



111 SW Fifth Avenue  
Suite 3700  
Portland, OR 97204  
USA

Tel +1 503 227 0634  
Fax +1 503 227 7956

milliman.com

March 10, 2017

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 the attached actuarial certification for the plan year beginning January 1, 2017 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

encl.

cc: Plan Administrator  
Plan Counsel  
Plan Auditor  
Plan Investment Consultant

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

### **Actuarial Certification Under PPA for Plan Year Beginning January 1, 2017**

#### **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, 2017  
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: 14-04239  
Firm: Milliman, Inc.  
Address: 111 SW Fifth Avenue  
Suite 3700  
Portland, Oregon 97204-3654  
Telephone Number: (503) 227-0634

#### **Information on Plan Status**

Based on the actuarial assumptions and methods, financial and participant data, and Plan provisions, as described in the actuarial report for the plan year ended December 31, 2016, except as noted below, I hereby certify that the Western Conference of Teamsters Pension Plan is not "endangered", "seriously endangered", "critical", or "critical and declining" status for the plan year beginning January 1, 2017 as those terms are defined in Internal Revenue Code Section 432. Furthermore, I certify that the Plan is not projected to be in "critical" status in any of the succeeding five plan years. In addition, 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).

I hereby certify that to the best of my knowledge and belief, the actuarial assumptions used in preparing this certification are individually reasonable and represent my best estimate of future experience. Supporting information for this certification is provided on the following pages.

[signed]

Peter R. Sturdivan, FSA, EA, MAAA  
Enrolled Actuary #14-04239

March 10, 2017

Date

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

### **Actuarial Certification Under PPA for Plan Year Beginning January 1, 2017**

#### **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, 2016, Actuarial Valuation report, dated August 31, 2016.
  - 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.
  - The estimated January 1, 2017, unaudited market value of assets of approximately \$37.9 billion as reported by the Plan's investment consultant.
  - The estimated 2016 investment return on the Plan's Discretionary and Non-Discretionary assets of 8.3% and 4.2% respectively, as reported by the Plan's investment consultant
  - The summary of contributions received and benefit payments for the year ended December 31, 2016, provided by the Plan Administrator.
  - An actuarial value of assets as of January 1, 2017, projected:
    - i. for non-dedicated assets, assuming a market value rate of return during 2016 of 8.19% based on information provided by the Plan's investment consultant, and
    - ii. for dedicated assets, assuming that the internal rates of return would remain constant, therefore, that these dedicated assets would not produce material gains or losses.
  - Market value rates of return for 2017 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, 2016, 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, 2016, actuarial valuation for each plan year after December 31, 2016.
  - Based on input from the Plan Administrator, the projected annual contributions for 2017 and all subsequent years will remain at the 2016 levels. Future annual contributions do not include ERISA 4235 funding only contributions and withdrawal liability payments.
  - The assumptions and methods used in this analysis are the same as those specified in the January 1, 2016, Actuarial Valuation, except that an anticipated increase of approximately 2.2% of total actuarial present value of accrued benefits was reflected at January 1, 2017 for anticipated changes to several demographic assumptions including mortality rates for healthy male participants, retirement rates and termination rates.
  - 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, 2017**

#### **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>
1/1/2016	\$1,701	\$ 4,146
1/1/2017	1,667	4,379
1/1/2018	1,667	4,551
1/1/2019	1,667	4,707
1/1/2020	1,667	4,845
1/1/2021	1,667	4,998
1/1/2022	1,667	5,159
1/1/2023	1,667	5,327
1/1/2024	1,667	5,504
1/1/2025	1,667	5,690
1/1/2026	1,667	5,884

An accumulated funding deficiency is not projected to occur at the end of the 2017 plan year or at the end of the next-following nine plan years.

##### **Funded Percentage**

The funded percentage as of January 1, 2017 is projected to be 90.0%.

##### **Solvency Tests**

The Plan is projected to pass the “solvency tests” to determine whether the Plan is critical as required under IRC Section 432(b)(2) for the current Plan Year and the next following five Plan Years (refer to attached appendix).

##### **Conclusion**

The Plan is not in “endangered”, “seriously endangered”, “critical”, or “critical and declining” status for the Plan Year beginning January 1, 2017 as those terms are defined in Internal Revenue Code Section 432. Furthermore, the Plan is not projected to be in “critical” status in any of the succeeding five plan years.

## Western Conference of Teamsters Pension Plan

### Actuarial Certification Under PPA for Plan Year Beginning January 1, 2017

#### Summary of Zone Status Definitions under PPA as Amended by MEPRA

##### Critical ("Red Zone") Status - IRC Section 432(b)(2) and 432(b)(4)

Any one of four "solvency" tests under IRC Section 432(b)(2):

- Test 1 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
- Test 2 Projected funding deficiency in current year or next following 3 plan years (4 plan years if 65% funded or less)<sup>1</sup> or
- Test 3 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<sup>1</sup> or
- Test 4 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.

Within 30 days after the date of this certification, a plan that is not in critical status but is projected to be in critical status in any of the succeeding 5 plan years *may* elect under IRC Section 432(b)(4) to be in critical status effective for the current plan year.

##### Critical and Declining ("Deep Red Zone") Status – IRC Section 432(b)(6)

In critical status and either:

- Projected insolvency in current year or any of the 14 following plan years or
- Projected insolvency in current year or any of the 19 following plan years if:
  - Ratio of ratio of inactive participants to active participants exceeds 2 to 1 or
  - Less than 80% funded

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

Not in critical status and either:

- Less than 80% funded or
- Projected funding deficiency in current plan year or next following 6 plan years<sup>2</sup>

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

Not in critical status and both:

- Less than 80% funded and
- Projected funding deficiency in current plan year or next following 6 plan years<sup>2</sup>

---

<sup>1</sup> Not taking into account an extension of amortization periods under IRC Section 431(d), if any

<sup>2</sup> Taking into account an extension of amortization periods under IRC Section 431(d), if any