# SEIU National Industry Pension Fund

**Withdrawal Liability Valuation as of December 31, 2022**

This report has been prepared at the request of the Board of Trustees for the purposes of establishing the basis for withdrawal liability assessments during the January 1, 2023 through December 31, 2023 period. This report 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 report may not be applicable for other purposes.



Segal

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

May 13, 2024

Board of Trustees
SEIU National Industry Pension Fund
1800 Massachusetts Avenue, NW
Ste. 300
Washington, DC 20036

Dear Trustees:

This report summarizes and reviews the Plan's status and experience with respect to employer withdrawal liability as of December 31, 2022. It outlines the withdrawal liability methods adopted and explains the calculation of the amount of unfunded vested liability allocable to a withdrawn employer. It also establishes the basis for assessments of withdrawal liability for a withdrawal during the period January 1, 2023 through December 31, 2023, including the actuarial assumptions used.

The actuarial calculations were completed under the supervision of Maria Kirilenko, ASA, FCA, MAAA, and Enrolled Actuary. The basic participant and financial data used in this report are the same as those used in the actuarial valuation as of January 1, 2023. The benefit provisions included in the calculations are those that were in effect on December 31, 2022. The method described in the PBGC Technical Update 10-3 has been used to account for reductions in benefits that occurred as a result of implementation of the Rehabilitation Plan.

We look forward to reviewing this report with you at your next meeting and to answering any questions you may have.

Sincerely,

Segal

By: ______________________ ______________________

Stacey Hostetler Carter
*Senior Vice President and Benefits Consultant*

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

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# Section 1: Actuarial Valuation Summary

## Important information about withdrawal liability valuations

A withdrawal liability valuation is prepared to assist in the determination and assessment of withdrawal liability. It is a forecast of future uncertain obligations of a pension plan. As such, the forecast will never precisely match the actual stream of benefits and expenses to be paid.

In order to prepare withdrawal liability valuations, Segal relies on a number of input items. These include:

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|---|---|
| **Plan Provisions** | Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important for the Trustees to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits. For an employer withdrawing in a particular plan year, the relevant plan provisions are those in effect at the end of the prior plan year. |
| **Participant Information** | The present value of vested benefits, upon which withdrawal liability for an employer is determined, is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for a valuation: the valuation is an estimated forecast, not a prediction. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data. |
| **Financial Information** | The withdrawal liability valuation is based on the asset values as of the valuation date, typically reported by the auditor. The allocation of the unfunded present value of vested benefits to an employer is based on its detailed obligated contribution information as well as that for other participating employers, as provided by the plan. |
| **Actuarial Assumptions** | In measuring the present value of vested benefits for withdrawal liability purposes, Segal starts by developing a forecast of the vested benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death and retirement. The forecasted benefits are then discounted to a present value. The actuarial model used to develop the present value of vested benefits for withdrawal liability purposes may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong. |

Given the above, the user of Segal's withdrawal liability valuation report (or other actuarial calculations) needs to keep the following in mind:

| |
|---|
| The withdrawal liability valuation report is prepared for use by the Trustees in administering the Plan. It includes information relative to the provisions of ERISA pertaining to withdrawal liability. Segal is not responsible for the use or misuse of its report, particularly by any other party. |
| A withdrawal liability valuation is a measurement as of a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of other potential financial measurements. |
| The measurements in this report are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations or the need for or the amount of future contributions. |
| Segal does not provide investment, legal, accounting, or tax advice. This withdrawal liability valuation report is based on Segal's understanding of applicable guidance in these areas and of the plan's provisions, but may be subject to alternative interpretations. The Trustees should look to their other advisors for expertise in these areas. |
| While Segal maintains extensive quality assurance procedures, a withdrawal liability valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's results, Segal may revise that valuation report or make an appropriate adjustment in the next valuation. |
| Segal's withdrawal liability report shall be deemed to be final and accepted by the Trustees upon delivery and review. Trustees should notify Segal immediately of any questions or concerns about the final content. |

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

## A. Actuarial valuation results

1. The unfunded vested liability as of December 31, 2022 is $801.7 million, excluding Affected Benefits pools (discussed below), a decrease of $22.3 million from the prior year. After writing down prior pools by 5%, a new pool of $61.1 million was created. The total unfunded vested liability as of December 31, 2022, including Affected Benefits pools, is $849.1 million, a decrease of 3.6% compared to $880.6 million as of the prior year. In addition, a "reallocated pool" of $5.3 million was established, representing the portion of withdrawal liability that was determined as not assessable or not collectible from withdrawn employers in 2022. The total amount allocable to withdrawing (non-former Local 49) employers as of December 31, 2022, is $879.8 million, which is the total unfunded vested liability plus the unamortized balance of reallocated pools, 3.1% less than the $908.2 million amount for the prior year.
2. The decrease in the unfunded vested liability since last year was primarily caused by the increase in PBGC rates, partially offset by an investment loss due to a market value investment return of -12.1% during 2022.
3. Under PPA'06, benefit reductions made while the Plan is in critical status are to be disregarded for withdrawal liability purposes. These adjustable benefit reductions are included in the Affected Benefits pools. The sum of the remaining balances of all Affected Benefits Pools (now $47.4 million) will be allocated in the same manner as the new 2022 pools.
4. *Assumption changes:* Retirement rates for terminated vested participants were decreased from 20% to 10% for ages 65–68 and from 20% to 5% for ages 69–70. The impact of this change on vested liability was insignificant.

## B. Developments since last valuation

The following are developments since the last valuation, from December 31, 2021 to December 31, 2022:

1. Since the last valuation, the PBGC interest rates used to determine the funded portion of the present value of vested benefits changed from 2.40% for 20 years and 2.11% thereafter to 3.90% for 20 years and 3.65% thereafter. In addition, we changed actuarial assumptions related to terminated vested retirement rates. New assumptions (other than the PBGC interest rates) were selected based on a review of recent plan experience, trends and expectations, representing the actuary's best estimate of anticipated experience under the Plan.
2. *Rehabilitation Plan*: MPRA provides that contribution increases that go into effect after December 31, 2014 pursuant to a Rehabilitation Plan are disregarded in determining the allocation of unfunded vested liabilities and in determining the highest contribution rate for a payment schedule, although this does not apply to additional contributions that are used to provide an increase in benefits.

## Summary of key valuation results

| | | 2021 | 2022 |
|---|---|---|---|
| **Demographic Data:** | • Number of active vested participants | 23,369 | 23,217 |
| | • Number of inactive vested participants | 48,993 | 49,598 |
| | • Number of retired participants and beneficiaries | 23,269 | 23,353 |
| **Interest Assumptions:** | • Funding rate | 7.00% | 7.00% |
| | • PBGC rates | 2.40% for 20 years, 2.11% thereafter | 3.90% for 20 years, 3.65% thereafter |
| **Present Value of Vested Benefits:** | • Present value of vested benefits on funding basis | $1,736,411,566 | $1,767,959,993 |
| | • Present value of vested benefits on PBGC basis, including allowance for expenses | 3,125,661,180 | 2,572,913,178 |
| | • Present value of vested benefits measured for withdrawal liability purposes | 2,466,367,054 | 2,207,892,024 |
| **Unfunded Vested Liability:** | • Market value of assets[1] | $1,642,320,795 | $1,406,177,331 |
| | • Unfunded vested liability for withdrawal liability purposes (excluding Affected Benefits pools) | 824,046,259 | 801,714,693 |
| | • Unamortized balance of Affected Benefits pools | 56,523,400 | 47,376,566 |
| | • Unamortized balance of reallocated pools | 27,629,112 | 30,720,884 |
| | • Total amount allocable to withdrawing employers[2] | 908,198,771 | 879,812,143 |
| **New Withdrawal Liability Pools Established** | • Basic pool | ($95,245,902) | $61,135,674 |
| | • Reallocated pool | 1,249,700 | 5,333,133 |

[1] Excludes $5,894,778 and $4,798,587 in withdrawal liability contributions receivable in 2021 and 2022, respectively
[2] For non-former Local 49 employers

# Section 2: Determination of Withdrawal Liability

## Summary of MPPAA Rules

The Multiemployer Pension Plan Amendments Act of 1980 (MPPAA) requires assessment of withdrawal liability to an employer that withdraws from the Plan. In general, "withdrawal" means the employer has permanently ceased operations under the Plan or has permanently ceased to have an obligation to contribute to the Plan. An employer is entitled to be advised, upon its request, of the amount of its potential withdrawal liability.

### Determination of unfunded vested liability

The amount of withdrawal liability is based on the Plan's unfunded vested liability at the time of withdrawal. The "unfunded vested liability" refers to the value of vested benefits not covered by assets.

For withdrawal liability purposes, "vested benefits" are the benefits that are considered non-forfeitable if the participant incurs a permanent break in service. The value of these benefits is based on the Plan provisions as of the withdrawal liability valuation date.

Determinations of the value of the liability for vested benefits are based on a set of actuarial assumptions. The law prescribes that the assumptions and methods used must be reasonable in the aggregate and "offer the actuary's best estimate of anticipated experience under the plan." It also authorizes the PBGC to promulgate assumptions and methods for use by the Plan's actuary. However, the PBGC has not promulgated any assumptions or methods.

The actuarial assumptions and methods are reasonable (taking into account the experience of the Plan and reasonable expectations) and, in combination, represent the actuary's best estimate of anticipated experience under the Plan to determine the unfunded vested benefits for withdrawal liability purposes.

### Method for allocating withdrawal liability

The Plan determines the liability of an employer that has completely withdrawn on the basis of the statutory presumptive method defined in Section 4211(b) of ERISA.

The liability of an employer for complete withdrawal from the Plan is determined as the sum of the unamortized balances, as of the end of the plan year preceding withdrawal, of the employer's prorated shares of each of the following:

- The Plan's unfunded vested liability as of December 31, 2002

- The change in the Plan's unfunded vested liability as of the end of each subsequent plan year (to the end of the plan year preceding withdrawal)
- Reallocated amounts that would have been payable to the Plan as withdrawal liability payments for withdrawals in preceding years, except that they were non-assessable under certain statutory provisions or not collectible
- Amounts representing the present value of vested benefits eliminated due to implementation of the Rehabilitation Plan (Affected Benefits)

The PBGC has affirmed that a multiemployer plan may assess withdrawal liability to employers that withdraw even if the plan currently has no unfunded vested liability.

## Initial amount

The Plan's unfunded vested liability as of December 31, 2002 was determined by subtracting the value of Plan assets from the value of vested benefits under the Plan.

## Annual changes

The change in the Plan's unfunded vested liability as of the end of any plan year is generally determined as follows:

- By establishing the Plan's unfunded vested liability as of the end of that plan year
- By subtracting the total, not less than zero, of (a) the unamortized balance of the unfunded vested liability as of December 31, 2022 and (b) the unamortized balances of each previous annual change after December 31, 2022

A "positive" change represents an unfunded vested liability greater than the total of the unamortized balances and is an addition to potential liability assessments for future withdrawals. A "negative" change represents an unfunded vested liability lower than the total of unamortized balances and is a credit against amounts that would otherwise determine potential liability assessments for future withdrawals.

## Reallocated amounts

The total amount, if any, of unfunded vested liability determined in any plan year after December 31, 1979 to be non-assessable or uncollectible with respect to employers that withdrew is established as an amount to be prorated among each of the participating employers as an additional withdrawal liability amount. Non-assessable amounts consist of amounts deducted under the *de minimis* rule (ERISA Section 4209), amounts not payable because of the 20-year limit (ERISA Section 4219(c)(1)), and amounts not payable because of the limitations in the event of sale of all of the employer's assets (ERISA Section 4225). Uncollectible amounts consist of amounts that the Trustees have determined are uncollectible for reasons arising out of cases under federal bankruptcy law or similar proceedings. They also include any other amount of assessed liability determined by the Plan's Trustees to be uncollectible.

Each annual reallocable amount is written down by 5% of the original amount for each full year from the date as of which it was originally determined to the end of the plan year preceding withdrawal.

## Affected Benefits

A pool is added to the total amount representing the value of vested benefits that were eliminated during the year due to implementation of the Rehabilitation Plan. This pool, called the Affected Benefits pool, is amortized over 15 years at the interest rate used for plan funding for the plan year for which the pool is established.

## Unamortized balances

The "unamortized balance" of each of these sources of liability assessment (other than Affected Benefits pools) is determined by reducing each figure by 5% of its original amount for each full year from the end of the plan year as of which the charge was originally determined to the end of the plan year immediately preceding withdrawal.

## Proration to the employer

For determining the amount of its liability in the event of its complete withdrawal, the initial amount of unfunded vested liability, each annual change in the unfunded vested liability and each annual reallocable amount is prorated to an employer on the basis of a ratio of contributions. The ratio is the employer's obligated contributions to the Plan to total employer contributions made to the Plan during an "apportionment base period," consisting of the 5 years ending with the end of the plan year as of which each of the amounts was determined.

The total of employer contributions with respect to an apportionment base period is reduced by contributions otherwise included in the total that were made by an employer that withdrew from the Plan in or before the plan year in which the change or reallocation arose. The total is also reduced by any employer surcharges paid to a plan that resulted from the plan being in critical status under PPA '06. MPRA provides that contribution increases that go into effect during plan years beginning after December 31, 2014 that are deemed to be required to be made to enable the plan to meet Rehabilitation Plan requirements are also disregarded, unless the additional contributions are used to provide an increase in benefits, including an increase in future benefit accruals.

The unamortized balances of all Affected Benefits pools are allocated based on the ratio of contributions (as described above) for the 5 years ending as of the year prior to an employer's withdrawal.

## De minimis

Each withdrawal liability assessment is the total of the unamortized balances of the allocation amounts, as defined above, less a *de minimis* deductible. The deductible is $50,000 but not more than ¾% of the Plan’s unfunded vested liability. This deductible amount is reduced, dollar for dollar, by the amount by which the total of charges prorated to the employer exceeds $100,000.

## Payment of withdrawal liability

A withdrawn employer’s withdrawal liability assessment is payable in quarterly installments. The quarterly installment is calculated as one-fourth of the product of:

- The average base units in the three consecutive years that produce the highest average within the 10-year period ending before the plan year of withdrawal
- The highest contribution rate in the 10-year period ending with the plan year of withdrawal

Per MPRA, any contribution surcharges for which the obligation accrues on or after December 31, 2014 or any increases in the contribution rate required under a Funding Improvement or a Rehabilitation Plan that go into effect during plan years beginning after December 31, 2014 are excluded from the determination of the highest rate in the 10-year period described above, unless the additional contributions are used to provide an increase in benefits, including an increase in future benefit accruals.

The number of quarterly installments is calculated on the basis of the amount of withdrawal liability and interest at the actuarial valuation rate used for funding purposes. Payments are limited to a maximum of 20 years.

Under certain circumstances, as allowed by ERISA, the Trustees may require immediate payment of withdrawal liability assessments.

## Maintenance of allocations

Even if no employer withdrawal had occurred in a given year, an annual determination of the Plan’s unfunded vested liability, and of any reallocable uncollectible withdrawal liability amounts, is required. The Plan must be in a position to allocate liability to any particular employer based on its contribution history. These procedures and records are necessary in order to be able to determine an assessment should withdrawal occur and also to respond to an inquiry from a participating employer as to the amount of its potential liability.

## Partial withdrawal

The withdrawal may also be partial. A “partial withdrawal” occurs if there is a 70% decline in the number of contribution base units or there is a partial cessation of the employer’s obligation to contribute. A 70% decline occurs if the contribution base units in the plan year and the preceding two plan years (the testing period) are less than 30% of contribution base units for the high base year. The “high base year” is the average of the base units in the two plan years in which the base units were the highest within the five plan years preceding the testing period. A partial withdrawal may also occur if an employer ceases to have an obligation to contribute under one or more, but not all of its collective bargaining agreements, and continues work in the jurisdiction, or if the employer permanently ceases to be obligated to contribute for work performed at one or more, but not all, of the facilities covered but continues the work at that facility.

Under a partial withdrawal, the amount of liability is equal to the amount of withdrawal liability for a complete withdrawal (net of any deductible), multiplied by a fraction, which is one minus a ratio. The ratio is that of the employer’s contribution base units in the plan year following the year of the partial withdrawal to the employer's average contribution base units in the five plan years preceding the year of the partial withdrawal.

## Plan reentry

PBGC has issued regulations describing the procedure to be followed in the event an employer reenters the Plan after incurring withdrawal liability. Withdrawal liability will be abated if the post-re-entry level of contribution base units exceeds 30% of the average of the contribution base units in the two plan years in which the base units were the highest, within the five plan years preceding the plan year of withdrawal, provided the employer posts a bond or escrow account equal to 70% of the withdrawal liability payments otherwise due. In the event of a withdrawal following reentry, the withdrawal liability is adjusted to reflect prior withdrawal liability payments.

## Basic pools

The Plan’s unfunded vested liability for withdrawal liability purposes for each of the past 20 plan years is detailed below.

The chargeable change amount is determined as the unfunded vested liability for a given year less the greater of the sum of the previous unamortized balances or zero. The unamortized balance of each chargeable change is equal to the initial amount with a 5% write-down each year since the establishment of said amount.

### Basic Pools as of December 31, 2022

| Plan Year Ended December 31 | Unfunded Vested Liability | Chargeable Change | Unamortized Balance of Chargeable Change |
|---|---|---|---|
| 2003 | $207,176,335 | ($18,235,553) | ($911,778) |
| 2004 | 318,017,972 | 121,793,642 | 12,179,364 |
| 2005 | 309,123,374 | 8,147,090 | 1,222,064 |
| 2006 | 221,877,099 | (69,797,233) | (13,959,447) |
| 2007 | 265,952,386 | 58,034,470 | 14,508,618 |
| 2008 | 374,938,539 | 125,847,056 | 37,754,117 |
| 2009 | 564,231,249 | 212,445,967 | 74,356,088 |
| 2010 | 596,269,534 | 65,813,840 | 26,325,536 |
| 2011 | 748,590,819 | 189,387,534 | 85,224,390 |
| 2012 | 803,897,811 | 101,842,615 | 50,921,308 |
| 2013 | 799,404,334 | 47,134,279 | 25,923,853 |
| 2014 | 842,323,777 | 96,903,911 | 58,142,347 |
| 2015 | 916,670,702 | 133,176,591 | 86,564,784 |
| 2016 | 975,624,636 | 124,442,426 | 87,109,698 |
| 2017 | 901,378,253 | (2,535,766) | (1,901,825) |
| 2018 | 920,457,011 | 90,662,584 | 72,530,067 |
| 2019 | 903,398,399 | 59,058,345 | 50,199,593 |
| 2020 | 1,007,521,692 | 183,193,166 | 164,873,849 |
| 2021 | 824,046,259 | (95,245,902) | (90,483,607) |
| 2022 | 801,714,693 | 61,135,674 | 61,135,674 |
| Total | | | $801,714,693 |

## Reallocated amounts

Withdrawing employers are charged with prorated shares of the “nonassessable” or “uncollectible” liabilities that are reallocated. Reallocation is more fully described in *Section 3.*

Each annual reallocated amount is written down by 5% of the original amount for each full year from the date that it was originally determined to the end of the plan year preceding withdrawal. The reallocated pools are shown in the chart below.

### Reallocated Pools as of December 31, 2022

| Plan Year Ended December 31 | Initial Value | Unamortized Balance |
|---|---|---|
| 2003 | $0 | $0 |
| 2004 | 201,490 | 20,149 |
| 2005 | 332,556 | 49,883 |
| 2006 | 309,377 | 61,875 |
| 2007 | 1,560,668 | 390,167 |
| 2008 | 4,753,963 | 1,426,189 |
| 2009 | 1,086,260 | 380,191 |
| 2010 | 5,266,915 | 2,106,766 |
| 2011 | 2,678,722 | 1,205,425 |
| 2012 | 3,793,197 | 1,896,599 |
| 2013 | 6,014,428 | 3,307,935 |
| 2014 | 282,304 | 169,382 |
| 2015 | 4,992,241 | 3,244,957 |
| 2016 | 2,908,061 | 2,035,643 |
| 2017 | 1,003,529 | 752,647 |
| 2018 | 731,761 | 585,409 |
| 2019 | 6,570,578 | 5,584,991 |
| 2020 | 1,091,475 | 982,328 |
| 2021 | 1,249,700 | 1,187,215 |
| 2022 | 5,333,133 | 5,333,133 |
| Total | | $30,720,884 |

## Affected benefits pools

The Affected Benefits pools (as described in PBGC Technical Update 10-3) represent the present value of vested benefits that were eliminated each year due to implementation of the Rehabilitation Plan. These pools are amortized over 15 years at the interest rate used for plan funding for the plan year for which the pool was established.

The 2010 pool reflects adjustable benefit reductions for the vested active employees whose employer adopted a Rehabilitation Plan schedule by December 31, 2010, and all inactive vested employees. Each annual pool thereafter reflects the reductions in adjustable benefits for vested active employers whose employer adopted a Rehabilitation Plan Schedule by December 31 of that year. As of January 1, 2016, all current vested active employees were covered by a schedule of the Rehabilitation Plan and no new Affected Benefits Pools were established.

### Affected Benefits Pools as of December 31, 2022

| Plan Year Ended December 31 | Initial Value | Unamortized Balance |
|---|---|---|
| 2010 | $43,142,314 | $12,710,001 |
| 2011 | 18,294,397 | 6,941,551 |
| 2012 | 36,195,775 | 16,590,229 |
| 2013 | 17,607,718 | 9,362,955 |
| 2014 | 2,613,854 | 1,568,410 |
| 2015 | 306,559 | 203,420 |
| Total | – | $47,376,566 |

## Merger pools

When a plan that merges into the NIPF has unfunded vested benefits for withdrawal liability purposes, a merger pool is established as of the December 31 immediately following the date of merger.

In accordance with PBGC regulations, withdrawals occurring in the first complete plan year following the date of merger are treated as if the merger did not occur. In other words, if the withdrawing employer joined the plan through the merger, withdrawal liability is assessed based on the prior plan actuary's determination of withdrawal liability as of the end of the last complete plan year and allocated according to the prior plan's rules, or as specified in the merger agreement. Withdrawal liability for other employers is determined without regard to the liabilities and assets attributable to the merger.

In subsequent years, if the withdrawing employer was a contributing employer under the prior plan, withdrawal liability is assessed based on an allocation of the merger pool and any plan-wide pools established after the year in which the merger occurred. Assessments to other employers are based on all existing plan-wide pools but without regard to the merger pool. The allocation procedures are discussed in detail in Section 3.

The following chart shows the one merger pool established to date.

### Merger Pools as of December 31, 2022

| Merged Plan | Established as of December 31 | Unfunded Vested Liability | Unamortized Balance |
|---|---|---|---|
| SEIU Local 49 Pension Plan | 2003 | $4,554,958 | $227,748 |

## History of Unfunded Vested Liabilities

| December 31 | Total Vested Liability | Assets at Market Value | Unfunded Vested Liability | Asset/Liability Ratio |
|---|---|---|---|---|
| 1992 | $105,809,700 | $129,425,100 | $0 | 122% |
| 1993 | 124,575,700 | 140,965,600 | 0 | 113 |
| 1994 | 120,077,500 | 141,738,300 | 0 | 118 |
| 1995 | 553,816,500 | 683,079,100 | 0 | 123 |
| 1996 | 600,498,200 | 751,449,700 | 0 | 125 |
| 1997 | 698,183,800 | 884,181,200 | 0 | 127 |
| 1998 | 782,066,800 | 982,074,000 | 0 | 126 |
| 1999 | 752,037,600 | 1,029,092,300 | 0 | 137 |
| 2000 | 823,123,000 | 1,020,908,200 | 0 | 124 |
| 2001 | 1,019,426,000 | 1,019,439,800 | 0 | 100 |
| 2002 | 1,155,797,700 | 918,522,000 | 237,275,700 | 77 |
| 2003[1] | 1,228,620,038 | 1,021,443,703 | 207,176,335 | 83 |
| 2004 | 1,416,884,449 | 1,098,866,477 | 318,017,972 | 78 |
| 2005 | 1,453,990,660 | 1,144,867,286 | 309,123,374 | 79 |
| 2006 | 1,465,381,576 | 1,243,504,477 | 221,877,099 | 85 |
| 2007 | 1,553,906,252 | 1,287,953,866 | 265,952,386 | 83 |
| 2008 | 1,256,796,870 | 881,858,331 | 374,938,539 | 70 |
| 2009 | 1,504,848,871 | 940,617,622 | 564,231,249 | 63 |
| 2010[2] | 1,578,752,159 | 982,482,625 | 596,269,534 | 62 |
| 2011[2] | 1,673,566,453 | 924,975,634 | 748,590,819 | 55 |
| 2012[2] | 1,781,012,816 | 977,115,005 | 803,897,811 | 55 |
| 2013[2] | 1,878,090,338 | 1,078,686,004 | 799,404,334 | 57 |
| 2014[2] | 1,950,278,603 | 1,107,954,826 | 842,323,777 | 57 |
| 2015[2] | 1,989,760,607 | 1,073,089,905 | 916,670,702 | 54 |
| 2016[2] | 2,085,882,177 | 1,110,257,541 | 975,624,636 | 53 |
| 2017[2] | 2,139,524,392 | 1,238,146,139 | 901,378,253 | 58 |
| 2018[2] | 2,089,360,202 | 1,168,903,191 | 920,457,011 | 56 |
| 2019[2] | 2,238,968,828 | 1,335,570,429 | 903,398,399 | 60 |
| 2020[2] | 2,471,945,813 | 1,464,424,121 | 1,007,521,692 | 59 |
| 2021[2] | 2,466,367,054 | 1,642,320,795 | 824,046,259 | 67 |
| 2022[2] | 2,207,892,024 | 1,406,177,331 | 801,714,693 | 64 |

[1] *Excludes liabilities and assets attributable to the merger with the SEIU Local 49 Pension Plan effective June 1, 2004.*
[2] *Excludes Affected Benefits pools.*
*Calculations reflect the plan of benefits in effect on that date and do not reflect plan amendments or benefit level increases (or decreases) due to higher (or lower) negotiated contribution rates effective on or after the valuation date.*

# Section 3: Actuarial Certificate

May 13, 2024

## Certificate of Withdrawal Liability Actuarial Valuation

This is to certify that Segal has prepared an actuarial valuation of the SEIU National Industry Pension Fund as of December 31, 2022 to calculate the pools used to assess withdrawal liability to employers who withdraw during the plan year beginning January 1, 2023. The calculations were performed in accordance with generally accepted actuarial principles and practices. This valuation report 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 valuation was based on information supplied by the auditor with respect to contributions and assets and by the Plan Administrator with respect to the data required on participants. We have not verified and customarily would not verify such information, but we have no reason to doubt its substantial accuracy.

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 Valuation is complete and accurate, except as noted in Exhibit A, and in my opinion the assumptions used, in the aggregate, (a) are reasonable (taking into account the experience of the Plan and reasonable expectations) and (b) represent my best estimate of anticipated experience under the Plan.

Maria Kirilenko

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

# Exhibit A: Calculation of Unfunded Vested Liability

The valuation was made with respect to the following data supplied to us by the Plan Administrator:

| | |
|---|---|
| Participants active with vested rights (including 163 participants with unknown age and/or service) | 23,217 |
| Participants inactive with vested rights (including 863 participants with unknown age) | 49,598 |
| Pensioners as of the valuation date (including 2,779 beneficiaries in pay status) | 23,353 |
| **Total participants** | **96,168** |

The actuarial factors as of the valuation date are as follows:

| | |
|---|---|
| Present value of vested benefits at funding interest rate | $1,767,959,993 |
| Present value of vested benefits at PBGC interest rates, including allowance for expenses | 2,572,913,178 |
| Market value of assets[1] | 1,406,177,331 |
| Funded ratio at PBGC interest rates[2] | 0.5465 |
| Present value of vested benefits for withdrawal liability purposes (excluding Affected Benefits pools) | $2,207,892,024 |
| Preliminary unfunded vested liability (excluding Affected Benefits pools) | 801,714,693 |
| Unamortized balance of Affected Benefits pools | 47,376,566 |
| Unamortized balance of reallocated pools | 30,720,884 |

[1] Excluding $4,798,587 in withdrawal liability contributions receivable
[2] Shown rounded to four decimal places

# Exhibit B: Withdrawal Liability Pools

| | Original Pool Amount | | | Pool Balance on December 31, 2022[1] | | | |
|---|---|---|---|---|---|---|---|
| Plan Year Ended December 31 | Basic Pool | Reallocated Pool | Affected Benefits Pool | Basic Pool | Reallocated Pool | Affected Benefits Pool | Total Pools |
| 2003[2] | ($18,235,553) | $0 | $0 | ($911,778) | $0 | $0 | ($911,778) |
| 2004 | 121,793,642 | 201,490 | 0 | 12,179,364 | 20,149 | 0 | 12,199,513 |
| 2005 | 8,147,090 | 332,556 | 0 | 1,222,064 | 49,883 | 0 | 1,271,947 |
| 2006 | (69,797,233) | 309,377 | 0 | (13,959,447) | 61,875 | 0 | (13,897,572) |
| 2007 | 58,034,470 | 1,560,668 | 0 | 14,508,618 | 390,167 | 0 | 14,898,785 |
| 2008 | 125,847,056 | 4,753,963 | 0 | 37,754,117 | 1,426,189 | 0 | 39,180,306 |
| 2009 | 212,445,967 | 1,086,260 | 0 | 74,356,088 | 380,191 | 0 | 74,736,279 |
| 2010 | 65,813,840 | 5,266,915 | 43,142,314 | 26,325,536 | 2,106,766 | 12,710,001 | 41,142,302 |
| 2011 | 189,387,534 | 2,678,722 | 18,294,397 | 85,224,390 | 1,205,425 | 6,941,551 | 93,371,366 |
| 2012 | 101,842,615 | 3,793,197 | 36,195,775 | 50,921,308 | 1,896,599 | 16,590,229 | 69,408,135 |
| 2013 | 47,134,279 | 6,014,428 | 17,607,718 | 25,923,853 | 3,307,935 | 9,362,955 | 38,594,741 |
| 2014 | 96,903,911 | 282,304 | 2,613,854 | 58,142,347 | 169,382 | 1,568,410 | 59,880,139 |
| 2015 | 133,176,591 | 4,992,241 | 306,559 | 86,564,784 | 3,244,957 | 203,420 | 90,013,161 |
| 2016 | 124,442,426 | 2,908,061 | 0 | 87,109,698 | 2,035,643 | 0 | 89,145,341 |
| 2017 | (2,535,766) | 1,003,529 | 0 | (1,901,825) | 752,647 | 0 | (1,149,178) |
| 2018 | 90,662,584 | 731,761 | 0 | 72,530,067 | 585,409 | 0 | 73,115,476 |
| 2019 | 59,058,345 | 6,570,578 | 0 | 50,199,593 | 5,584,991 | 0 | 55,784,584 |
| 2020 | 183,193,166 | 1,091,475 | 0 | 164,873,849 | 982,328 | 0 | 165,856,177 |
| 2021 | (95,245,902) | 1,249,700 | 0 | (90,483,607) | 1,187,215 | 0 | (89,296,392) |
| 2022 | 61,135,674 | 5,333,133 | 0 | 61,135,674 | 5,333,133 | 0 | 66,468,807 |

[1] Basic and reallocated pools are written down annually at the rate of 5% of the original amount. The Affected Benefits pools are amortized over 15 years at the interest rate used for plan funding for the year for which the pool was established.

[2] In addition, a merger pool $4,554,958 was established as of December 31, 2003 for the SEIU Local 49 Pension Plan, which merged into this plan effective June 1, 2003. The outstanding balance of this pool as of December 31, 2022 is $227,748.

## Exhibit C: Statement of Actuarial Assumptions, Methods and Models

| | |
|---|---|
| **Investment Return** | (a) To the extent the vested benefits are matched by the market value of plan assets on hand: interest assumptions prescribed by the Pension Benefit Guaranty Corporation under 29 C.F.R. Ch. XL, Part 4044, which are in effect for the applicable withdrawal liability valuation date, are used.<br>PBGC Interest Rates as of December 31, 2022:<br>First 20 years 3.90%<br>After 20 years 3.65%<br>(b) To the extent the vested benefits are not matched by plan assets (at market), the interest assumption is the same as used for plan funding for the Plan Year beginning one day after the vested benefit liability determination date: 7.00%<br>(c) The portion of the vested benefits that is matched by readily available assets is determined by comparing the total present value of vested benefits plus expenses – at PBGC rates – with the total market value of assets; each vested benefit is treated as covered by assets to the same extent as all other vested benefits.<br>(d) Affected Benefits liabilities are valued at the same interest rate assumption used for plan funding for the Plan year for which the pool is established.<br>The present value of vested benefits is based on a blend of two liability calculations. The first calculation is performed on a market value basis, using discount rates selected based on estimated annuity purchase rates available for benefits being settled, because withdrawal liability essentially settles an employer's obligation to the Plan. The second calculation uses the interest rate determined by the plan actuary for minimum funding, based on the expected return on current and future assets. For benefits that could be settled immediately, because assets on hand are sufficient to cover their market value, the first calculation basis is used: annuity purchase rates promulgated by PBGC under ERISA Sec. 4044 (for multiemployer plans terminating by mass withdrawal) as of the measurement date. For benefits that cannot be settled immediately, the calculation uses the second basis: the interest rate used for plan funding calculations. |
| **Annual Administrative Expenses** | $10,000, plus $200 per vested participant, plus a percentage (defined by statute) of the excess of the value of plan benefits over $200,000, and is applicable to the portion of benefits that is matched by assets. |
| **Valuation of Assets** | At market value, excluding withdrawal liability contributions receivable. Assets held by insurance companies in general accounts are included at liquidation value if known; otherwise they are included at estimated fair value. |
| **All other assumptions** | The same as used for minimum funding purposes as of the valuation date that is the day following the date for determination of unfunded vested liability, as described in the January 1, 2023 actuarial valuation report. |
| **Allocation Method** | Presumptive |
| **Contribution period for prorating liabilities** | 5 years |

| | |
|---|---|
| ***De minimis*** **Deductible** | $50,000, or 3/4 of 1% of the unfunded vested liability, if smaller. The deductible is reduced, dollar for dollar, if the gross assessment is in excess of $100,000. |
| **Free Look** | An employer that withdraws after having been in the plan for no more than 5 plan years has no withdrawal liability, provided the employer was at all times responsible for less than 2% of contributions made to the plan for each year that it participated. |
| **Affected Benefits Pools** | The Affected Benefits pools (as described by PBGC Technical Update 10-3) represent the present value of vested benefits that were eliminated each year due to implementation of the Rehabilitation Plan. Each pool is determined using the same interest rate assumption used for plan funding for the plan year for which it is established, and is amortized over 15 years at that interest rate. |
| **Models** | 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. 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. |

## Exhibit D: Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

| | |
|---|---|
| **Plan Year** | January 1 through December 31 |
| **Pension Credit Year** | January 1 through December 31 |
| **Plan Status** | Ongoing plan |
| **Normal Pension** | *Age Requirement*: 65<br>*Service Requirement:* 5 years Vesting Credit or 5 Pension Credits, including 3 years Future Service.<br>*Amount for Benefit Accrual or after January 1, 2010:*<br>1.75% of contributions (1.0% for participants under the Default Schedule of the Rehabilitation Plan).<br>*Amount for Benefit Accruals on or after January 1, 2008 through December 31, 2009:*<br>2.50% of contributions for those whose first contribution date is prior to January 1, 2008, and 2.25% of contributions for those whose first (or first after a permanent break in service) contribution date is on or after January 1, 2008.<br>*Amount for Benefit Accruals through December 31, 2007:*<br>Greater of a) 3.00% of contributions for hours worked through December 31, 2004, and 2.70% of contributions for hours worked on or after January 1, 2005 through December 31, 2007, made on the employee's behalf (the Contributions Formula), or b) amount based on the "Benefit Table Formula" in Section 7.04 of the Plan for pension credit earned through December 31, 2004, plus 90% of the scheduled amount for pension credit earned after December 31, 2004 through December 31, 2007. In addition, a 7.35% increase is applied to future service benefits accrued through December 31, 2003, if service is earned on or after January 1, 2001.<br>For former participants in the Pittsburgh Building Employees' Pension Fund, the benefit amount will not be less than:<br>a) Accrued benefit as of merger date (1/1/91) plus SEIU future accrual rate per the Benefit Table Formula for up to 25 total years of service;<br>b) If over age 50, or more than 25 years of credited service, as of January 1, 1991: accrued benefit as of merger date plus 2% of employer contributions thereafter.<br>For former participants in the Building Service Employees Pension Plan (BSEPP), the benefit amount through December 31, 2007 is the greater of the following:<br>a) The accrued benefit as of the merger date (5/1/94) plus 40.8% of the accrued benefit at merger, all multiplied by an index factor (as defined below), plus the SEIU future accrual rate per the "Benefit Table" formula for up to 24 total years of service following merger (90% of the scheduled accrued rate for service after December 31, 2004). The index factor is determined by dividing the Hourly Contribution rate at retirement by the BSEPP Contribution Rate as |

| | |
|---|---|
| | of May 1, 1994, subtracting 1.0, then multiplying the result by 72.5% and adding back 100%. The index factor cannot exceed 200% nor be less than 100%.<br>b) 2.25% of total contributions plus the Past Service benefit before merger, increased by 40.8%, plus 3.00% of total contributions after merger through December 31, 2004, plus 2.70% of total contributions after December 31, 2004, through December 31, 2007.<br>In addition, a 7.35% increase is applied to future service benefits accrued through December 31, 2003.<br>For former participants in the Service Employees of Michigan Race Tracks Pension Fund (MIRT), the benefit amount is the accrued benefit as of the merger date (4/1/2000), plus the SEIU future accrual rate per the Benefit Table Formula for up to 25 years of service following merger (90% of the scheduled accrued rate for service after December 31, 2004). In addition, a 7.35% increase is applied to future service benefits accrued from January 1, 2000 through December 31, 2003.<br>For former participants in the SEIU Local 49 Pension Plan (Local 49), the benefit amount is the accrued benefit as of the merger date (6/1/2003), plus the SEIU future accrual rate per the Benefit Table Formula for up to 25 years of service following merger (90% of the scheduled accrued rate for service after December 31, 2004). In addition, a 7.35% increase is applied to future service benefits accrued from June 1, 2003 through December 31, 2003.<br>Past Service benefit levels may be lower than those shown above for certain employers. Pre-participation credit is assigned at employer entry based on policies set by Trustees. Current policy (effective January 1, 2008) is to grant up to 7 years for vesting status, and up to 2 years of full pension credit (at 50% of the contribution rate), multiplied by 1,800 hours (or other appropriate basis for contributions not made on an hourly basis), for new groups that constitute less than 1% of the Plan's current active participants. |
| **Early Pension** | • *Age Requirement:* 55<br>• *Service Requirement:* Vested Status<br>• *Amount for participants not covered by a Rehabilitation Plan schedule:* Normal Pension accrued through December 31, 2009, reduced by 6% for each year of age less than 65. If participant's age plus pension credit total at least 80 and first contribution date is before January 1, 2008, the reduction is 3% per year of age less than 62 (6% if no pension credit earned in year of retirement or prior year), plus Normal pension earned on or after January 1, 2010, actuarially reduced from age 65.<br>• *Amount for participants covered by a Rehabilitation Plan schedule:* Normal Pension accrued, actuarially reduced from age 65 |
| **Contributions Considered** | • Contributions used for benefit calculation purposes exclude any surcharges or non-benefit bearing contribution rate increases prescribed by the Rehabilitation Plan. |

| | |
|---|---|
| **Vesting** | • *Age Requirement:* None<br>• *Service Requirement:* (a) 5 years of Vesting Credit or (b) 5 years Pension Credit with at least 1 year (3 years if not yet a participant at 12/31/2004) of Future Service<br>• *Amount:* Same as Normal Pension; if payable before age 65, benefit is actuarially reduced.<br>• *Normal Retirement Age:* 65 or age on the fifth anniversary of participation, if later |
| **Medicare Supplement *(for covered BSEPP participants in pay status as of December 31, 2009):*** | • *Age Requirement:* None<br>• *Service Requirement:* Vested status<br>• *Amount:* $54.00 per month commencing at age 65 for employees vested prior to merger or with at least 10 vesting credits earned prior to January 1, 2005. For others, benefit is multiplied by 50%, plus 5% for each 1/2 vesting Credit earned prior to January 1, 2005 in excess of 5 (but not greater than 100%). |
| **Spouse's Pre-Retirement Death Benefit** | • *Age Requirement:* None<br>• *Service Requirement:* Vested status<br>• *Amount:* 50% of the benefit employee would have received upon retirement, having elected the Husband and Wife option. The amount is payable immediately if the employee's death occurred after age 55. If employee died before age 55, the spouse's benefit is deferred to the month after the employee would have attained age 55.<br>• *Charge for Coverage:* None |
| **Pension Credit** | See table below |
| **Vesting Credit** | One credit for 700 or more hours of Covered Employment in a Calendar Year; one-half credit for 350 or more hours. For seasonal employees, one credit for 120 or more hours of Covered Employment in a Calendar Year. |

**Pension Credit**

| Contributions in Calendar Year for hours | Years of Credit |
|---|---|
| 1,800 or more | 1.00 |
| 1,600 to 1,799 | 0.90 |
| 1,400 to 1,599 | 0.80 |
| 1,200 to 1,399 | 0.70 |
| 1,000 to 1,199 | 0.60 |
| 800 – 999 | 0.50 |
| 600 – 799 | 0.40 |
| 500 – 599 | 0.30 |
| 400 – 499 | 0.25 |
| 300 – 399 | 0.20 |
| 200 – 299 | 0.15 |
| 180 – 199 | 0.20 |

# Section 3: Actuarial Certificate

| | | | |
|---|---|---|---|
| **Estimated Average Hourly Contribution Rate (for benefit purposes)** | | **For Active Employees** | |
| | | **on 1/1/2022** | **on 1/1/2023** |
| | Seasonal Employees | $1.0250 | $1.9610 |
| | Other Employees | 0.4789 | 0.4661 |
| **Progress of Rehabilitation Plan Schedule Adoption** | As of January 1, 2023, 15.5% of active vested participants are under the Default Schedule and 84.5% are under the Preferred Schedule. | | |
| **Changes in Plan Provisions** | There were no changes in plan provisions reflected in this actuarial valuation. | | |

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