

**SEIU Affiliates Officers and Employees Pension Plan**

*Actuarial Certification of Plan Status as of  
January 1, 2019 under IRC Section 432*



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*March 29, 2019*

*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, 2019 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, 2018 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, EA, Senior Vice President and Actuary.*

*As of January 1, 2019, 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).*

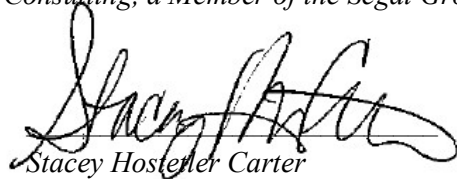
*Segal Consulting ("Segal") does not practice law and, therefore, cannot and does not provide legal advice. However, Segal is advised that Plan Counsel agrees with the statutory interpretations on which this certification is based. Specifically, there is no definitive guidance in the law regarding the 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 contribution rate adopted by the Trustees: 21% of payroll in 2019 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 Consulting, a Member of the Segal Group*

By:



*Stacey Hostetler Carter*

*Senior Vice President and Benefits Consultant*



*Alex Giordano*

*Actuarial Consultant*

*cc: Eunice Washington, Esq.  
Yolanda Montgomery, Esq.  
Paul Green, Esq.  
James J.P. Manning, Esq.  
Michael E. Warshaw, CPA*



*March 29, 2019*

*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, 2019 for the following plan:*

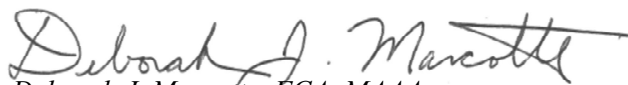
*Name of Plan: SEIU Affiliates Officers and Employees Pension Plan  
Plan number: EIN 52-0812348 / 001  
Plan sponsor: Board of Trustees, SEIU Affiliates Officers and Employees Pension Plan  
Address: 1800 Massachusetts Ave NW, Suite 301, Washington, DC 20036  
Phone number: 202.730.7542*

*As of January 1, 2019, 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 Consulting  
1800 M Street NW, Suite 900 S  
Washington, DC 20036  
Phone number: 202.833.6400*

*Sincerely,*

  
*Deborah J. Marcotte, FCA, MAAA  
Senior Vice President and Actuary  
Enrolled Actuary No. 17-5560*

**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

EIN 52-0812348 / 001

**March 29, 2019**

**ACTUARIAL STATUS CERTIFICATION AS OF JANUARY 1, 2019 UNDER IRC SECTION 432**

This is to certify that Segal Consulting, a Member of The Segal Group, Inc. (“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, 2019 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.

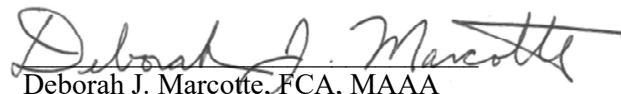
The measurements shown in this actuarial certification may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic 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, 2018 actuarial valuation, dated January 15, 2019. 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 V.

Segal Consulting does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this certification is based reflect 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. As required by IRC Section 432(b)(3)(B)(iii), the projected industry activity is based on information provided by the plan sponsor. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that (other than projected industry activity) offer my best estimate of anticipated experience under the Plan.



Deborah J. Marcotte, FCA, MAAA  
Senior Vice President and Actuary  
Enrolled Actuary No. 17-5560

**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

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**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

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**EXHIBIT I**

**Status Determination as of January 1, 2019**

<b>Status</b>	<b>Condition</b>	<b>Component Result</b>	<b>Final Result</b>
<b>Critical Status:</b>			
<b>I. Initial critical status tests:</b>			
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
<b>In Critical Status? (If C1-C5 is Yes, then Yes) .....</b>			<b>No</b>
<b>In Critical Status in any of the five succeeding plan years? .....</b>			<b>No</b>

**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

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**EXHIBIT I (continued)**

**Status Determination as of January 1, 2019**

<b>Status</b>	<b>Condition</b>	<b>Component Result</b>	<b>Final Result</b>
<b>Endangered Status:</b>			
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
<b>In Endangered Status? (Yes when either (E1) or (E2) is Yes).....</b>			<b>No</b>
<b>In Seriously Endangered Status? (Yes when BOTH (E1) and (E2) are Yes) .....</b>			<b>No</b>
<b>Neither Critical Status Nor Endangered Status:</b>			
<b>Neither Critical nor Endangered Status?.....</b>			<b>Yes</b>



**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

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**EXHIBIT II**  
**Summary of Actuarial Valuation Projections**

The actuarial factors as of January 1, 2019 (based on projections from the January 1, 2018 valuation):

<b>I. Financial Information</b>			
1. Market value of assets			\$986,915,542
2. Actuarial value of assets			1,035,872,567
3. Reasonably anticipated contributions			
a. Upcoming year			59,479,702
b. Present value for the next five years			259,678,590
c. Present value for the next seven years			346,921,607
4. Projected benefit payments			63,672,014
5. Projected administrative expenses (beginning of year)			1,765,133
<b>II. Liabilities</b>			
1. Present value of vested benefits for active participants			270,880,116
2. Present value of vested benefits for non-active participants			749,672,865
3. Total unit credit accrued liability			1,063,773,185
4. Present value of payments	<b>Benefit Payments</b>	<b>Administrative Expenses</b>	<b>Total</b>
a. Next five years	\$297,994,308	\$7,226,439	\$305,220,747
b. Next seven years	409,072,850	9,638,628	418,711,478
5. Unit credit normal cost plus expenses			38,349,176
6. Ratio of inactive participants to active participants			1.8654
<b>III. Funded Percentage (I.2)/(II.3)</b>			97.3%
<b>IV. Funding Standard Account</b>			
1. Credit Balance as of the end of prior year			\$134,202,370
2. Years to projected funding deficiency			N/A

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**EXHIBIT III  
Funding Standard Account Projections**

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

	<b>Year Beginning January 1,</b>							
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
1. Credit balance (BOY)	\$136,563,073	\$134,202,370	\$129,451,568	\$123,594,494	\$116,369,794	\$105,837,221	\$94,889,069	\$96,830,123
2. Interest on (1)	10,242,230	10,065,178	9,708,868	9,269,587	8,727,735	7,937,792	7,116,680	7,262,259
3. Normal cost	25,962,581	26,605,233	27,289,972	27,955,247	28,602,691	29,215,589	29,929,151	30,628,505
4. Administrative expenses	1,870,000	1,765,133	1,558,245	1,609,095	1,660,367	1,713,198	1,767,365	1,822,817
5. Net amortization charges	39,429,760	42,643,864	44,173,979	45,665,846	48,869,524	49,260,209	37,246,406	39,053,391
6. Interest on (3), (4) and (5)	5,044,676	5,326,067	5,476,665	5,642,264	5,934,945	6,014,175	5,170,718	5,362,853
7. Expected contributions	57,719,960	59,479,702	60,841,493	62,238,709	63,620,272	65,080,099	66,647,023	68,284,797
8. Interest on (7)	1,984,124	2,044,615	2,091,426	2,139,456	2,186,947	2,237,128	2,290,991	2,347,290
9. Credit balance (EOY): (1) + (2) - (3) - (4) - (5) - (6) + (7) + (8)	\$134,202,370	\$129,451,568	\$123,594,494	\$116,369,794	\$105,837,221	\$94,889,069	\$96,830,123	\$97,856,903

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**EXHIBIT IV**

**Funding Standard Account – Projected Bases Assumed Established After January 1, 2018**

**Schedule of Funding Standard Account Bases**

<b>Type of Base</b>	<b>Date Established</b>	<b>Base Established</b>	<b>Amortization Period</b>	<b>Amortization Payment</b>
Experience Loss	1/1/2019	\$29,284,514	15	\$3,086,104
Plan Amendment	1/1/2019	1,214,657	15	128,005
Experience Loss	1/1/2020	13,165,640	15	1,387,441
Plan Amendment	1/1/2020	1,353,845	15	142,673
Experience Loss	1/1/2021	12,835,928	15	1,352,695
Plan Amendment	1/1/2021	1,320,645	15	139,174
Experience Loss	1/1/2022	27,743,911	15	2,923,750
Plan Amendment	1/1/2022	2,656,254	15	279,925
Experience Loss	1/1/2023	2,288,798	15	241,201
Plan Amendment	1/1/2023	1,418,495	15	149,486
Experience Loss	1/1/2024	1,409,814	15	148,571
Plan Amendment	1/1/2024	2,665,531	15	280,903
Experience Loss	1/1/2025	685,327	15	72,222
Plan Amendment	1/1/2025	1,339,971	15	141,211

**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

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**EXHIBIT V**

**Actuarial Assumptions and Methodology**

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The actuarial assumptions and plan of benefits are as used in the January 1, 2018 actuarial valuation, dated January 15, 2019, 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 2.75% each year beyond 2018. The increase in liability in each future year is reflected as a plan amendment and amortized over 15 years in the Funding Standard Account.
- 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 2019 and each year thereafter. Projected payroll is based on an open group forecast, as previously described.
- Projected Industry Activity:** As required by Internal Revenue Code Section 432, the assumption with respect to projected industry activity is based on information provided by the Board of Trustees. For this certification, the number of active participants is assumed to be 3,923 for 2019 and each year thereafter.

**Actuarial Status Certification as of January 1, 2019 under IRC Section 432 for the SEIU Affiliates Officers and Employees Pension Plan**

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**Asset Information:**

The market value of assets as of January 1, 2019 was estimated using the net investment return provided by the investment consultant, and the income and expense items provided by the Plan Administrator.

The administrative expenses were assumed to be \$1,765,133 in 2019 based on the budget provided by the Plan Administrator. This is the sum of three components:

- PBGC Premiums
- Temporary software implementation add-on amount
- Other expenses

For years after 2019, 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 multiplied by the projected PBGC premium rate. The software implementation add-on was assumed to be \$256,973 in 2019 and \$0 thereafter.

The projected net investment return was assumed to be 7.5% 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.

**Technical Issues**

Employer contributions set by the Board of Trustees are 21% of payroll in 2019 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 Consulting (“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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