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March 21, 2014

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

Board of Trustees  
Western Conference of Teamsters Pension Plan  
2323 Eastlake Avenue East  
Seattle, Washington 98102-3305

**Re: Pension Protection Act (PPA) Actuarial Certification –  
Western Conference of Teamsters Pension Plan**

In accordance with IRC Section 432(b)(3)(A), we have prepared and attached an actuarial certification for the plan year beginning January 1, 2014 for the Western Conference of Teamsters Pension Plan.

In my opinion, the assumptions used for the actuarial certification are individually reasonable based on the experience of the plan and on reasonable expectations of anticipated experience under the plan. The projections in this certification are dependent on the assumptions used. Differences between these projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions to be used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience is better or worse than expected.

I am a member of the American Academy of Actuaries (AAA) who meets the Qualification Standards of the AAA to render the actuarial opinion contained herein, I hereby certify that, to the best of my knowledge and belief, this certification is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

Sincerely,

Peter R. Sturdivan, FSA, EA, MAAA  
Principal and Consulting Actuary

PRS:brg  
encl.

cc: Plan Administrator  
Plan Counsel  
Plan Auditor

## Western Conference of Teamsters Pension Plan

### Actuarial Certification Under PPA for Plan Year Beginning January 1, 2014

#### Plan Identification

Plan Name: Western Conference of Teamsters Pension Plan  
Plan Sponsor: Western Conference of Teamsters Pension Trust Fund Board of Trustees  
Plan Year: Plan Year beginning January 1, 2014  
EIN/PN: 91-6145047/001  
Address: 2323 Eastlake Avenue East  
Seattle Washington 98102-3305  
Telephone Number: (206) 329-4900

#### Enrolled Actuary Identification

Name: Peter R. Sturdivan  
EA Number: 11-04239  
Firm: Milliman, Inc.  
Address: 111 SW Fifth Avenue  
Suite 3700  
Portland, Oregon 97204-3654  
Telephone Number: (503) 227-0634

#### Information on Plan Status

I hereby certify that the Western Conference of Teamsters Pension Plan is not "endangered," "seriously endangered," or "critical," as those terms are defined in the Pension Protection Act of 2006 for the Plan year beginning January 1, 2014. Furthermore, the Plan is not currently subject to any funding improvement or rehabilitation period or plan as described in IRC Sec. 432(c), (d), (e), and (f). Supporting information for this certification is provided on the following pages.

[signed]

Peter R. Sturdivan, FSA, EA, MAAA

3/21/14

Date

## **Western Conference of Teamsters Pension Plan**

### **Actuarial Certification Under PPA for Plan Year Beginning January 1, 2014**

#### **Summary of Assumptions/Methods**

- The IRC Section 432(b) funding measurements are based on:
  - Participant data and plan provisions as stated in the January 1, 2013, Actuarial Valuation report, dated August 30, 2013.
  - Implementation of funding relief under the Pension Relief Act of 2010 (PRA 2010) continues to apply and the Trustees do not decide to opt-out of using this relief.
  - Estimated January 1, 2014, unaudited market value of assets of approximately \$35 billion, based on the return on market value of assets reported by the Plan's investment consultant and the summary of contributions received and benefit payments for the year ended December 31, 2013, provided by the Plan Administrator.
  - An actuarial value of assets as of January 1, 2014, projected:
    - i. for non-dedicated assets, assuming a market value rate of return during 2013 of 14.7% based on information provided by the Plan's investment consultant, and
    - ii. for dedicated assets, assuming that the relationship between the dedicated assets and the related liabilities would remain approximately constant and, therefore, that these dedicated assets would not produce material gains or losses.

Market value rates of return for 2014 and subsequent years were assumed to be 7.0% for non-dedicated assets and, for dedicated assets, the various assumed rates specified in the January 1, 2013, Actuarial Report. No future asset gains or losses other than the gains or losses related to the asset smoothing method are reflected.

- The active population is assumed to remain stable as used in the January 1, 2013, actuarial valuation for each plan year after December 31, 2013.
- Based on input from the Plan Administrator, the projected annual contributions for 2014 and all subsequent years will remain at the 2013 levels.
- The assumptions and methods used in this analysis are the same as those specified in the January 1, 2013, Actuarial Valuation prepared by McGinn Actuaries, Ltd. In summary, we found the January 1, 2013, Actuarial Valuation of the WCT Pension Plan, as prepared by the McGinn firm, to be reasonable and consistent with actuarial principles and professional standards. We note that the January 1, 2013, Actuarial Valuation was prepared assuming the IRS approves the request for approval of change in funding method submitted in December 2012. If the IRS does not approve part of or this entire request, we determined that the Western Conference of Teamsters Pension Plan still would be certified as not "endangered," "seriously endangered," or "critical."
- The actuarial certification is based on: 1) the proposed Multiemployer Plan Funding Guidance provided by the IRS on March 18, 2008, 2) the December 2007 Practice Note issued by the Multiemployer Plans Subcommittee of the Pension Committee of the American Academy of Actuaries, 3) the "Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010" (PRA 2010), and 4) IRS Notice 2010-83.

**Western Conference of Teamsters Pension Plan**

**Actuarial Certification Under PPA for Plan Year Beginning January 1, 2014**

**IRC Section 432(b) Funding Measurements**

**Projection of Credit Balance (millions)**

<u>Plan Year Beginning</u>	<u>Contribution</u>	<u>Credit Balance at End of Year</u>
1/1/2013	\$ 1,401	\$ 2,439
1/1/2014	1,401	2,628
1/1/2015	1,401	2,838
1/1/2016	1,401	3,032
1/1/2017	1,401	3,218
1/1/2018	1,401	3,365
1/1/2019	1,401	3,523
1/1/2020	1,401	3,692

Conclusion: An accumulated funding deficiency is not projected to occur at the end of the 2014 plan year or at the end of the next following six plan years.

**Funded Percentage**

The funded percentage as of January 1, 2014 is projected to be 91.5%.

Conclusion: The funded percentage is greater than 80% as of January 1, 2014.

**Solvency Tests**

Conclusion: The Plan passes the "solvency tests", as required under IRC Section 432(b)(2), to determine whether the Plan is critical.



## Western Conference of Teamsters Pension Plan

### Actuarial Certification Under PPA for Plan Year Beginning January 1, 2014

#### Summary of Funding Status Definitions under PPA

##### Critical ("Red Zone") Status - IRC Section 432(b)(2)

Any one of four tests:

- Less than 65% funded and market value of assets plus contributions for current year plus next following 6 plan years is less than present value of projected benefit payments and administrative costs over that 7-year period or
- Plan has projected funding deficiency in current year or next following 3 plan years (4 plan years if 65% funded or less)\* or
- Present value of vested benefits (actives) is less than present value of benefits (inactives), and present value of projected contributions is less than the unit credit normal cost plus interest on the unfunded present value of accrued benefits and projected funding deficiency in current or next 4 plan years or
- Market assets plus projected contributions over current year plus next 4 plan years is less than the present value of benefit payments plus administrative costs over same 5 year period.

\* Not taking into account an extension of amortization periods under IRC Section 431(d), if any.

##### Endangered ("Yellow Zone") Status – IRC Section 432(b)(1)

Not critical status and either:

- Less than 80% funded (based on the actuarial value of assets divided by the present value of accrued benefits) or
- Projected funding deficiency in current plan year or next following six plan years\*\*.

\*\* Taking into account an extension of amortization periods under IRC Section 431(d), if any.

##### Seriously Endangered ("Yellow Zone") Status - IRC Section 432(b)(1)

- Not critical and
- Meets both tests for endangered.