SEIU Local 1 and Participating Employers Pension Trust

Actuarial Certification of Plan Status under IRC Section 432

As of October 1, 2021

Segal

101 North Wacker Drive, Suite 500
Chicago, IL 60606-1724
segalco.com
T:312.984.8500

December 29, 2021

Board of Trustees
SEIU Local 1 and Participating Employers Pension Trust
111 East Wacker Drive, 25th Floor
Chicago, IL 60601-4205

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 October 1, 2021 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 October 1, 2020 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 James A. Nolan, FSA, FCA, MAAA, EA.

This certification does not reflect the enactment of the American Rescue Plan Act of 2021 (ARPA) on March 11. Any decisions that the Trustees may make to elect options available to them that might affect the Plan's "zone" status and minimum funding requirements for the current and future years may be reflected in a revised or future actuarial valuation.

As of October 1, 2021, the Plan is in neither critical status nor endangered status. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years. This certification is being filed with the Internal Revenue Service, pursuant to ERISA section 305(b)(3) and IRC section 432(b)(3).

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.

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 developing a plan management and funding policy to help guide future planning and oversight.

Sincerely,

Segal

By: Jessica A Streit

Jessica A. Streit
Senior Vice President and Benefits Consultant

John Redmond, ASA, MAAA, EA
Vice President and Consulting Actuary

cc: Ms. Maria Pizarro
Alexander Rosenthal, Esq.
Ms. Danielle M. Tyler

101 North Wacker Drive, Suite 500
Chicago, IL 60606-1724
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T:312.984.8500

December 29, 2021

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 October 1, 2021 for the following plan:

Name of Plan:	SEIU Local 1 and Participating Employers Pension Trust
Plan number:	EIN 36-6486542 / PN 001
Plan sponsor:	Board of Trustees, SEIU Local 1 and Participating Employers Pension Trust
Address:	111 East Wacker Drive, 25th Floor, Chicago, IL 60601-4205
Phone number:	312.233.8800

As of October 1, 2021, the Plan is in neither critical status nor endangered status. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.

This certification does not reflect the enactment of the American Rescue Plan Act of 2021 (ARPA) on March 11. Any decisions that the Trustees may make to elect options available to them that might affect the Plan's "zone" status and minimum funding requirements for the current and future years may be reflected in a revised or future actuarial valuation.

If you have any questions on the attached certification, you may contact me at the following:

Segal
101 North Wacker Drive, Suite 500
Chicago, IL 60606-1724
Phone number: 312.984.8500

Sincerely,

James A. Nolan FSA, FCA, MAAA
Vice President and Consulting Actuary
Enrolled Actuary No. 20-07228

Actuarial Status Certification as of October 1, 2021 under IRC Section 432

December 29, 2021

This is to certify that Segal has prepared an actuarial status certification under Internal Revenue Code Section 432 for the SEIU Local 1 and Participating Employers Pension Trust as of October 1, 2021 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; differences in statutory interpretation and changes in plan provisions or applicable law.

This certification is based on the October 1, 2020 actuarial valuation, dated August 26, 2021. 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 5.

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. As required by IRC Section 432(b)(3)(B)(iii), the projected industry activity is based on information provided by the plan sponsor. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that (other than projected industry activity) offer my best estimate of anticipated experience under the Plan.

James Nolan, FSA, FCA, MAAA
Vice President and Consulting Actuary
Enrolled Actuary No. 20-07228

Certificate Contents

Actuarial Status Certification under IRC Section 432

Exhibit 1: Status Determination as of October 1, 2021

Status	Condition	Component Result	Final Result
Critical Status:			
	1. Initial critical status tests:		
	C1. A funding deficiency is projected in four years (ignoring any amortization extensions)?	No	No
	C2. a. A funding deficiency is projected in five years (ignoring any amortization extensions),	No	
	b. **and** the present value of vested benefits for non-actives is more than present value of vested benefits for actives,	N/A	
	c. **and** the normal cost plus interest on unfunded actuarial accrued liability (unit credit basis) is greater than contributions for current year?	N/A	No
	C3. a. A funding deficiency is projected in five years (ignoring any amortization extensions),	No	
	b. **and** the funded percentage is less than 65%?	N/A	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?	N/A	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	No
	2. In Critical Status? (If C1-C5 is Yes, then Yes)		**No**
	3. Determination whether plan is projected to be in critical status in any of the succeeding five plan years:		
	C6. a. Is not in critical status,	Yes	
	b. **and** is projected to be in critical status in any of the next five years?	No	No
	4. In Critical Status in any of the five succeeding plan years?		**No**

Status		Condition	Component Result	Final Result
Endangered Status:				
	E1. a.	Is not in critical status,	Yes	
	b.	**and** the funded percentage is less than 80%?	No	No
	E2. a.	Is not in critical status,	Yes	
	b.	**and** a funding deficiency is projected in seven years?	No	No
	In Endangered Status? (Yes when either (E1) or (E2) is Yes)			**No**
	In Seriously Endangered Status? (Yes when BOTH (E1) and (E2) are Yes)			**No**
Neither Critical Status Nor Endangered Status:				
	Neither Critical nor Endangered Status?			**Yes**

Exhibit 2: Summary of Actuarial Valuation Projections

The actuarial factors as of October 1, 2021 (based on projections from the October 1, 2020 valuation certificate):

1. Financial Information			
a. Market value of assets			$659,807,732
b. Actuarial value of assets			602,763,656
c. Reasonably anticipated contributions			
1) Upcoming year			24,305,400
2) Present value for the next five years			102,581,901
3) Present value for the next seven years			134,562,070
d. Projected benefit payments			35,328,616
e. Projected administrative expenses (beginning of year)			2,231,799
2. Liabilities			
a. Present value of vested benefits for active participants			183,688,741
b. Present value of vested benefits for non-active participants			362,615,424
c. Total unit credit accrued liability			554,597,804
d. Present value of payments	**Benefit Payments**	**Administrative Expenses**	**Total**
1) Next five years	$160,999,179	$10,308,956	$171,308,135
2) Next seven years	218,865,823	13,883,275	232,749,098
e. Unit credit normal cost plus expenses			12,535,379
3. Funded Percentage (1.b)/(2.c)			108.6%
4. Funding Standard Account			
a. Credit Balance as of the end of prior year			$99,722,620
b. Years to projected funding deficiency			N/A

Exhibit 3: Funding Standard Account Projections

The table below presents the Funding Standard Account Projections for the Plan Years beginning October 1.

	Year Beginning October 1,					
	2020	2021	2022	2023	2024	2025
1. Credit balance (BOY)	$98,170,738	$99,722,620	$105,647,609	$114,547,468	$126,655,901	$144,065,348
2. Interest on (1)	7,117,379	7,229,890	7,659,452	8,304,692	9,182,553	10,444,738
3. Normal cost	11,198,024	10,303,580	10,129,455	9,944,589	9,780,498	9,671,134
4. Administrative expenses	2,166,733	2,231,799	2,298,753	2,367,716	2,438,747	2,511,909
5. Net amortization charges	14,021,202	12,165,201	9,899,124	7,624,972	3,593,880	(327,074)
6. Interest on (3), (4) and (5)	1,985,482	1,790,792	1,618,732	1,445,453	1,146,452	859,558
7. Expected contributions	22,973,167	24,305,400	24,305,400	24,305,400	24,305,400	24,305,400
8. Interest on (7)	832,777	881,071	881,071	881,071	881,071	881,071
9. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8)	**$99,722,620**	**$105,647,609**	**$114,547,468**	**$126,655,901**	**$144,065,348**	**$166,981,030**

	2026	2027	2028	2029	2030
1. Credit balance (BOY)	$166,981,030	$195,082,619	$227,028,695	$261,515,765	$298,289,111
2. Interest on (1)	12,106,124	14,143,490	16,459,580	18,959,892	21,625,960
3. Normal cost	9,589,214	9,506,613	9,429,465	9,354,369	9,282,366
4. Administrative expenses	2,587,266	2,664,884	2,744,831	2,827,176	2,911,991
5. Net amortization charges	(3,606,777)	(5,286,756)	(5,499,255)	(5,306,937)	(6,070,465)
6. Interest on (3), (4) and (5)	621,303	499,144	483,940	498,409	443,982
7. Expected contributions	24,305,400	24,305,400	24,305,400	24,305,400	24,305,400
8. Interest on (7)	881,071	881,071	881,071	881,071	881,071
9. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8)	**$195,082,619**	**$227,028,695**	**$261,515,765**	**$298,289,111**	**$338,533,668**

Exhibit 4: Funding Standard Account — Projected Bases Assumed Established after October 1, 2020

Schedule of Funding Standard Account Bases

Type of Base	Date Established	Base Established	Amortization Period	Amortization Payment
Experience Gain	10/01/2021	($17,895,429)	15	($1,861,035)
Experience Gain	10/01/2022	(17,954,264)	15	(1,867,154)
Experience Gain	10/01/2023	(16,732,346)	15	(1,740,081)
Experience Gain	10/01/2024	(18,467,157)	15	(1,920,492)
Experience Gain	10/01/2025	(14,272,639)	15	(1,484,283)

Exhibit 5: Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the October 1, 2020 actuarial valuation certificate, dated August 26, 2021, 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 contribution rates as of October 1, 2020 were $1.30 per hour for the janitorial sector and $1.25 per hour for the security sector. These hourly contribution rates remain unchanged and were based on formal commitments by the collective bargaining parties as provided by the plan sponsor.
Asset Information:	The market value of assets as of October 1, 2021 and contributions, benefits and expense payments during the Plan year ended September 30, 2021 were based on an unaudited financial statement provided by the Fund Administrator. For projections after that date, the assumed administrative expenses were increased by 3% per year and the benefit payments were projected based on the October 1, 2020 actuarial valuation. An additional 7% increase in expenses between the Plan years beginning 2030 to 2031 (10% total) was applied to account for the expected increase in PBGC flat rate premiums to $52 per participant, effective October 1, 2031. The projected net investment return was assumed to be 7.25% of the average market value of assets for the Plan years ending September 30, 2022 - 2031. 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:	As required by Internal Revenue Code Section 432, assumptions with respect to projected industry activity are based on information provided by the plan sponsor. Based on this information, the number of active participants is assumed to decrease to 9,000, and remain level thereafter. On the average, contributions will be made for each active for 2,100 hours each year.
Future Normal Costs:	Based on the assumed industry activity, we have determined the Normal Cost based on an open group forecast with the number of active participants assumed to decrease to 9,000 in the Plan Year ended September 30, 2021 and remain level thereafter. New entrants are assumed to have the same demographic mix as actual new hires in the last five years.
Demographic Adjustments	A demographic gain as of October 1, 2021 was included to account for less hours worked among the total active population than expected, which was inferred and measured by the lower actual contributions than expected.

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.

Segal projections are from a valuation which is 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.

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