SEIU National Industry Pension Fund

Actuarial Certification of Plan Status under IRC Section 432

As of January 1, 2024

Segal

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

March 29, 2024

Board of Trustees
SEIU National Industry Pension Fund
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, 2024 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, 2023 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 Maria Kirilenko, ASA, FCA, MAAA, Vice President and Actuary.

As of January 1, 2024, **the Plan is in critical status** but not critical and declining status.

This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its Rehabilitation Plan, based on information received from the plan sponsor.

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 communicating this information to plan stakeholders as well as in reviewing the Rehabilitation Plan later this year.

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.
Michael Shelton
Jenifer Cromwell, Esq.
Ramya Ravindran, Esq.
Jason Mettley, Esq.
Michael Warshaw, CPA

Actuarial Status Certification as of January 1, 2024: Key Results

		2024
Certified Zone Status		**Critical**
Scheduled Progress		**Making Scheduled Progress toward Rehabilitation Plan**
Assets	Actuarial value of assets (AVA),	$1,612,771,171
Funded Percentage	Unit credit accrued liability	1,881,725,170
	Funded percentage	85.7%
Funding Standard Account	Funding credit balance as of the end of the prior year	($47,062,752)
Investment Return	Assumed rate of return	7.00%
Solvency Projection	Years to projected insolvency	Never

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March 29, 2024

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, 2024 for the following plan:

Name of Plan: SEIU National Industry Pension Fund
Plan number: EIN 52-6148540 / PN 001
Plan sponsor: Board of Trustees, SEIU National Industry Pension Fund
Address: 1800 Massachusetts Ave NW, Suite 301, Washington, DC 20036
Phone number: 202.730.7542

As of January 1, 2024, the Plan is in critical status but not critical and declining status.

This certification reflects elections made by the Trustees under the American Rescue Plan Act of 2021 (ARPA), enacted on March 11, 2021. The Trustees made an election under ARPA to extend the Rehabilitation Period by five years.

This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its Rehabilitation Plan, based on the annual standards in the Rehabilitation Plan.

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,

Maria Kirilenko

Maria Kirilenko, ASA, FCA, MAAA
Vice President and Actuary
Enrolled Actuary No. 23-8331

Actuarial Status Certification as of January 1, 2024 under IRC Section 432
March 29, 2024
Illustration Supporting Actuarial Certification of Status (Schedule MB, line 4b)

This is to certify that Segal has prepared an actuarial status certification under Internal Revenue Code Section 432 for the SEIU National Industry Pension Fund as of January 1, 2024 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, 2023 actuarial valuation, dated March 29, 2024. 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 6.

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. In addition, as allowed by IRC Section 432(b)(3)(B), in my opinion, the contributions used for Insolvency Projections are reasonable. Furthermore, as required by IRC Section 432(b)(3)(B)(iii), the projected industry activity is reasonable, taking into account information provided by the plan sponsor.

Maria Kirilenko

Maria Kirilenko, ASA, MAAA	
EA#	23-8331
Title	Vice President and Actuary
Email	mkirilenko@segalco.com

Certificate Contents

Actuarial Status Certification under IRC Section 432

Exhibit 1: Status Determination as of January 1, 2024

Status	Condition	Component Result	Final Result
Critical Status:			
	1. Initial critical status tests:		
	C1. A funding deficiency is projected in four years?		Yes
	C2. a. A funding deficiency is projected in five years,	Yes	
	b. **and** the present value of vested benefits for non-actives is more than present value of vested benefits for actives,	Yes	
	c. **and** the normal cost plus interest on unfunded actuarial accrued liability (unit credit basis) is greater than contributions for current year?	No	No
	C3. a. A funding deficiency is projected in five years,	Yes	
	b. **and** the funded percentage is less than 65%?	No	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	No	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
	2. Emergence test:		
	C6 a. Was in critical status for the immediately preceding plan year,	Yes	
	b. **and either** a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under ERISA Section 304(d)(2) or ERISA Section 304 as in effect prior to PPA'06,	Yes	
	c. **or** insolvency is projected for the current year or any of the 30 succeeding plan years?	No	
	Plan did NOT emerge?		Yes
	3. In Critical Status? (If C1-C5 or C6 is Yes, then Yes)		**Yes**

4. Determination of critical and declining status:			
C7. a.	Any of (C1) through (C5) are Yes?	Yes	
b.	**and either** Insolvency is projected within 15 years?	No	No
c.	**or**		
	1) The ratio of inactives to actives is at least 2 to 1,	No	
	2) **and** insolvency is projected within 20 years?	No	No
d.	**or**		
	1) The funded percentage is less than 80%,	No	
	2) **and** insolvency is projected within 20 years	No	No
In Critical and Declining Status?			No

This certification also notifies the IRS that the Plan is making scheduled progress in meeting the requirements on its Rehabilitation Plan, based on the annual standards of the Rehabilitation Plan. The projected December 31, 2024 funding deficiency is $27.7 million, compared to the annual standard of a $100.0 million funding deficiency as of that date in the Rehabilitation Plan.

Exhibit 2: Summary of Actuarial Valuation Projections

The actuarial factors as of January 1, 2024 (based on projections from the January 1, 2023 valuation certificate):

1. Financial Information			
a. Market value of assets			$1,546,784,078
b. Actuarial value of assets			1,612,771,171
c. Reasonably anticipated contributions (including withdrawal liability payments from previously withdrawn employers)			
1) Upcoming year			91,092,908
2) Present value for the next five years			385,375,671
3) Present value for the next seven years			506,366,239
d. Projected benefit payments			131,709,770
e. Projected administrative expenses (beginning of year)			12,438,150
2. Liabilities			
a. Present value of vested benefits for active participants			391,783,910
b. Present value of vested benefits for non-active participants			1,459,407,707
c. Total unit credit accrued liability			1,881,725,170
d. Present value of payments	**Benefit Payments**	**Administrative Expenses**	**Total**
1) Next five years	$569,072,016	$57,175,162	$626,247,178
2) Next seven years	761,716,970	76,820,365	838,537,335
e. Unit credit normal cost plus expenses			32,581,757
f. Ratio of inactive participants to active participants			1.9901
3. Funded Percentage (1.b)/(2.c)			85.7%
4. Funding Standard Account			
a. Credit Balance as of the end of prior year			($47,062,752)
b. Years to projected funding deficiency			0
5. Projected Year of Emergence (per terms of the Rehabilitation Plan)			2029
6. Years to Projected Insolvency			N/A

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,					
	2023	2024	2025	2026	2027	2028
1. Credit balance (BOY)	($46,016,593)	($47,062,752)	($27,678,470)	($23,704,237)	($24,216,999)	($8,690,533)
2. Interest on (1)	(3,221,162)	(3,294,393)	(1,937,493)	(1,659,297)	(1,695,190)	(608,337)
3. Normal cost	10,131,121	10,613,190	10,981,478	11,136,306	11,201,576	11,280,670
4. Administrative expenses	11,570,371	12,438,150	12,749,104	13,067,832	13,394,528	13,729,391
5. Net amortization charges	66,524,484	43,618,564	58,529,943	62,628,231	47,164,559	43,660,139
6. Interest on (3), (4) and (5)	6,175,818	4,666,893	5,758,237	6,078,266	5,023,246	4,806,914
7. Expected contributions	93,574,612	91,092,908	91,010,565	91,133,308	91,083,308	91,013,308
8. Interest on (7)	3,002,185	2,922,564	2,919,923	2,923,861	2,922,257	2,920,011
9. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)	**($47,062,752)**	**($27,678,470)**	**($23,704,237)**	**($24,216,999)**	**($8,690,533)**	**$11,157,335**

	2029	2030	2031	2032	2033
1. Credit balance (BOY)	$11,157,335	$43,842,208	$93,352,510	$146,380,737	$207,750,614
2. Interest on (1)	781,013	3,068,955	6,534,676	10,246,652	14,542,543
3. Normal cost	11,366,020	11,427,192	11,480,363	11,523,724	11,551,001
4. Administrative expenses	14,072,626	14,424,442	14,785,053	15,154,679	15,533,546
5. Net amortization charges	32,510,516	18,409,992	17,944,473	13,034,219	11,754,254
6. Interest on (3), (4) and (5)	4,056,441	3,098,314	3,094,692	2,779,884	2,718,716
7. Expected contributions	90,990,194	90,885,382	90,882,325	90,705,593	90,534,456
8. Interest on (7)	2,919,269	2,915,906	2,915,808	2,910,138	2,904,648
9. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)	**$43,842,208**	**$93,352,510**	**$146,380,737**	**$207,750,614**	**$274,174,743**

Note: numbers may not add up due to rounding.

Exhibit 4: Funding Standard Account — Projected Bases Assumed Established after January 1, 2023

Schedule of Funding Standard Account Bases

Type of Base	Date Established	Base Established	Amortization Period	Amortization Payment
Experience Loss	1/1/2024	$9,099,129	15	$933,678
Experience Loss	1/1/2025	27,015,089	15	2,772,067
Experience Loss	1/1/2026	59,177,494	15	6,072,309
Experience Gain	1/1/2027	(15,434,844)	15	(1,583,797)
Experience Loss	1/1/2028	1,733,646	15	177,893
Experience Loss	1/1/2029	586,405	15	60,172
Experience Gain	1/1/2030	(178,646)	15	(18,331)
Experience Loss	1/1/2031	41,482	15	4,257
Experience Loss	1/1/2032	6,185	15	635
Experience Gain	1/1/2033	(1.350)	15	(139)

Exhibit 5: Solvency Projections

The table below presents the projected Market Value of Assets for the Plan Years beginning January 1, 2023 through 2043.

	Year Beginning January 1,							
	2023	2024	2025	2026	2027	2028	2029	2030
1. Market Value at beginning of year	$1,406,177,331	$1,546,784,078	$1,599,061,851	$1,651,020,735	$1,711,714,966	$1,772,973,675	$1,834,785,523	$1,896,528,171
2. Contributions	87,030,276	89,372,518	89,994,842	90,538,691	91,086,126	91,675,987	91,692,029	91,692,029
3. Withdrawal liability payments	6,544,336	1,720,390	1,015,723	1,015,723	965,723	895,723	872,609	767,797
4. Benefit payments	115,514,783	131,709,770	135,140,321	130,440,555	134,147,932	137,918,182	141,792,742	146,326,599
5. Administrative expenses	12,646,013	12,900,000	13,222,500	13,553,063	13,891,890	14,239,187	14,595,167	14,960,046
6. Interest earnings	175,192,931	105,794,635	109,311,141	113,133,435	117,246,682	121,397,508	125,565,919	129,701,069
7. Market Value at end of year: (1)+(2)+(3)-(4)-(5)+(6)	$1,546,784,078	$1,599,061,851	$1,651,020,735	$1,711,714,966	$1,772,973,675	$1,834,785,523	$1,896,528,171	$1,957,402,421
8. Available resources: (1)+(2)+(3)-(5)+(6)	**$1,662,298,861**	**$1,730,771,621**	**$1,786,161,056**	**$1,842,155,521**	**$1,907,121,607**	**$1,972,703,705**	**$2,038,320,913**	**$2,103,729,020**

	2031	2032	2033	2034	2035	2036	2037	2038
1. Market Value at beginning of year	$1,957,402,421	$2,017,469,943	$2,077,468,156	$2,137,931,361	$2,200,739,328	$2,265,790,920	$2,334,463,696	$2,407,095,918
2. Contributions	91,692,029	91,692,029	91,692,029	91,692,029	91,692,029	91,692,029	91,692,029	91,692,029
3. Withdrawal liability payments	764,740	588,008	416,871	416,871	416,871	416,871	410,661	383,867
4. Benefit payments	150,834,588	154,395,696	157,433,385	158,851,746	160,515,678	160,993,432	161,372,814	161,028,767
5. Administrative expenses	15,334,047	15,717,398	16,110,333	16,513,091	16,925,918	17,349,066	17,782,793	18,227,363
6. Interest earnings	133,779,388	137,831,270	141,898,023	146,063,904	150,384,288	154,906,374	159,685,139	164,767,491
7. Market Value at end of year: (1)+(2)+(3)-(4)-(5)+(6)	$2,017,469,943	$2,077,468,156	$2,137,931,361	$2,200,739,328	$2,265,790,920	$2,334,463,696	$2,407,095,918	$2,484,683,175
8. Available resources: (1)+(2)+(3)-(5)+(6)	**$2,168,304,531**	**$2,231,863,852**	**$2,295,364,746**	**$2,359,591,074**	**$2,426,306,598**	**$2,495,457,128**	**$2,568,468,732**	**$2,645,711,942**

Note: numbers may not add up due to rounding.

Exhibit 5: Solvency Projections (continued)

	Year Beginning January 1,				
	2039	**2040**	**2041**	**2042**	**2043**
1. Market Value at beginning of year	$2,484,683,175	$2,567,670,232	$2,656,405,149	$2,752,178,919	$2,856,093,885
2. Contributions	91,692,029	91,692,029	91,692,029	91,692,029	91,692,029
3. Withdrawal liability payments	370,867	348,071	305,315	226,910	112,239
4. Benefit payments	160,593,052	160,165,109	158,849,527	156,899,250	155,305,229
5. Administrative expenses	18,683,047	19,150,123	19,628,876	20,119,598	20,622,588
6. Interest earnings	170,200,261	176,010,048	182,254,830	189,014,875	196,329,743
7. Market Value at end of year: (1)+(2)+(3)-(4)-(5)+(6)	$2,567,670,232	$2,656,405,149	$2,752,178,919	$2,856,093,885	$2,968,300,079
8. Available resources: (1)+(2)+(3)-(5)+(6)	**$2,728,263,284**	**$2,816,570,258**	**$2,911,028,446**	**$3,012,993,135**	**$3,123,605,308**

Exhibit 6: Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the January 1, 2023 certificate of actuarial valuation, dated March 29, 2024, 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.

Contribution Rates: The average benefit-bearing contribution rate for 2024 and beyond is projected to remain at 49.09¢ per hour, the same as the contribution rate as of January 1, 2023.

For participants who are not part of groups who entered the Plan as part of USWW negotiations in late 2021 and throughout 2022, the average total contribution rate for 2024 (and beyond) is projected to be $1.1651 per hour. This change is an estimate of formal commitments already adopted by the collective bargaining parties in compliance with the Rehabilitation Plan.

For participants who newly entered the Plan via USWW negotiations prior to January 1, 2023, supplemental contribution rate increases of 7.75% required under the addendum to Rehabilitation Plan are assumed to occur annually beginning on the January 1 following the contract negotiation date. For Funding Standard Account (FSA) projections, two such increases were assumed to have been negotiated. All five supplemental contribution rate increases these groups are required to make under the terms of the addendum were reflected for purposes of projecting solvency. For these groups, the average contribution rates for 2024 and thereafter are as follows:

		Total Hourly Rate	
As of January 1	Benefit-Bearing Hourly Rate	For FSA	For Solvency
2024	$0.1920	$0.1920	$0.1920
2025	$0.1920	$0.2069	$0.2069
2026	$0.1920	$0.2229	$0.2229
2027	$0.1920	$0.2229	$0.2402
2028	$0.1920	$0.2229	$0.2588
2029	$0.1920	$0.2229	$0.2789
2030 and thereafter	$0.1920	$0.2229	$0.2789

Lastly, additional contributions were also reflected for groups that negotiated entry into the Plan after January 1, 2023 and that are subject to the same supplemental contribution rate increases, and for groups that negotiated benefit-bearing contribution rate increases. These contributions are estimated to be as follows:

	Annual Contributions	
	For FSA	**For Solvency**
2024	$5,976,233	$5,976,233
2025	6,555,610	6,555,610
2026	6,642,564	7,063,670
2027	6,642,564	7,611,104
2028	6,642,564	8,200,965
2029 and thereafter	6,642,564	8,217,007

Asset Information:	The financial information as of January 1, 2024 and 2023 cash-flows were based on an unaudited financial statement provided by the Fund Office, with the exception of employer contributions, which were projected based on the number of actives in the January 1, 2023 number of active participants, 1,950 average hours, and the January 1, 2023 total contribution rate of $1.1648 and adjusted for the impact of new participants entering the plan and withdrawal liability information in the financial statement. For projections after that date, the assumed administrative expense level was set to $12.9 million for 2024 and increased by 2.50% per year thereafter, based on recent experience and future inflation expectations. The benefit payments were projected based on the January 1, 2023, actuarial valuation data and assumptions, using an open group projection methodology. The projected net investment return was assumed to be 7.00% of the average market value of assets for the 2024 and subsequent Plan Years. 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.
Projected Industry Activity:	The projected industry activity assumption takes into account information provided by the plan sponsor as required by Internal Revenue Code Section 432, historical and current contribution levels, projections in employment levels, and professional judgement. Based on this information, the number of active participants is assumed to increase from the January 1, 2023 level of 36,707 by approximately 9,600 participants in USWW bargaining units that have already negotiated entry into the Plan. On the average, contributions will be made for each active for 1,950 hours each year. In addition to projections of industry activity directly linked to the level of ongoing employment, these determinations also include reasonable projections of contribution amounts derived from withdrawal liability assessments, as provided by the Fund Office.
Future Normal Costs:	Based on the assumed industry activity, we have determined the Normal Cost based on an open group forecast with a level number of active participants. Normal Cost was further increased by approximately 4.2% in 2024, 2.6% in 2025, and 0.6% in 2026 to reflect the gradual entry of USWW participants into the plan (based on industry activity guidance) and negotiated increases in benefit-bearing contribution rates for other groups. New entrants are assumed to have the same characteristics as new hires in the last 4 years.

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

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. Due to the complexity of the statute and the significance of its ramifications, Segal recommends that the Board of Trustees consult with legal counsel when making any decisions regarding compliance with ERISA and the Internal Revenue Code.