including the minimum required amount as mandated by Federal law to the Trustees. This report is for the use of the Plan and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

In the Foreword we refer to the general approach employed in the preparation of this report. The Summary section discusses the long-term funded status and emerging issues facing the Trustees. We also comment on the sources and reliability of both the data and the actuarial assumptions. The results of this report are only applicable to the 2015 Plan Year and rely on future Plan experience conforming to the underlying assumptions. Future valuation reports may differ significantly from the current results presented in this report due to such factors as the following: Plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in Plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Board of Trustees
United Furniture Workers Pension Plan A
April 20, 2016

This report was prepared exclusively for the Plan for the purposes described herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

Redacted by the U.S. Department of the Treasury

Principal Consulting Actuary

Redacted by the U.S. Department of the Treasury

Gene M. Kalwarski, FSA, EA, MAAA
Principal Consulting Actuary

FOREWORD

Cheiron has performed the Actuarial Valuation of the United Furniture Workers Pension Fund A as of March 1, 2015. The purpose of this report is to:

1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan;

2) **Provide specific information** and documentation required by the Federal Government and the auditors of the Plan; and

3) **Review past and expected trends** in the financial conditions of the Plan.

An actuarial valuation establishes and analyzes Plan assets, liabilities and contributions on a consistent basis, and traces the progress of each from one year to the next. It includes measurement of the Plan's investment performance as well as an analysis of actuarial liability gains and losses. This valuation report is organized as follows:

Section I – Summary presents key valuation results and compares this year's results to last year's results. It also provides the historical summary and future outlook of the Plan.

Section II – Assets contains exhibits relating to the valuation of assets.

Section III – Liabilities shows the various measures of liabilities.

Section IV – Contributions shows the development of the minimum and maximum contributions.

Section V – Unfunded Vested Benefits (UVB) shows the development of the UVB as of March 1, 2015 that would be allocated to employers that withdraw before February 29, 2016.

Section VI – FASB ASC Topic #960 Disclosure provides information required by the Plan's auditor.

Finally, at the end of this report we present appendices that contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and the actuarial methods and assumptions used in the valuation.

In preparing our report, we relied on information (some oral and some written) supplied by the Fund Office and Joseph Warren & Co, A Division of Rogoff and Company PC. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

The actuarial assumptions, taken individually, reflect our understanding and best estimate of the likely future experience of the Plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results.

Finally, in preparing this report, we have conformed to generally accepted actuarial principles and practices which are consistent with the Code of Professional Conduct, and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board.

SECTION I –SUMMARY

The table below sets out the principal results of this year's valuation and compares them to last year's results.

Table I-1
Summary of Principal Results

Participant Counts	**3/1/2014**	**3/1/2015**	**% Change**
Actives	1,105	1,029	(6.9)%
Terminated Vesteds	3,487	3,471	(0.5)%
In Pay Status	5,596	5,563	(0.6)%
Total	10,188	10,063	(1.2)%
Financial Information			
Market Value of Assets	$ 77,060,732	$ 70,887,468	(8.0)%
Actuarial Value of Assets	74,249,342	69,965,653	(5.8)%
Present Value of Future Benefits	$ 174,603,761	$ 187,800,158	7.6 %
Actuarial / PPA Liability	$ 168,388,149	$ 181,564,343	7.8 %
Surplus / (Unfunded) based on Actuarial Value of Assets	$ (94,138,807)	$ (111,598,690)	18.5 %
Funded Ratio based on Actuarial Value of Assets	44.1%	38.5%	
Present Value of Vested Benefits	$ 167,900,413	$ 181,058,453	7.8 %
Surplus / (Unfunded) based on Market Value of Assets	$ (90,839,681)	$ (110,170,985)	21.3 %
Gain / (Loss), Minimum Funding, and Cash Flows			
Actuarial Asset Gain / (Loss)	$ 4,596,770	$ 1,357,542	
Liability Gain / (Loss)	(568,018)	(1,125,905)	
Total Normal Cost (Unit Credit plus Admin. Expenses)	$ 2,047,388	$ 2,064,551	0.8 %
ERISA Minimum Funding before Funding Deficiency	12,080,801	18,183,029	50.5 %
ERISA Funding Deficiency (Beginning of Year)	20,415,717	29,886,971	46.4 %
Prior Year Contributions (net from all sources)	$ 7,552,748	$ 3,958,319	(47.6)%
Prior Year Benefit Payments	13,367,997	13,604,248	1.8 %
Prior Year Administrative Expenses	1,155,762	1,198,244	3.7 %
Prior Year Total Investment Income (net of expenses)	9,170,731	4,506,559	

SECTION I –SUMMARY

General Comments

Following is an analysis of the Plan's results for the prior year followed by historical results for the last ten years. After that, a projection of future results is shown. Please note this valuation was prepared using census data and financial information as of the valuation date, March 1, 2015. Therefore, events following that date are not, and should not be, reflected in this report. The next valuation will reflect all membership and investment experience changes through February 29, 2016.

Prior Year Results:

Investment and liability experience and their effect on future costs traditionally have been the focus of year to year analyses.

- The Market Value of Assets returned 6.28% for the Plan Year ending February 28, 2015. For long-term planning the Plan develops an Actuarial Value of Assets using a smoothing method which phases in investment gains and losses over five years. On this basis the Actuarial Value of Assets returned 9.21%. Comparing this return to the prior year's long-term investment assumption of 7.50% results in an actuarial asset gain of $1.36 million.
- The Plan experienced a liability loss totaling $1.13 million. Combined with the actuarial investment gain of $1.36 million, the Plan had a net actuarial experience gain of $0.23 million.
- Effective with this valuation, we made an assumption change to reduce the discount rate from 7.50% to 6.75%. This change resulted in a $12.6 million increase in the liability as well as an increase in the Minimum Required Contribution. Please refer to Appendix C for more details on the actuarial assumptions.
- The funding ratio (Actuarial Value of Assets as a percentage of Actuarial Liability) decreased from 44.1% to 38.5%. Based on Market Value of Assets, the funding ratio decreased from 45.8% to 39.0%.

The Pension Protection Act of 2006 (PPA) added a significant layer of new considerations related to the Plan's PPA Funded status.

- The Plan was certified as "Critical and Declining" status under the Pension Protection Act (PPA) as amended by the Multiemployer Pension Reform Act of 2014 (MPRA) for the 2015 Plan Year because of the current Funding Deficiency and is projected insolvent within the next 19 years. The PPA status is re-determined annually.
- A Rehabilitation Plan was prepared in December 2008 modifying adjustable benefits and requiring annual contribution increases of 5.5% beginning March 1, 2009. This Rehabilitation Plan is based on the reasonable measures (exhaustion) method and is annually monitored.
- The funding ratio is an important measure that is used in determining the PPA zone, which as noted, has declined over the past year.
- The period of time until a Funding Deficiency occurs is usually an important measure that is used for PPA testing. The Plan already has a Funding Deficiency which increased from $20.4 million as of March 1, 2014 to $29.9 million as of March 1, 2015 and is projected to grow. However, under PPA there is no excise tax due as long as the Plan has a valid Rehabilitation Plan.

In addition, please note that:

- Active membership declined by 6.9% over last year, mainly due to the withdrawal of Sealy Components.

- The Plan received $3.96 million in contributions (including Withdrawal Liability payments of $0.30 million) and paid $14.80 million in benefits and expenses for the year ending February 28, 2015. Comparing these two amounts shows a negative net cash flow of $10.84 million, which means the Plan is currently using investment returns to pay for benefits and expenses not covered by contributions.

- The increase in the Minimum Required Contribution was partially due to (1) a large credit base being completely recognized last year and no longer available for the current Plan Year, and (2) the decrease in the investment return assumption.

- The Plan assesses Withdrawal Liability based on a 6.25% interest rate assumption (7.00% last year) which is 0.5% less than the discount rate assumption used for funding. The Unfunded Vested Benefits increased from $100.3 million as of March 1, 2014 to $121.5 million as of March 1, 2015.

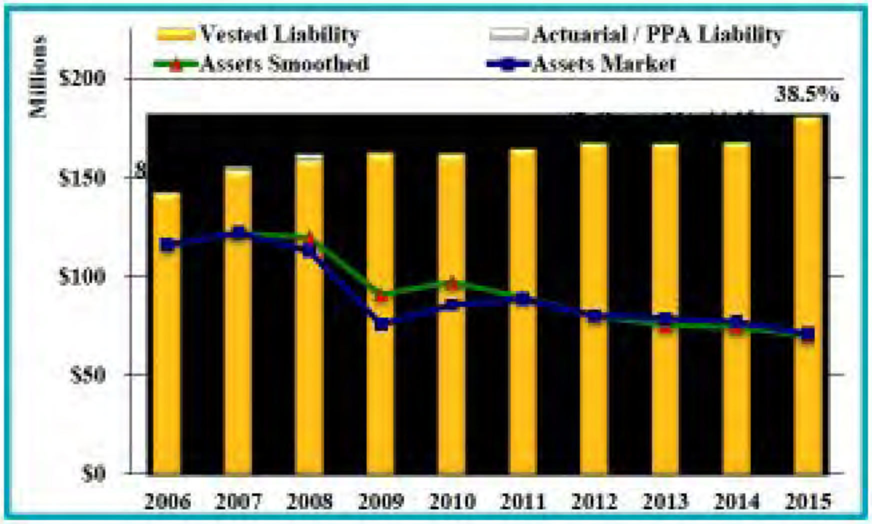
Historical Review:

It is important to take a step back from the results and view them in the context of the Plan's recent history. On the next few pages, we present a series of charts which display key results in the valuations of the last ten years.

SECTION I –SUMMARY

Assets & Liabilities:

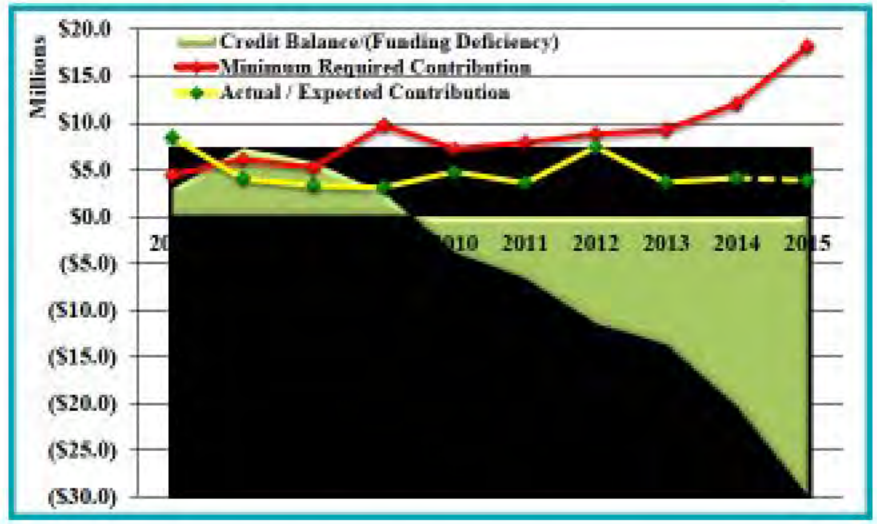
In this graph, the gold bars represent the present value of vested benefits while the gray bars add the additional non-vested benefits making up the Actuarial Liability. The blue line is the Market Value of Assets and the green line is the Actuarial Value of Assets. The percentages shown are the funding ratios (Actuarial Value of Assets as a percent of the Actuarial Liability).



- The funding ratio has decreased every year except 2010 and is now 38.5% funded. This decline is projected to continue.
- The increase in the Actuarial Liability for 2015 is due to the change in the discount rate, from 7.50% to 6.75%.
- The five-year average compounded investment return is 8.72% on the Market Value and 5.75% on the Actuarial Value; as compared to our 6.75% assumption.

Minimum Funding:

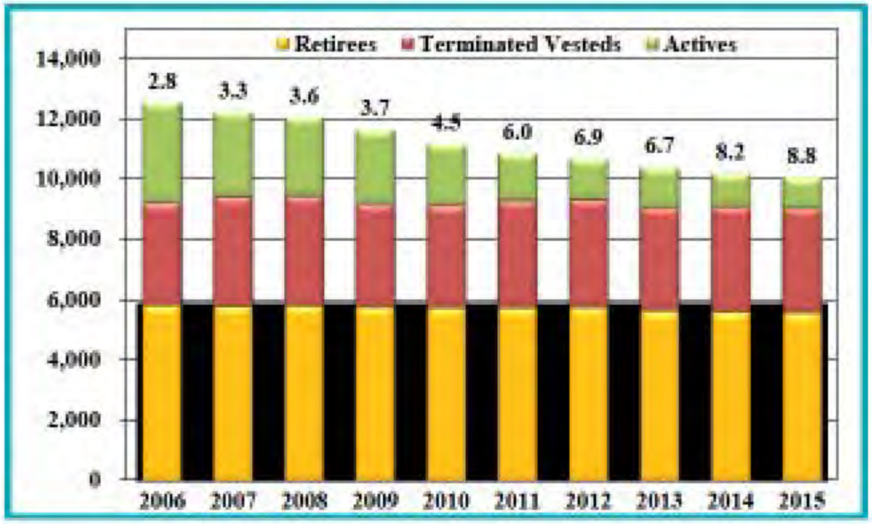
The next graph shows the contributions paid to the Plan (yellow line), the Minimum Required Contribution before the Credit Balance (red line) and the Credit Balance (green area). When the red line is greater than the yellow line the Credit Balance generally decreases. A Funding Deficiency occurs when the Credit Balance becomes negative.



- Contributions have been less than the Minimum Required Contribution since 2007.
- A Funding Deficiency occurred at the end of the 2009 Plan Year and has grown every year since. However, under the PPA there is no excise tax due as long as the Plan has a valid Rehabilitation Plan.

Participation:

The graph below shows the participants of the Plan at successive valuations. The numbers above each bar represent the number of inactive members (retirees and terminated vested) to active members at each valuation date (called the support ratio).

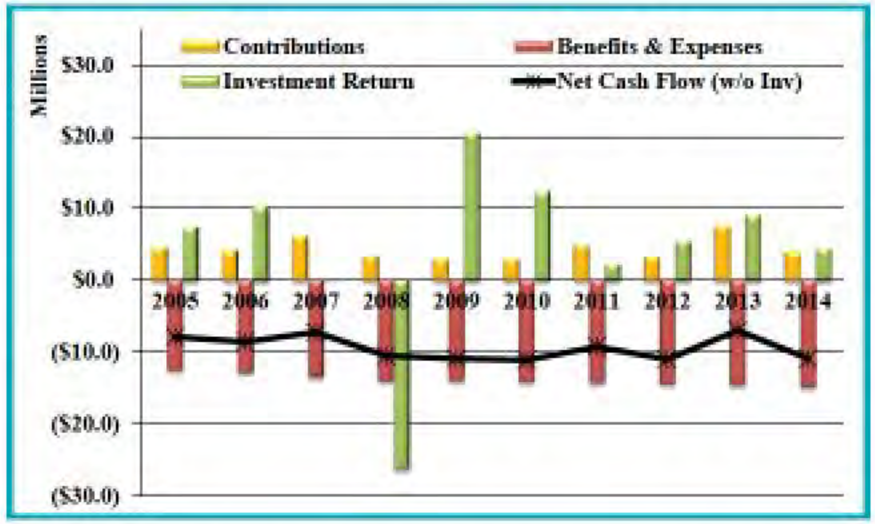


- The support ratio has more than tripled over this nine-year period. Primarily due to employer withdrawals the ratio jumped to 8.8 inactives to every one active in the Plan.

- The active population has declined steadily over the period shown, with an average annual decline of 12.2% per year during the nine-year period shown and 8.6% per year for the prior three years.

Cash Flow:

Plan cash flow is a critical measure, as it reflects the ability to have funds available to meet benefit payments without having to make difficult investment decisions, especially during volatile markets.



- The Plan's net cash flow has averaged negative $9.4 million per year for the period shown, which represents almost 14% of the current Market Value of Assets.

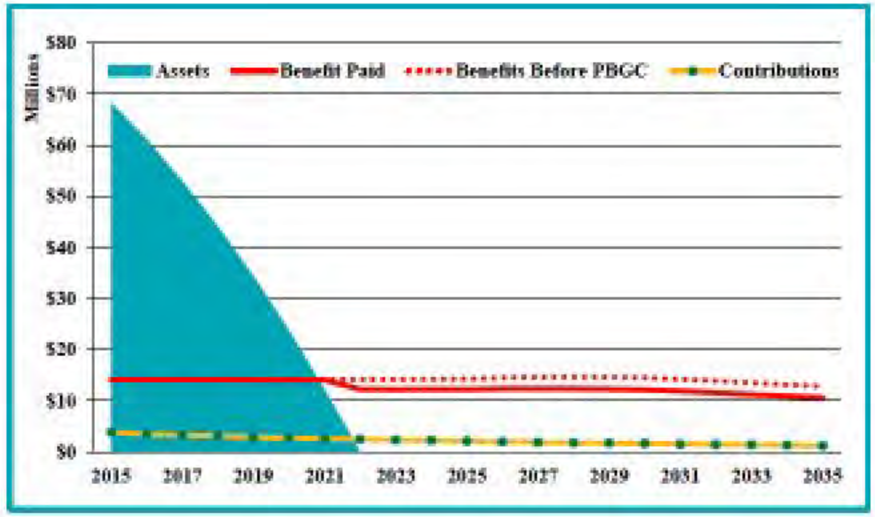
- The implications of a plan in negative cash flow are that the impact of market fluctuations can be more severe. This is because as assets are being depleted to pay benefits in down markets, there is less principal that is available to be reinvested during favorable return periods.

Future Outlook:

In this section we focus on the future of the Plan and provide a projection of the Plan's assets, contributions, and benefit payments over the next 20 years.

This projection scenario assumes the assets earn exactly 6.75% each year on their market value, including the current plan year, and all other assumptions are met. We also factor in the current Rehabilitation Plan with annual 5.5% contribution increases and the Trustees' industry assumption of 10% annual membership declines.

Under this scenario, the Plan is projected to be insolvent shortly after March 1, 2022. At that time the benefit payments would drop to the PBGC guarantee level and the PBGC would provide financial assistance to the Plan. The drop in benefit payments is illustrated in the graph; the solid red line represents the benefit actually paid which are cut to the PBGC guarantee at the point of insolvency. The dotted red line represents the benefit payments prior to reduction to the PBGC guarantee.



SECTION II – ASSETS

Assets at Market Value:

Market values represent "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next.

Table II - 1
Statement of Assets at Market Value, March 1

Assets	**2014**	**2015**
Short Term Obligations	$ 521,691	$ 264,333
Common Stocks	5,479,771	5,234,786
Intech Institutional Large Cap Growth Fund	6,344,495	5,772,886
Fidelity Growth International Fund	6,175,892	5,083,707
Fidelity Emerging Markets Fund	696,793	582,499
Rothchild SMID Fund	6,063,210	4,564,317
Pimco Bond Fund	14,597,028	6,421,005
BPIF Non-Taxable LP	7,847,418	8,231,939
State Street Global - MSCI	3,078,000	3,032,140
Wellington Global Total Return Fund	4,369,390	3,272,743
JPMCB Strategic Property Fund	8,339,847	8,828,137
State Street Global - Daily	2,922,000	3,235,289
Robeco BP - All Cap Value Fund	5,736,405	5,215,651
Loomis Sayles Credit Long/Short	0	5,901,800
Mortgage Receivable	1,260,000	1,260,000
Cash	1,136,951	1,292,443
Fixed Assets less accumulated depreciation	34,066	28,701
Receivables		
Employer Contributions	$ 2,592,801	$ 2,827,951
Accrued Interest & Dividends	15,452	13,475
Liabilities		
Accrued Expenses and payroll taxes	$ (150,478)	$ (176,334)
Total Market Value	$ 77,060,732	$ 70,887,468

Assets at Actuarial Value:

For long-term planning, actuaries commonly use smoothing techniques to mitigate the short-term volatility exhibited by the capital markets. The Plan currently phases in investment gains and losses over five years. The Actuarial Value of Assets is also constrained so that it cannot exceed 120% of the Market Value and cannot be less than 80% of the Market Value. The table below shows the development of the Actuarial Asset Value.

Table II - 2
Development of Actuarial Value of Assets as of March 1, 2015

Market Value of Assets as of March 1, 2015				**$ 70,887,468**
Plan Year	Investment Gains / (Losses)	Percent Recognized	Percent Deferred	Amount Deferred
2010	$ 6,511,385	100%	0%	$ 0
2011	(3,803,566)	80%	20%	(760,713)
2012	(4,321)	60%	40%	(1,728)
2013	3,791,415	40%	60%	2,274,849
2014	(738,241)	20%	80%	(590,593)
Total				$ 921,815
Preliminary Actuarial value as of March 1, 2015				$ 69,965,653
Corridor for Actuarial Value				
80% of Market Value				$ 56,709,975
120% of Market Value				$ 85,064,961
Actuarial Value of Assets as of March 1, 2015				**$ 69,965,653**
- as a percent of Market Value of Assets				98.7%

SECTION II – ASSETS

Changes in Market Value:

The components of change in market value are:

- Contributions
- Benefit payments
- Expenses
- Investment income (realized and unrealized)

The specific changes since the prior valuation are presented below:

Table II - 3 Changes in Market Values		
Total Value of Assets — March 1, 2014	**$**	**77,060,732**
Contributions	$	4,120,469
Investment Return (Net)		4,506,559
Benefit Payments		(13,604,248)
Other Income / Adjustments		2,200
Administrative Expenses		(1,198,244)
Total Value of Assets — March 1, 2015	**$**	**70,887,468**

Market Value for valuation purposes was determined as follows:

Table II - 4 Reconciliation with Market Value from Financial Statement		
		March 1, 2015
Market Value of Assets on Financial Statement	$	69,335,517
Additional Employer Contributions	$	2,499,951
Withdrawal Liability Payments Receivable		(948,000)
Net		1,551,951
Market Value of Assets for Valuation Purposes	**$**	**70,887,468**

Actuarial Gains/Losses from Investment Performance:

The following table calculates the investment related actuarial gain/loss for the plan year on both a Market Value and Actuarial Value basis. Because the Actuarial Value of Assets is used to establish the Minimum Required Contribution and the Internal Revenue Code limits and contribution requirements, the actuarial gain/loss on the Actuarial Value of Assets most directly impacts the valuation results. We derive the gain/(loss) on both values of assets in the following table:

Table II - 5 Asset Gain / (Loss)				
		Market Value		***Actuarial Value***
March 1, 2014 Value	**$**	**77,060,732**	**$**	**74,249,342**
Contributions		4,120,469		4,120,469
Benefit Payments		(13,604,248)		(13,604,248)
Administrative Expenses		(1,198,244)		(1,150,000) *
Expected Investment Earnings (7.50%)		5,244,800		4,992,548
Other		2,200		N/A
Expected Value on February 28, 2015	$	71,625,709	$	68,608,111
Investment Gain / (Loss)		(738,241)		1,357,542
March 1, 2015 Value	**$**	**70,887,468**	**$**	**69,965,653**
Return		6.28%		9.21%

*Assumed Expenses, payable beginning of year

SECTION III – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure of Plan liabilities** at March 1, 2014 and March 1, 2015;
- Statement of **changes** in these liabilities during the year; and
- **Development** of the actuarial liability gain/loss during the year.

Disclosure:

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them.

- **Present Value of Future Benefits:** Used for analyzing the financial outlook of the Plan, this represents the amount of money needed today to fully pay off all future benefits assuming participants continue to accrue benefits.

- **Actuarial Liabilities:** Used in determining Minimum Funding Requirements, maximum tax deductible contributions, and long-term funding targets. These liabilities represent the total amount of money needed to fully pay off all obligations of the Plan using funding assumptions and assuming no further accrual of benefits. For this Plan, the Trustee's chose the Unit Credit Cost Method to determine the liability.

- **Accrued Liabilities:** These liabilities are required for determining PPA funded status and for accounting disclosure purposes (FASB ASC 960). For that purpose they are referred to as the present value of accumulated benefits. These liabilities are determined using the Unit Credit Cost Method, and so, for the Plan will equal the Actuarial Liabilities.

- **Vested Liabilities:** Required for accounting purposes, this liability represents the portion of the Accrued Liabilities which are vested.

- **Current Liabilities:** Used for Federal Government compliance purposes, the calculation of this liability is defined by the Internal Revenue Code and regulations to determine maximum allowable tax deductible contributions.

The table on the following page discloses most of these liabilities for the current valuation and the prior one. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields an **unfunded liability** for each respective type.

SECTION III – LIABILITIES

Table III - 1 Liabilities/Net Surplus (Unfunded)				
		3/1/2014		**3/1/2015**
FUNDING DISCOUNT RATE ASSUMPTION		**7.50%**		**6.75%**
ACTUARIAL / PPA LIABILITY				
Actuarial / PPA Liability	**$**	**168,388,149**	**$**	**181,564,343**
Actuarial Value of Assets		74,249,342		69,965,653
Net Surplus (Unfunded)	**$**	**(94,138,807)**	**$**	**(111,598,690)**
VESTED LIABILITY				
Actuarial / PPA Liability	$	168,388,149	$	181,564,343
Less Present Value of Non-Vested Benefits		487,736		505,890
Vested Liability	**$**	**167,900,413**	**$**	**181,058,453**
Market Value of Assets		77,060,732		70,887,468
Net Surplus (Unfunded)	**$**	**(90,839,681)**	**$**	**(110,170,985)**
RPA DISCOUNT RATE		**3.63%**		**3.44%**
CURRENT LIABILITY (RPA 1994)	**$**	**283,826,417**	**$**	**290,549,936**
Market Value of Assets		77,060,732		70,887,468
Net Surplus (Unfunded)	**$**	**(206,765,685)**	**$**	**(219,662,468)**

Allocation of Liabilities by Type:

The Plan participants may qualify for a benefit upon death, termination, and disability as well as upon retirement. The value of the liabilities arising from each of these sources is shown in the following table:

Table III - 2
ALLOCATION OF LIABILITIES BY TYPE
March 1, 2015

Benefit Type	Retirement	Termination	Death	Disability	Total
Unit Credit Normal Cost	$ 728,023	$ 114,240	$ 18,650	$ 28,638	$ 889,551
Actuarial / PPA Liability					
Actives	$ 22,737,823	$ 2,392,125	$ 553,878	$ 689,013	$ 26,372,839
Terminated Vesteds	0	45,764,390	0	0	45,764,390
Retirees and Beneficiaries	89,542,664	0	7,348,683	12,535,767	109,427,114
Total	**$ 112,280,487**	**$ 48,156,515**	**$ 7,902,561**	**$ 13,224,780**	**$ 181,564,343**
RPA Current Liability Normal Cost	$ 1,355,813	$ 344,027	$ 13,963	$ 55,077	$ 1,768,880
RPA Current Liability					
Actives	$ 40,570,196	$ 6,684,322	$ 390,461	$ 1,279,745	$ 48,924,724
Terminated Vesteds	0	89,993,573	0	0	89,993,573
Retirees and Beneficiaries	121,890,937	0	9,799,733	19,940,969	151,631,639
Total	**$ 162,461,133**	**$ 96,677,895**	**$ 10,190,194**	**$ 21,220,714**	**$ 290,549,936**
Vested RPA Current Liability					
Actives	$ 30,107,072	$ 16,634,292	$ 385,454	$ 1,247,852	$ 48,374,670
Terminated Vesteds	0	89,993,573	0	0	89,993,573
Retirees and Beneficiaries	121,890,937	0	9,799,733	19,940,969	151,631,639
Total	**$ 151,998,009**	**$ 106,627,865**	**$ 10,185,187**	**$ 21,188,821**	**$ 289,999,882**

SECTION III – LIABILITIES

Changes in Liabilities:

The Actuarial Liability shown in the preceding table changes at successive valuations based on as the experience of the Plan. The liability may change for any of several reasons, including:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments
- Interest on Actuarial Liability
- Benefits paid to retirees and beneficiaries
- Participants leaving employment at rates different than expected
- Changes in actuarial assumptions
- Changes in actuarial methods

The following table shows the change in the Actuarial Liability measure since the last valuation. There were no changes to methods or Plan provisions since last year. However, we made an assumption change to reduce the discount rate from 7.50% to 6.75% per annum resulting in a $12.6 million increase in the liability. Please refer to Appendix C for more details on the actuarial assumptions.

Table III - 3
Actuarial (PPA) Liability

Liabilities 3/1/2014	$	168,388,149
Liabilities 3/1/2015		181,564,343
Liability Increase (Decrease)		13,176,194
Change due to:		
Plan Amendment	$	0
Assumption Change		12,570,893
Accrual of Benefits		897,388
Actual Benefits		(13,604,248)
Passage of Time		12,186,256
Other Sources		0
Actuarial (Gain)/Loss		1,125,905

SECTION IV – CONTRIBUTIONS

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

- **Minimum Required Contributions**, based on the Unit Credit Cost Method; and
- **Government Limitations** which could affect the above.

Minimum Required Contributions:

For this Plan, the funding method used is the **Unit Credit** Cost Method. The Minimum Required Contribution is determined in two parts.

The first part is the Unit Credit Normal Cost. This is the cost for the benefits expected to be earned in the current year for each active participant. The Normal Cost includes a provision for administrative expenses.

The second part is an amortization payment to pay off the Unfunded Actuarial Liability (UAL). The UAL is the difference between the Actuarial Value of Assets at the valuation date and the Actuarial Liability determined by the actuarial cost method. The amortization payment is determined using the amortization schedule required by the minimum funding rules in the Internal Revenue Code.

Government Limitations:

ERISA and the Internal Revenue Code place various limits on the contributions made to qualified pension plans. The limits impact the minimum that must be paid, the maximum that can be deducted, and the timing of contributions.

To ensure that Minimum Required Contributions are met, pension plans are required to retain an Enrolled Actuary to complete Schedule MB to Form 5500 on an annual basis. In the past, bargained contributions exceeded the Minimum Required Contribution and the Plan built up a Credit Balance. The Credit Balance can be used to make up the difference between the Minimum Required Contribution and the bargained contribution. However, for the past several years the Plan has exhausted the Credit Balance and has a Funding Deficiency (i.e. a negative Credit Balance) for the current Plan Year.

The Minimum Required Contribution for 2015 is shown below compared to the Government Limitations and the estimated employer contributions. The table also shows the per capita cost and contribution.

Table IV - 1 Contributions for 2015		
Minimum Required Contribution		
Unit Credit Normal Cost (with Expenses)	$	2,064,551
Amortization Payment		14,968,731
Interest to End of Year		1,149,747
Total	**$**	**18,183,029**
Government Limits		
Maximum Deductible Contribution	$	344,395,488
Minimum Contribution (before Funding Deficiency)		18,183,029
Funding Deficiency with Interest		31,904,342
Estimated Employer Contributions with Interest	$	3,977,816
Count of Active Participants		1,029
Per Capita Minimum Required Contribution	$	17,671
Per Capita Contribution	$	3,866

SECTION IV – CONTRIBUTIONS

The tables on the following pages show the IRS Funding Standard Account, as well as the development of the minimum and maximum contributions for the 2015 Plan Year.

Table IV - 2
FUNDING STANDARD ACCOUNT FOR PLAN YEARS ENDING

	2/28/2015	2/29/2016
1. Charges for Plan Year		
a. Prior Year Funding Deficiency	$ 20,415,717	$ 29,886,971
b. Normal Cost with Expenses	2,047,388	2,064,551
c. Amortization Charges	16,762,867	17,562,499
d. Interest on a., b., and c. to Year End	2,941,948	3,342,196
e. Additional Funding Charge	N/A	N/A
f. Interest Charge due to Late Quarterly Contributions	N/A	N/A
g. Total Charges	$ 42,167,920	$ 52,856,217
2. Credits for Plan Year		
a. Prior Year Credit Balance	$ 0	$ 0
b. Contributions for Minimum Funding (actual / ***expected***)	4,120,469	***3,850,000***
c. Amortization Credits	7,572,301	2,593,768
d. Interest on a., b., and c. to Year End	588,179	190,267
e. Full Funding Limit Credit	0	0
f. Total Credits	$ 12,280,949	$ 6,634,035
3. Credit Balance / (Funding Deficiency) at End of Year [2. - 1.]	$ (29,886,971)	$ (46,222,182)

SECTION IV – CONTRIBUTIONS

Table IV - 3
CALCULATION OF THE MAXIMUM DEDUCTIBLE CONTRIBUTION FOR THE PLAN YEAR STARTING MARCH 1, 2015

1.	"Fresh Start" Method		
a.	Unit Credit Normal Cost with Expenses	$	2,064,551
b.	Net Charge to Amortize Unfunded Actuarial Liability Over 10 Years		14,712,901
c.	Interest on a. and b. to Year End		1,132,478
d.	Total		17,909,930
e.	Minimum Required Contribution at Year End		50,087,371
f.	Larger of d. and e.		50,087,371
g.	Full Funding Limit		200,360,669
h.	**Preliminary Maximum Deductible Contribution [lesser of f. and g.]**	**$**	**50,087,371**
2.	140% of Current Liability Calculation		
a.	RPA 1994 Current Liability at Start of Year	$	290,549,936
b.	Present Value of Benefits Estimated to Accrue during Year		1,768,880
c.	Expected Benefit Payments		14,065,072
d.	Net Interest on a., b. and c. at Current Liability Interest Rate (3.44%)		9,815,894
e.	Expected Current Liability at End of Year [a. + b. – c. + d.]		288,069,638
f.	140% of e.		403,297,493
g.	Actuarial Value of Assets		69,965,653
h.	Expected Expenses		1,175,000
i.	Net Interest on c., g., and h. at Valuation Interest Rate (6.75%)		4,176,424
j.	Estimated Value of Assets [g. – c. – h. + i.]		58,902,005
k.	Unfunded Current Liability at Year End [f. – j.], not less than $0	$	344,395,488
3.	**Maximum Deductible Contribution at Year End, greater of 1.h. and 2.k.**	**$**	**344,395,488**

Table IV - 4
DEVELOPMENT OF ACTUARIAL GAIN / (LOSS)
FOR THE YEAR ENDED FEBRUARY 28, 2015

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	94,138,807
2. Normal Cost and Expenses at Start of Year		2,047,388
3. Interest on 1. and 2. to End of Year		7,213,964
4. Contributions for Prior Year		4,120,469
5. Interest on 4. to End of Year		20,256
6. Change in Unfunded Actuarial Liability Due to Changes in Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		12,570,893
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	$	111,830,327
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		111,598,690
11. Actuarial Gain / (Loss) [9. – 10.]	$	231,637
12. Amortization Factor for Actuarial Gain / (Loss)		9.8781
13. Amortization Credit / (Charge) for Actuarial Gain / (Loss)	$	23,450

SECTION IV – CONTRIBUTIONS

Table IV - 5
SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION AS OF MARCH 1, 2015

Type of Base	Date Established	Initial Amount	Initial Amortization Years	3/1/2015 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CHARGES						
1. Initial Unfunded	3/1/1978	$ 16,575,006	40	$ 3,318,468	3	$ 1,179,144
2. Plan Amendment	3/1/1989	63,848	30	17,716	4	4,872
3. Method Change	3/1/1989	15,842,844	30	4,396,460	4	1,209,031
4. Plan Amendment	3/1/1993	5,282,693	30	2,580,031	8	400,839
5. Actuarial Loss	3/1/2000	7,511,951	30	5,574,339	15	564,313
6. Actuarial Loss	3/1/2001	11,966,014	15	1,248,486	1	1,248,486
7. Actuarial Loss	3/1/2002	13,842,899	15	2,792,907	2	1,442,045
8. Actuarial Loss	3/1/2003	22,582,575	15	6,765,682	3	2,404,035
9. Actuarial Loss	3/1/2005	3,018,172	15	1,379,118	5	312,980
10. Actuarial Loss	3/1/2006	2,642,095	15	1,402,737	6	273,556
11. Assumption Change	3/1/2007	8,194,633	30	7,366,731	22	611,008
12. Actuarial Loss	3/1/2007	2,180,614	15	1,308,447	7	225,456
13. Actuarial Loss	3/1/2008	15,092,752	15	10,014,909	8	1,555,936
14. Actuarial Loss	3/1/2009	28,127,155	15	20,325,991	9	2,891,493
15. Actuarial Loss	3/1/2011	7,919,489	15	6,563,232	11	809,729
16. Assumption Change	3/1/2012	2,075,229	15	1,818,540	12	211,632
17. Actuarial Loss	3/1/2012	6,035,275	15	5,288,762	12	615,477
18. Actuarial Loss	3/1/2013	3,242,769	15	2,985,145	13	329,865
19. Assumption Change	3/1/2015	12,570,893	15	12,570,893	15	1,272,602
TOTAL CHARGES				$ 97,718,594		$ 17,562,499

Table IV - 6
SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION
AS OF MARCH 1, 2015

Type of Base	Date Established	Initial Amount	Initial Amortization Years	3/1/2015 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CREDITS						
1. Funding Method Change	3/1/2008	$ 6,945,571	10	$ 2,631,401	3	$ 935,010
2. Plan Amendment	3/1/2009	590,517	15	426,733	9	60,705
3. Actuarial Gain	3/1/2010	11,371,471	15	8,842,602	10	1,165,787
4. Actuarial Gain	3/1/2014	4,028,752	15	3,874,502	14	408,816
5. Actuarial Gain	3/1/2015	231,637	15	231,637	15	23,450
TOTAL CREDITS				$ 16,006,875		$ 2,593,768
NET CHARGE				$ 81,711,719		$ 14,968,731

SECTION IV – CONTRIBUTIONS

Table IV - 7
ACCUMULATED RECONCILIATION ACCOUNT AND BALANCE TEST
AS OF MARCH 1, 2015

1. Amount due to Additional Interest Charges in prior years	$	0
2. Amount due to Additional Funding Charges in prior years		NA
3. Reconciliation Account at Start of Year [1. + 2.]	$	0
4. Net Outstanding Amortization Bases	$	81,711,719
5. Funding Deficiency at Start of Year	$	29,886,971
6. Unfunded Actuarial Liability at Start of Year from Funding Equation [4. - 3. - 5.]	$	111,598,690
7. Actuarial Liability at Start of Year	$	181,564,343
8. Actuarial Value of Assets at Start of Year	$	69,965,653
9. Unfunded Actuarial Liability at Start of Year from Liability Calculation [7. - 8.]	$	111,598,690

The Plan passes the Balance Test because line 6. equals line 9.

SECTION IV – CONTRIBUTIONS

Table IV - 8
DEVELOPMENT OF FULL FUNDING LIMITATION
FOR THE YEAR BEGINNING MARCH 1, 2015

		Minimum	*Maximum*
1.	Actuarial / PPA Liability Full Funding Limit Calculation		
a.	Actuarial / PPA Liability	$ 181,564,343	$ 181,564,343
b.	Normal Cost with Expenses	2,064,551	2,064,551
c.	Lesser of Market Value and Actuarial Value of Assets	69,965,653	69,965,653
d.	Credit Balance at Start of Year, not less than zero	0	N/A
e.	Net Interest on a., b., c., and d. at Funding Interest Rate (6.75%)	7,672,269	7,672,269
f.	**Actuarial / PPA Liability Full Funding Limit [a. + b. – c. + d. + e.], limited to zero**	**$ 121,335,510**	**$ 121,335,510**
2.	Full Funding Limit Override (RPA 1994)		
a.	RPA 1994 Current Liability at Start of Year	$ 290,549,936	$ 290,549,936
b.	Present Value of Benefits Estimated to Accrue during Year	1,768,880	1,768,880
c.	Expected Benefit Payments	14,065,072	14,065,072
d.	Net Interest on a., b. and c. at Current Liability Interest Rate (3.44%)	9,815,894	9,815,894
e.	Expected Current Liability at End of Year [a. + b. – c. + d.]	288,069,638	288,069,638
f.	90% of e.	259,262,674	259,262,674
g.	Actuarial Value of Assets	69,965,653	69,965,653
h.	Expected Expenses	1,175,000	1,175,000
i.	Net Interest on c., g., and h. at Valuation Interest Rate (6.75%)	4,176,424	4,176,424
j.	Estimated Value of Assets [g. – c. – h. + i.]	58,902,005	58,902,005
k.	**RPA 1994 Full Funding Limit Override [f. – j.], limited to zero**	**$ 200,360,669**	**$ 200,360,669**
3.	**Full Funding Limitation at End of Plan Year, greater of 1.f. and 2.k.**	**$ 200,360,669**	**$ 200,360,669**

SECTION V – UNFUNDED VESTED BENEFITS

The allocation of the Unfunded Vested Benefits (UVB) is determined under the Presumptive method as defined in the Multiemployer Pension Plan Amendments Act of 1980 (MEPPA). If an employer withdraws between March 1, 2015 and February 29, 2016, they will be assessed Withdrawal Liability based on their share of the UVB. The Present Value of Vested Benefits (PVVB) is valued using a 6.25% interest rate assumption (7.00% for Plan Year ending 2/28/2014), and the same provisions as disclosed in Appendix B with the exception that disability benefits are excluded.

Under the Presumptive method, "pools" are created each year based on the change in the Plan's Unfunded Vested Benefits (UVB). The UVB is calculated as the difference between the PVVB and the Market Value of Assets (MVA). In addition, the pools may include an adjustment for uncollectible Withdrawal Liability for prior withdrawn employers and statutory limits. Each pool is then written down over 20 years and allocated among the employers based on their proportional share of contributions.

Table V - 1
UNFUNDED VESTED BENEFITS

	2/28/2014	2/28/2015
1. Present Value of Vested Benefits		
a. Retirees and Beneficiaries	$ 105,541,627	$ 113,139,696
b. Terminated Vested Participants	41,569,783	49,471,348
c. Active Participants	27,901,834	27,316,651
d. Total	$ 175,013,244	$ 189,927,695
2. Interest Rate	7.00%	6.25%
3. Market Value of Assets on Financial Statement (without the Withdrawal Liability Payments Receivable)	$ 74,722,931	$ 68,387,517
4. Unfunded Vested Benefits [1.d - 3.]	$ 100,290,313	$ 121,540,178
5. Funded Ratio [3. ÷ 1.d]	42.7%	36.0%

SECTION VI – FASB ASC TOPIC #960

Table VI - 1
PRESENT VALUE OF ACCUMULATED BENEFITS AS OF MARCH 1, 2015
IN ACCORDANCE WITH ASC TOPIC NO. 960

	Amounts	Vested Counts
1. Actuarial Present Value of Vested Benefits		
For Retirees and Beneficiaries	$ 109,427,114	5,563
Terminated Vesteds	45,764,390	3,471
Active Participants	25,866,949	713
Total Vested Benefits	$ 181,058,453	9,747
2. Non-Vested Benefits	$ 505,890	316
3. Accumulated Benefits	$ 181,564,343	10,063
4. Market Value of Assets on Financial Statement (without the Withdrawal Liability Payments Receivable)	$ 68,387,517	
5. Funded Ratios		
Vested Benefits	37.8%	
Accumulated Benefits	37.7%	

RECONCILIATION OF PRESENT VALUE OF ACCUMULATED BENEFITS

1. Actuarial Present Value at Start of Prior Plan Year	$ 168,388,149
2. Increase (Decrease) over Prior Year due to:	
Benefit Accruals	$ 897,388
Benefit Payments	(13,604,248)
Increase for Interest	12,186,256
Experience (Gains)/Losses	1,125,905
Changes in Assumptions	12,570,893
Plan Amendments	0
Total	$ 13,176,194
3. Actuarial Present Value at End of Prior Year	$ 181,564,343

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Fund Office as of March 1, 2015. Cheiron did not audit any of the data. However, we did perform an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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

- Summary of Participant Data
- Changes in Plan Membership
- Age/Service Distribution for Active Participants
- Counts and Average Benefit Amount by Age for Retirees, Beneficiaries, and Disabled Participants
- Counts and Average Benefit Amount by Age for Terminated Vested Participants

SUMMARY OF PARTICIPANT DATA

Active Participants	March 1, 2014	March 1, 2015
Count	1,105	1,029
Average Age	47.7	47.1
Average Benefit Service	14.9	13.1
Retirees and Beneficiaries Receiving Payments		
Count	5,596	5,563
Annual Benefits	$ 13,206,363	$ 13,462,349
Average Annual Benefit	2,360	2,420
Terminated Vested Participants		
Count	3,487	3,471
Annual Benefits	$ 9,441,383	$ 9,913,931
Average Annual Benefit	2,708	2,856

APPENDIX A – MEMBERSHIP INFORMATION

PARTICIPANT RECONCILIATION FROM MARCH 1, 2014 TO MARCH 1, 2015

	Actives	Terminated Vested	Retired	Disabled	Beneficiaries	Total
1. March 1, 2014 valuation	**1,105**	**3,487**	**4,491**	**337**	**768**	**10,188**
2. Additions						
a. New entrants	152	0	0	0	0	152
b. Inactive but not in prior year's data	0	6	17	0	2	25
c. New QDRO	0	0	0	0	1	1
d. Total	152	6	17	0	3	178
3. Reductions						
a. Terminated Nonvested	(41)	0	0	0	0	(41)
b. Benefits expired	0	0	0	0	0	0
c. Died without beneficiary	0	(13)	(179)	(8)	(51)	(251)
d. Assumed deceased	0	(6)	0	0	0	(6)
e. Total	(41)	(19)	(179)	(8)	(51)	(298)
4. Changes in Status						
a. Terminated Vested	(168)	168	0	0	0	0
b. Returned to work	5	(3)	0	0	0	2
c. Retired	(21)	(155)	176	0	0	0
d. Disabled	(3)	(4)	0	7	0	0
e. Beneficiary commencing	0	(2)	0	0	2	0
f. Died with beneficiary	0	(5)	(41)	(3)	49	0
g. Data Correction	0	(2)	0	(1)	(4)	(7)
h. Total	(187)	(3)	135	3	47	(5)
5. March 1, 2015 Valuation	**1,029**	**3,471**	**4,464**	**332**	**767**	**10,063**

APPENDIX A – MEMBERSHIP INFORMATION

**AGE / SERVICE DISTRIBUTION OF ACTIVE PARTICIPANTS
AS OF MARCH 1, 2015**

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	32	19	0	0	0	0	0	0	0	0	51
25 to 29	31	31	8	0	0	0	0	0	0	0	70
30 to 34	11	28	16	12	0	0	0	0	0	0	67
35 to 39	12	22	17	36	22	3	0	0	0	0	112
40 to 44	16	27	13	18	28	7	2	0	0	0	111
45 to 49	13	19	20	24	33	11	14	1	0	0	135
50 to 54	10	18	15	26	32	17	29	7	2	0	156
55 to 59	8	11	7	25	45	23	29	21	6	1	176
60 to 64	2	4	11	17	24	15	11	18	7	5	114
65 to 69	0	2	1	6	6	3	4	3	5	6	36
70 & up	0	0	0	1	0	0	0	0	0	0	1
Total	135	181	108	165	190	79	89	50	20	12	1,029

Average Age = 47.1 Average Service = 13.1

APPENDIX A – MEMBERSHIP INFORMATION

AGE DISTRIBUTION OF INACTIVE PARTICIPANTS PENSIONERS AND BENEFICIARIES RECEIVING BENEFITS AS OF MARCH 1, 2015								
	Disability Retirements		Normal, Early Deferred Vested Retirements		Surviving Spouses and Beneficiaries Receiving Benefits		Total	
Age	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 55	45	$ 19,171	0	$ 0	23	$ 2,641	68	$ 21,812
55-59	53	21,592	220	48,472	24	2,552	297	72,616
60-64	57	24,209	527	119,143	69	9,297	653	152,649
65-69	47	19,640	822	185,687	91	9,733	960	215,060
70-74	56	15,398	849	188,377	110	11,910	1,015	215,685
75-79	31	7,284	760	157,237	144	15,894	935	180,415
80 & Over	43	8,440	1,286	227,224	306	27,961	1,635	263,625
Total	332	$ 115,734	4,464	$ 926,140	767	$ 79,988	5,563	$ 1,121,862

DEFERRED VESTED PARTICIPANTS AND SURVIVING SPOUSES ENTITLED TO FUTURE BENEFITS		
Age	Number	Monthly Benefit Payable at Normal Retirement Date
Under 45	691	$ 165,774
45-49	441	107,567
50-54	735	230,569
55-59	734	165,332
60-64	553	112,170
65 & Over	317	44,749
Total	**3,471**	**$ 826,161**

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

The following is a summary of the major provisions. Please refer to the Plan document for a more complete description.

1. Effective Date

The Plan was established on March 1, 1962. The most recent amendment was effective March 1, 2009.

2. Participation

Employees become Participants as of the date their employer is obligated to begin contributions to the Plan on their behalf.

3. Past Service

Participants shall, after 36 months of contributions have been made, be credited with a year of Past Service during any calendar year prior to the employer's applicable effective date in which they were employed for at least six months.

4. Effective Service

Participants on July 1, 1974 shall be credited with Effective Service for each month for which contributions were made on their behalf through January 1, 1971.

5. Future Eligibility Service

A Participant shall be credited with a year of Future Eligibility Service for each calendar year beginning January 1, 1971 during which contributions were made on their behalf and they worked at least 1,000 hours.

6. Normal Retirement

Eligibility: The later of age 65 and 5th anniversary of Plan participation.

Benefit: The monthly benefit is equal to the sum of the following, but not less than $50:

(A) Multiply the average annual contribution made on the Participant's behalf after January 1, 1971 by the number of years of Past Service by the applicable percentage. The percentage ranges from 1.8% to 2.2% depending on when participation began and how many months employer contributions were made.

(B) Multiply the average annual contribution made on the Participant's behalf after January 1, 1971 by the Effective Service Credit by 3.0%.

(C) Multiply the total amount contributed on behalf of the participant from January 1, 1971 to August 31, 2003 by 3%.

(D) Multiply the total amount contributed on behalf of the participant from September 1, 2003 to August 31, 2006 by 2%.

(E) Multiply the total amount contributed on behalf of the participant after August 31, 2006 by 1%.

Effective March 1, 2009, the monthly benefit for participants not yet retired will have no 36-month guarantee feature.

APPENDIX B – SUMMARY OF MAJOR PLAN PROVISIONS

7. Early Retirement

Eligibility: Age 55 and five years of service (ten years of service if the participant did not have at least one hour of service after March 1, 1998).

Benefit: The normal retirement benefit described above reduced by 5/9 of 1% for each month the Participant is less than 65 and by 5/12 of 1% for each month the Participant is less than 62.

Effective March 1, 2009, the subsidized reduction described above is only applied to Participants retiring directly from active status. All other retirements will be actuarially reduced to reflect early commencement of benefits.

8. Disability Retirement

Eligibility: Five years of service (ten years of service if the participant did not have at least one hour of service after March 1, 1998) and awarded a Social Security Disability Award.

Benefit: The normal retirement benefit earned to date will be payable without reduction for age.

9. Deferred Vested Pension

Eligibility: Five years of service (ten years of service if the participant did not have at least one hour of service after March 1, 1998).

Benefit: Accrued benefit payable at normal retirement.

10. Joint & Survivor Annuity Benefit

Eligibility: Participant must be eligible for early, normal or disability pension on their date of death.

Benefit: The actuarial equivalence of 50% or 75% of the accrued benefit with reduction for early retirement if applicable.

11. Normal Form

If Single: Straight Life Annuity

If Married: 50% Joint & Survivor, actuarial equivalence

12. Changes to Plan Provisions Since Last Valuation

None.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Investment Return (net of investment expenses)

Funding & ASC 960 purposes	6.75% per year
Current Liability under RPA 1994	3.44% per year
Withdrawal Liability purposes	6.25% per year

2. Administrative Expenses

Average expenses from the most recent two years rounded to the nearest $5,000; this year the assumption is $1,175,000.

3. Rates of Mortality

Funding & ASC 960:
- Healthy Lives: RP2000 with blue collar adjustment, projected 5-years with Scale AA
- Disabled Lives: same with ages set-forward five years

RPA '94 Current Liability:
- 2015 Current Liability Combined Mortality Table

Terminated Vested Participants over age 80 are assumed to be deceased.

In accordance with Actuarial Standard of Practice #35, we have considered the effect of mortality improvement prior to and subsequent to the measurement date in developing this assumption.

4. Rates of Turnover

	Service			
Age	0 - 1	1 – 2	2 - 3	3+
25	20.5%	20.5%	19.0%	15.0%
35	16.9	16.9	16.9	11.3
45	15.0	15.0	12.4	7.8
55	15.0	15.0	7.0	7.0
62	15.0	15.0	7.0	7.0

5. Rates of Disability

Age	Rate
25	0.050%
35	0.065
45	0.244
55	0.406
65	0.000

6. Rates of Retirement

Age	Rate
55 - 59	3.00%
60	5.00
61	10.00
62 - 64	15.00
65 - 69	50.00
70	100.00

7. Normal Form Life Annuity

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

8. Justification for Economic Assumptions

In accordance with Actuarial Standard of Practice No. 27, the rationale for our 6.75% discount rate is based on the Trustees risk preference, the Fund's current asset allocation, and the investment managers capital market outlook.

Based on the current asset allocation, the investment manager's 10-year projected real return is 3.46%. Using Cheiron's long term price inflation of 3.25% increases the expected return to 6.71%. Furthermore, it is expected that a 30-year forecast may provide for higher returns.

9. Changes in Assumptions Since the Last Valuation

The RPA '94 current liability interest rate was changed from 3.63% to 3.44% to comply with appropriate guidance.

The RPA '94 current liability mortality table changed from the 2014 static mortality table to the 2015 static mortality table to comply with appropriate guidance.

The investment return assumption was reduced from 7.50% to 6.75% to better reflect future investment expectation given the current risk tolerance.

The investment return assumption for withdrawal liability purposes was reduced from 7.00% to 6.25%.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Actuarial Cost Method

The cost method for determining liabilities for this valuation is the Unit Credit Cost method. This is one of a family of valuation methods known as accrued benefit methods. The chief characteristic of accrued benefit methods is that the funding pattern follows the pattern of benefit accrual. The normal cost is determined as that portion of each participant's benefit attributable to service expected to be earned in the upcoming plan year. The Actuarial Liability, which is determined for each participant as of each valuation date, represents the actuarial present value of the portion of each participant's benefit attributable to service earned prior to the valuation date.

2. Asset Valuation Method

The actuarial value of assets is determined in accordance with Section 3.16 of Revenue Procedure 2000-40 using a five-year smoothing period. Specifically, the actuarial value of assets as of March 1, 2007 is set equal to the market value of assets. For each subsequent plan year, the actuarial value shall be the market value minus a decreasing fraction (4/5, 3/5, 2/5, 1/5) of each gain or loss for each of the preceding four plan years. Gains or losses prior to March 1, 2007 are ignored. The resulting actuarial value of assets is then limited to be no greater than 120% and no less than 80% of the market value of assets on the valuation date.

3. Withdrawal Liability Method

The Plan uses the Presumptive method with the Unfunded Vested Benefits calculated as the difference between the market value of assets and the present value of nonforfeitable benefits valued at 6.25%.

4. Changes in Actuarial Methods Since the Last Valuation

None.