

WESTERN CONFERENCE OF TEAMSTERS PENSION TRUST

SECTION E – REVISIONS OF ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

EIN/PN: 91-6145047/001

Schedule MB, line 11, Justification for Change in Actuarial Assumptions

1. Changes in Actuarial Assumptions

a. Investment Earnings – Dedicated Assets

The investment earnings rate assumptions used to value Plan liabilities have been revised for dedicated assets in the second and third asset categories listed below. As in prior valuations, the revisions to the dedicated account assumptions were made solely to reflect changes in the relationships between the amortized cost value of these accounts and the projected cash flow generated by such assets.

- Fixed Dollar Account: The assumed annual rates of return are the same as those assumed in the January 1, 2010 valuation and grade down from 6.9% in 2011 to 6.5% in 2015 and thereafter.
- 1982/1984 Annuity Account: The assumed annual rate of return has been changed to a level 4.51% from the previous valuation assumption of 4.85%
- Strategic Bond Account (SBA): The assumed annual rate of return has been changed to a level 5.79% from the previous valuation assumption of 6.09%.
- Remaining Assets/Benefits: The annual rate of return assumed for benefits not covered by the dedicated accounts, and for the normal cost calculations, remains at 7.0%.

b. Expenses: Assumed annual expenses have remained unchanged at \$85 million.

c. Mortality Rates: The mortality rates for non-disabled pensioners and beneficiaries have been revised to reflect mortality improvements observed in recent mortality studies.

2. Changes in Contribution Rates and PEER Coverage

The actuarial liabilities for the Plan are determined based on contribution rates, PEER levels, and status of the participants on the effective date of the valuation. Contribution rates have generally been increasing, contributing to increases in the actuarial liabilities. PEER levels have been fairly constant for the last several years, but any changes do contribute to changes in the actuarial liabilities.