SEIU Affiliates Officers and Employees Pension Plan

Actuarial Certification of Plan Status under IRC Section 432

As of January 1, 2023

Segal

1800 M Street NW, Suite 900 S
Washington, DC 20036-5880
segalco.com T:202.833.6400

March 30, 2023

Board of Trustees
SEIU Affiliates Officers and Employees Pension Plan
1800 Massachusetts Ave NW, Suite 301
Washington, DC 20036

Dear Trustees:

As required by ERISA Section 305 and Internal Revenue Code (IRC) Section 432, we have completed the Plan's actuarial status certification as of January 1, 2023 in accordance with the Multiemployer Pension Reform Act of 2014 (MPRA). The attached exhibits outline the projections performed and the results of the various tests required by the statute. These projections have been prepared based on the Actuarial Valuation as of January 1, 2022 and in accordance with generally accepted actuarial principles and practices and a current understanding of the law. The actuarial calculations were completed under the supervision of Deborah J. Marcotte, FCA, MAAA, Senior Vice President and Actuary.

As of January 1, 2022, the Plan is in neither critical status nor endangered status. In other words, it is in the Green Zone. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.

This certification is being filed with the Internal Revenue Service, pursuant to ERISA Section 305(b)(3) and IRC Section 432(b)(3).

Segal does not practice law and, therefore, cannot and does not provide legal advice. However, Segal is advised that Plan Counsel agrees with the statutory interpretations on which this certification is based. Specifically, there is no definitive guidance in the law regarding the treatment of projected contributions for those plans in which the contributions are a percent of covered payroll and the contribution rate is mandated by a means other than collective bargaining agreements. For this certification, we have estimated future contributions using the most recent contribution rate adopted by the Trustees: 21% of payroll in 2023 and each year thereafter.

We look forward to reviewing this certification with you at your next meeting and to answering any questions you may have. We are available to assist the Trustees in developing a plan management and funding policy to help guide future planning and oversight.

Sincerely,

Segal

By:

Stacey Hostetler Carter
Senior Vice President and Benefits Consultant

Alex Giordano, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary

cc: Eunice Washington, Esq.
Yolanda Montgomery, Esq.
Paul Green, Esq.
Andrew Lin, Esq.
Michael E. Warshaw, CPA

Actuarial Status Certification as of January 1, 2023: Key Results

		2023
Certified Zone Status		**Neither Critical nor Endangered**
Assets	Actuarial value of assets (AVA),	$1,532,615,710
Funded Percentage	Unit credit accrued liability	1,428,842,462
	Funded percentage	107.2%
Funding Standard Account	Funding credit balance as of the end of the prior year	$95,285,174
Investment Return	Assumed rate of return	7.00%
Solvency Projection	Years to projected insolvency	N/A

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March 30, 2023

Internal Revenue Service
Employee Plans Compliance Unit
Group 7602 (TEGE:EP:EPCU)
230 S. Dearborn Street
Room 1700 - 17th Floor
Chicago, IL 60604

To Whom It May Concern:

As required by ERISA Section 305 and the Internal Revenue Code (IRC) Section 432, we have completed the actuarial status certification as of January 1, 2023 for the following plan:

Name of Plan: SEIU Affiliates Officers and Employees Pension Plan
Plan number: EIN 52-0812348 / PN 001
Plan sponsor: Board of Trustees, SEIU Affiliates Officers and Employees Pension Plan
Address: 1800 Massachusetts Ave NW, Suite 301, Washington, DC 20036
Phone number: 202.730.7542

As of January 1, 2023, the Plan is in neither critical status nor endangered status. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.

If you have any questions on the attached certification, you may contact me at the following:

Segal
1800 M Street NW, Suite 900 S
Washington, DC 20036-5880
Phone number: 202.833.6400

Sincerely,

Deborah J. Marcotte

Deborah J. Marcotte FCA, MAAA
Senior Vice President and Actuary
Enrolled Actuary No. 20-05560

Actuarial Status Certification as of January 1, 2023 under IRC Section 432
March 30, 2023

This is to certify that Segal has prepared an actuarial status certification under Internal Revenue Code Section 432 for the SEIU Affiliates Officers and Employees Pension Plan as of January 1, 2023 in accordance with generally accepted actuarial principles and practices. It has been prepared at the request of the Board of Trustees to assist in administering the Fund and meeting filing and compliance requirements under federal law. This certification may not otherwise be copied or reproduced in any form without the consent of the Board of Trustees and may only be provided to other parties in its entirety.

The measurements shown in this actuarial certification may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); differences in statutory interpretation and changes in plan provisions or applicable law.

This certification is based on the January 1, 2022 actuarial valuation, dated March 30, 2023. This certification reflects the changes in the law made by the Multiemployer Pension Reform Act of 2014 (MPRA). Additional assumptions required for the projections (including those under MPRA), and sources of financial information used are summarized in Exhibit 5.

Segal does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this certification is based reflects Segal's understanding as an actuarial firm.

This certification was based on the assumption that the Plan was qualified as a multiemployer plan for the year.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this actuarial certification is complete and accurate. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that offer my best estimate of anticipated experience under the Plan. Furthermore, as required by IRC Section 432(b)(3)(B)(iii), the projected industry activity takes into account information provided by the plan sponsor.

Deborah J. Marcotte

	Deborah J. Marcotte, FCA, MAAA
EA#	20-05560
Title	Senior Vice President and Actuary

Certificate Contents

Actuarial Status Certification under IRC Section 432

Exhibit 1: Status Determination as of January 1, 2023

Status	Condition	Component Result	Final Result
Critical Status:			
	1. Initial critical status tests:		
	C1. A funding deficiency is projected in four years?	No	No
	C2. a. A funding deficiency is projected in five years,	No	
	b. **and** the present value of vested benefits for non-actives is more than present value of vested benefits for actives,	N/A	
	c. **and** the normal cost-plus interest on unfunded actuarial accrued liability (unit credit basis) is greater than contributions for current year?	N/A	No
	C3. a. A funding deficiency is projected in five years,	No	
	b. **and** the funded percentage is less than 65%?	N/A	No
	C4. a. The funded percentage is less than 65%,	No	
	b. **and** the present value of assets plus contributions is less than the present value of benefit payments and administrative expenses over seven years	N/A	No
	C5. The present value of assets plus contributions is less than the present value of benefit payments and administrative expenses over five years?	No	No
	2. In Critical Status? (If C1-C5 is Yes, then Yes)		**No**
	3. In Critical Status in any of the five succeeding plan years?		**No**

Status	Condition	Component Result	Final Result
Endangered Status:			
	E1. a. Is not in critical status,	Yes	
	b. **and** the funded percentage is less than 80%?	No	No
	E2. a. Is not in critical status,	Yes	
	b. **and** a funding deficiency is projected in seven years?	No	No
	In Endangered Status? (Yes when either E1 or E2 is Yes)		**No**
	In Seriously Endangered Status? (Yes when BOTH E1 and E2 are Yes)		**No**
Neither Critical Status Nor Endangered Status:			
	Neither Critical nor Endangered Status?		**Yes**

Exhibit 2: Summary of Actuarial Valuation Projections

The actuarial factors as of January 1, 2023 (based on projections from the January 1, 2022 valuation certificate):

1. Financial Information			
a. Market value of assets			$1,308,517,846
b. Actuarial value of assets			1,532,615,710
c. Reasonably anticipated contributions			
1) Upcoming year			69,405,683
2) Present value for the next five years			309,767,443
3) Present value for the next seven years			417,533,525
d. Projected benefit payments			76,532,053
e. Projected administrative expenses (beginning of year)			1,995,000
2. Liabilities			
a. Present value of vested benefits for active participants			365,903,618
b. Present value of vested benefits for non-active participants			989,793,244
c. Total unit credit accrued liability			1,428,842,462
d. Present value of payments	**Benefit Payments**	**Administrative Expenses**	**Total**
1) Next five years	$359,396,662	$9,284,525	$368,681,187
2) Next seven years	494,445,971	12,541,434	506,987,405
e. Unit credit normal cost plus expenses			54,257,437
f. Ratio of inactive participants to active participants			2.1700
3. Funded Percentage (1.b)/(2.c)			107.2%
4. Funding Standard Account			
a. Credit Balance as of the end of prior year			$95,285,174
b. Years to projected funding deficiency			10

Exhibit 3: Funding Standard Account Projections

The table below presents the Funding Standard Account Projections for the Plan Years beginning January 1.

	Year Beginning January 1,									
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
1. Credit balance (BOY)	$92,372,519	$95,285,174	$92,563,335	$95,883,647	$93,642,572	$86,008,245	$77,262,017	$68,617,801	$60,398,010	$44,022,375
2. Interest on (1)	6,466,076	6,669,962	6,479,433	6,711,855	6,554,980	6,020,577	5,408,341	4,803,246	4,227,861	3,081,566
3. Normal cost	36,777,124	37,401,783	38,216,207	39,202,109	40,062,595	41,003,665	42,016,784	43,021,783	44,171,884	45,256,480
4. Administrative expenses	1,815,000	1,995,000	2,059,182	2,124,063	2,189,928	2,257,431	2,326,849	2,398,014	2,470,866	2,662,660
5. Net amortization charges	30,373,666	36,326,815	31,530,844	37,851,357	43,838,275	45,481,344	45,853,312	46,020,922	54,165,378	76,297,348
6. Interest on (3), (4) and (5)	4,827,605	5,300,652	5,026,436	5,542,427	6,026,356	6,211,971	6,313,786	6,400,850	7,056,569	8,695,154
7. Expected contributions	68,056,495	69,405,683	71,383,333	73,411,733	75,505,383	77,694,895	79,894,880	82,181,864	84,548,600	86,987,030
8. Interest on (7)	2,183,479	2,226,766	2,290,215	2,355,293	2,422,464	2,492,711	2,563,294	2,636,668	2,712,601	2,790,834
9. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8)	**$95,285,174**	**$92,563,335**	**$95,883,647**	**$93,642,572**	**$86,008,245**	**$77,262,017**	**$68,617,801**	**$60,398,010**	**$44,022,375**	**$3,970,163**

Exhibit 4: Funding Standard Account — Projected Bases Assumed Established after January 1, 2022

Schedule of Funding Standard Account Bases

Type of Base	Date Established	Base Established	Amortization Period	Amortization Payment
Experience Loss	1/1/2023	$55,997,848	15	$5,746,040
Plan Amendment	1/1/2023	2,018,322	15	207,104
Experience Loss	1/1/2024	71,711,317	15	7,358,427
Plan Amendment	1/1/2024	2,023,267	15	207,611
Experience Loss	1/1/2025	67,789,604	15	6,956,013
Plan Amendment	1/1/2025	4,131,376	15	423,928
Experience Loss	1/1/2026	63,867,891	15	6,553,599
Plan Amendment	1/1/2026	2,105,554	15	216,055
Experience Loss	1/1/2027	59,946,178	15	6,151,185
Plan Amendment	1/1/2027	2,349,615	15	241,098
Plan Amendment	1/1/2028	4,508,770	15	462,653
Plan Amendment	1/1/2029	2,462,134	15	252,644

Exhibit 5: Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the January 1, 2022 actuarial valuation certificate, dated March 30, 2023, except as specifically described below. We also assumed that experience would emerge as projected, except as described below. The calculations are based on a current understanding of the requirements of ERISA Section 305 and IRC Section 432.

Plan of Benefits:	For purposes of this certification, the dollar limit imposed by IRC Section 415 and the salary limit imposed by IRC Section 401(a)(17) are assumed to increase by 2.5% each year beyond 2022. The increase in liability in each future year is reflected as a plan amendment and amortized over 15 years in the Funding Standard Account.
Projected Industry Activity:	The projected industry activity assumption takes into account information provided by the plan sponsor as required by IRC Section 432, projections in employment levels, and professional judgment. Based on this information, the number of active participants is assumed to be 3,836 for 2023 and each year thereafter.
Future Normal Costs:	We have determined the normal cost based on an open group forecast with the number of projected active participants adjusted to reflect the projected industry activity. New entrants are assumed to have the same demographic characteristics as those hired in the last three years, except that salary at entry into the Plan for the new entrant cohort is adjusted by 2.75% per year for assumed future increases.
Future Contributions:	Contributions are based on 21% of payroll in 2023 and each year thereafter. Projected payroll is based on an open group forecast, as previously described.
Asset Information:	The market value of assets as of January 1, 2023 was estimated using the net market return provided by the investment consultant, and the income and expense items provided by the Plan Administrator. The administrative expenses were assumed to be $1,995,000 in 2023 based on the budget provided by the Plan Administrator. This is the sum of two components: • PBGC Premiums • Other expenses For years after 2023, the PBGC premium rate and other expenses were increased by 2.75% per year. The PBGC premiums are equal to the projected Plan head counts (as determined in the open group forecast) multiplied by the projected PBGC premium rate. The projected net investment return was assumed to be 7.00% of the average market value of assets in each future year. Any resulting investment gains or losses due to the operation of the asset valuation method are amortized over 15 years in the Funding Standard Account. Future benefit payments were based on an open group forecast, as previously described.
Assumption Changes:	For purposes of this certification, the administrative expense assumption was increased from $1,815,000 to $1,995,000 (payable at the beginning of the year) effective January 1, 2023.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility, and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Technical issues

Employer contributions set by the Board of Trustees are 21% of payroll in 2023 and each year thereafter. For this certification, pay and liabilities are projected to increase in accordance with an open group forecast, as previously described. Therefore, future contributions equal the applicable percentage of projected payroll in each year.

Segal does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which the certification is based reflects Segal's understanding as an actuarial firm. Segal is advised that Plan Counsel concurs in the statutory interpretations on which this certification is based.

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