

Western States Office & Professional Employees Pension Plan

Actuarial Valuation

As of January 1, 2015



November 2015

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

November 11, 2015

Board of Trustees
Western States Office & Professional Employees Pension Plan

Dear Trustees:

Following is our report on the actuarial valuation of the Pension Plan as of January 1, 2015. Here is a summary of the valuation results:

1. The Plan has an Unfunded Accrued Liability of \$184.0 million as of January 1, 2015.
2. Net investment income was \$30.6 million for an annual rate of return of 9.07% (based on the Actuarial Value of Assets). The Market Value rate of return was 4.47%. Both returns are net of all expenses.
3. The Plan experienced an actuarial gain of \$8.3 million during 2014. The Plan's 2014 net actuarial gain due to asset performance was \$6.2 million. On the liability side, a gain of \$2.1 million was realized during the 2014 Plan Year.
4. Based on the Pension Protection Act of 2006 (PPA) and the Plan's interest assumption of 7.25%, the funded ratio for the 2015 Plan Year provided in notices to be distributed during April 2016 is 65.8%.
5. As of January 1, 2015, the favorable credit balance in the Funding Standard Account was \$64.5 million, an increase of \$3.9 million from the prior year. The credit balance reflects the 5-year amortization extension which was approved by the IRS in 2009. As of December 31, 2015, the credit balance is projected to be \$50.1 million. As a result, contributions are expected to meet minimum funding requirements for the 2015 Plan Year.
6. As of January 1, 2015, the Plan was certified under the PPA, as modified by the Multiemployer Pension Reform Act of 2014 (MPRA), as being in critical status. As required, the Trustees adopted a Rehabilitation Plan on October 16, 2009, which is updated annually. In 2012, the adopted Rehabilitation Plan was updated to include reasonable measures to forestall possible insolvency. We will continue to monitor the Plan's status and update the Plan's scheduled progress near the end of the Plan Year based on investment results from 2015.
7. The projected employer contributions exceeds the estimated cost of benefits to be earned during 2015 by about \$9.9 million. Based on asset and liability measures on the valuation date, this excess is insufficient for funding the projected Unfunded Accrued Liability over a reasonable period. Without future investment return gains, Board and/or bargaining corrective action may be needed in the future to fund the projected unfunded liability over a reasonable period.
8. Contributions for 2015 are projected to be fully deductible as they will fall within the maximum limits set by the IRS.
9. As of December 31, 2014, there is an unfunded vested benefit liability of \$198.1 million for withdrawal liability purposes. Pursuant to the IRC, the determination of the unfunded vested benefit liability disregards certain benefit reductions implemented as part of the Rehabilitation Plan. Additional information is provided in Section V.

Sincerely,



Paul Graf, A.S.A., E.A., M.A.A.A.

cc: Kim Gould
Joe Reinhart, Esq.
Alex Miller

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

TABLE OF CONTENTS

	<u>Page</u>
Valuation Highlights	1
Section I Discussion of Assets and Liabilities	2
Section II Actuarial Gain/(Loss) Analysis	4
Section III Changes Since Last Valuation and Other Plan Items	10
Section IV Projection of Employer Contributions and Costs	11
Section V Withdrawal Liability	12
Section VI Comments and Certification	13
Section VII Appendices	15
Appendix A Participant Counts and Statistics	16
Appendix B Actuarial Methods and Assumptions.....	21
Appendix C Summary of Principal Plan Provisions	24
Appendix D Plan Assets	26
Appendix E Funding Standard Account (for Schedule MB)	30
Appendix F Current Liability (for Schedule MB)	34
Appendix G Maximum Deductible Contribution	35
Appendix H Auditor Information (FASB ASC 960)	36
Appendix I Determination of Vested Benefit Liabilities for Withdrawal Liability Purposes.....	37
Appendix J Funding Standard Account (No Amortization Extension)	38
Appendix K Historical Information	42

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

VALUATION HIGHLIGHTS

PLAN HISTORY

There were 565 active terminations from vested status and 177 active terminations from non-vested status during the 2014 Plan Year.

Total employer contributions decreased by approximately \$0.6 million in 2014.

The funded ratio on a Market Value of Assets basis decreased from 68.9% to 66.8%.

The Western States Office & Professional Employees Pension Plan became effective in 1959 as a result of collective bargaining between Locals 29 and 11 of OPEIU and Pacific Intermountain Express. The Plan was last restated effective October 15, 2014 and received a favorable determination letter in May 2011.

VALUATION HIGHLIGHTS

	January 1, 2014	January 1, 2015	Change
Number of Participants:			
Actives	1,718	1,000	(718)
Non-Vested Inactives ¹	340	406	66
Vested Inactives	2,546	2,957	411
Retirees and Beneficiaries ²	3,603	3,704	101
Total Participants	8,207	8,067	(140)
Employer Contributions	\$ 11,044,341	\$ 10,411,438	\$ (632,903)
Market Value of Assets	\$ 371,333,873	\$ 359,268,671	\$ (12,065,202)
Actuarial Value of Assets	\$ 351,347,913	\$ 353,925,354	\$ 2,577,441
Actuarial Accrued Liability	\$ 538,956,405	\$ 537,887,774	\$ (1,068,631)
Unfunded Accrued Liability	\$ 187,608,492	\$ 183,962,420	\$ (3,646,072)
PPA Funded Percentage	65.2%	65.8%	0.6%
Credit Balance	\$ 60,550,394	\$ 64,531,758	\$ 3,981,364
Unfunded Vested Benefits (Withdrawal Liability)	\$ 186,104,482	\$ 198,146,878	\$ 12,042,396

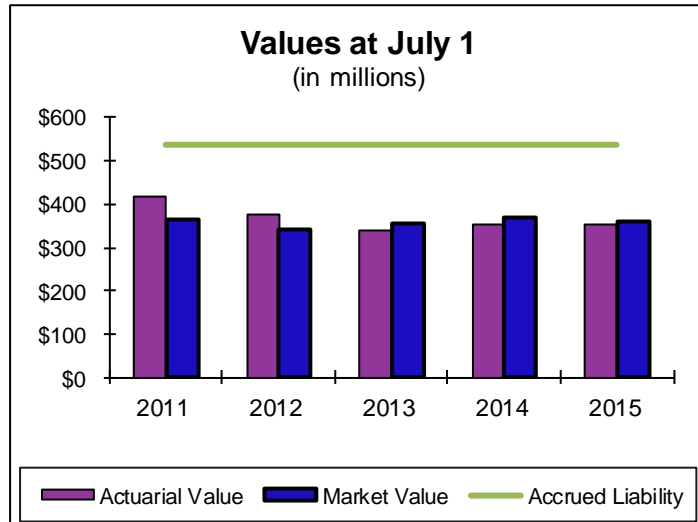
¹ These are non-vested inactive participants who have not incurred a permanent break-in-service.

² Includes 16 Alternate Payees as of January 1, 2014 and 16 Alternate Payees as of January 1, 2015.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION I DISCUSSION OF ASSETS AND LIABILITIES



The PPA Funded Percentage increased from 65.2% at January 1, 2014 to 65.8% at January 1, 2015.

The Actuarial Value of Assets is \$5.3 million less than the Market Value of Assets as of January 1, 2015.

ASSETS

A. Cash and Cash Equivalents	\$ 1,493,050
B. Marketable Securities	354,112,643
C. Net Receivables, Payables and Prepaid Expenses	3,662,978
D. Market Value of Assets (A + B + C)	\$ 359,268,671
E. Actuarial Adjustment (Appendix D)	(5,343,317)
F. Total Assets at Actuarial Value (D + E)	\$ 353,925,354

LIABILITIES

Funding

G. Actives	\$ 67,128,791
H. Vested Inactives	111,574,034
I. Retirees and Beneficiaries	359,184,949
J. Actuarial Accrued Liability (G + H + I)	\$ 537,887,774
K. Unfunded Accrued Liability (J - F)	\$ 183,962,420

PPA (Statutory)

L. Actives	\$ 67,128,791
M. Vested Inactives	111,574,034
N. Retirees and Beneficiaries	359,184,949
O. Actuarial Accrued Liability (L + M + N)	\$ 537,887,774
P. PPA Funded Percentage (F / O)	65.8 %

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION I DISCUSSION OF ASSETS AND LIABILITIES (CONTINUED)

The financial status of the Plan provides us with the means of measuring the actuarial position of the Trust as of January 1, 2015.

ASSETS

The total Market Value of Assets as of January 1, 2015 is \$359,268,671. Information regarding assets was taken from the audit report provided by Hemming Morse, LLP.

We have utilized an asset valuation method that recognizes net investment income on Trust assets that is more or less than 7.25% per year over a five-year period. The value of Trust assets based on this method is \$353,925,354, which represents 98.5% of the Market Value of Assets. This method is intended to dampen the volatility associated with year to year changes in the market value of Trust assets, while at the same time systematically recognizing overall investment performance over the long term. The derivation of the Actuarial Value of Assets is shown in Appendix D.

Contributions receivable from Employers for hours worked in the 2014 Plan Year but received after December 31, 2014 are included with net receivables.

LIABILITIES

The liabilities are listed separately for pensioners and for active and inactive benefits earned by non-retired participants. The \$359,184,949 liability for pensioners represents the estimated amount required as of the valuation date to pay all benefits as they come due in the future. The Actuarial Accrued Liability is the sum of the separate liability amounts and is equal to \$537,887,774.

UNFUNDED ACCRUED LIABILITIES

The liabilities of the Plan exceed the Actuarial Value of Assets by \$183,962,420. This amount is known as the Unfunded Accrued Liability, which is amortized by the excess of contributions received over the cost of each future year's accumulation of benefits. If the Market Value of Assets is used, the Unfunded Accrued Liability is equal to \$178,619,103. As shown in Section IV, the current excess of contributions over benefit accruals is about \$9.9 million and is not sufficient to pay down the Unfunded Accrued Liability on either an Actuarial Value of Assets basis or a Market Value of Assets basis assuming all future actuarial assumptions are realized. Without future investment return gains, Board and/or bargaining corrective action may be needed in the future to fund the projected Unfunded Accrued Liability over a reasonable period. Note that the Rehabilitation Plan was updated in 2012 to include reasonable measures to forestall possible insolvency.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION II ACTUARIAL GAIN/(LOSS) ANALYSIS

ACTUARIAL VALUATION

An actuarial valuation is a snapshot of asset and liability measures of the pension fund. It is used to estimate the amount of funds needed to guarantee the future payment of retirement, termination, disability and death benefits to Plan participants based on Plan benefits in effect on the valuation date. The valuation is based on the actual service rendered by these participants prior to the valuation date and on a set of actuarial assumptions and methods. These assumptions have been selected by the Actuary while the methods have been adopted by the Trustees upon the recommendation of the Actuary. Both are described in Appendix B.

Actuarial Experience

In the paragraphs below, we have outlined the experience over the 2014 Plan Year and have also shown experience for the previous 4 Plan Years. This information will provide an ongoing review of the appropriateness of each actuarial assumption.

Development of Gain / (Loss)

To the extent that actual experience during the year is different than what was expected, gains or losses are realized. The following exhibit develops the total gain or loss for the Plan Year:

A. Unfunded Accrued Liability on January 1, 2014	\$	187,608,492
B. Normal Cost		1,693,396
C. Contributions for 2014		(10,411,438)
D. Interest on A, B and C		<u>13,346,972</u>
E. Expected Unfunded Accrued Liability on January 1, 2015 (A + B + C + D)	\$	192,237,422
F. Actual Unfunded Accrued Liability on January 1, 2015	\$	<u>183,962,420</u>
G. Net Actuarial Gain/(Loss) (E - F)	\$	<u>8,275,002</u>

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION II ACTUARIAL GAIN/(LOSS) ANALYSIS (CONTINUED)

Net Investment Return - 7.25% per annum, net of all expenses

The net investment yield on the Actuarial Value of Assets during the Plan Year was 9.07%. Appendix D shows the details of the actual investment income calculation.

INCOME	DOLLAR AMOUNT	YIELD
A. Gross Investment Income	\$ 33,324,025	9.88 %
B. Operating Expenses	(1,089,667)	(0.32)
C. Investment Expenses	(1,622,511)	(0.49)
D. Net Investment Income (A + B + C)	\$ 30,611,847	9.07 %
E. Expected Investment Income	24,456,477	7.25
F. Investment Gain (D - E)	\$ 6,155,370	1.82 %

NET YIELD ON		
YEAR	ACTUARIAL VALUE ¹	MARKET VALUE ²
2010	5.71 %	13.23 %
2011	(2.74)	1.50
2012	(1.99)	11.53
2013	11.24	12.97
2014	9.07	4.47

¹ The 5-year geometric average return on the Actuarial Value of Assets is 4.10%, and the 10-year geometric average return is 3.61%.

² The 5-year geometric average return on the Market Value of Assets is 8.63%, and the 10-year geometric average return is 4.10%.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION II ACTUARIAL GAIN/(LOSS) ANALYSIS (CONTINUED)

Mortality - 1983 GAM F Mortality Table for healthy lives, and 1983 GAM F Mortality Table 17-year set-forward (until age 62) for disabled lives

We compared the mortality experienced by the Plan during the 2014 Plan Year with that expected according to the above tables. During the Plan Year, there were 128 deaths with an average age of 81.2 with 18 continuing beneficiaries. This compares to 79 deaths with an average age of 78.4 with 13 continuing beneficiaries in the prior year. The liability released during the year was more than anticipated, resulting in a **gain** of **\$665,209**.

YEAR	GAIN/(LOSS)
2010	\$ 443,653
2011	819,175
2012	(646,955)
2013	(21,395)
2014	665,209
5-Year Total	\$ 1,259,687

For valuation dates on or after July 1, 2011, actuaries are required to separately consider an assumption for mortality improvement. Recent studies have shown that mortality for the general population has improved at a fairly consistent rate (1% per year). Whether it will continue at this rate is controversial. Failure to fully reflect mortality improvement will result in an undervaluation of the Plan's liabilities and corrective action in the future.

We believe the current assumption (with no specific margin for future improvements in mortality) reasonably reflects anticipated mortality experience for the Plan. We will continue to monitor the appropriateness of this assumption on an annual basis.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION II ACTUARIAL GAIN/(LOSS) ANALYSIS (CONTINUED)

Turnover - Table T-7, The Actuary's Pension Handbook (Crocker-Sarason-Straight)

If a participant terminates prior to acquiring vested rights in their benefits or prior to retirement, then all or part of the liability accumulated for their benefit is released. This is offset by the liability for inactives who return to active status. During 2014, there were 565 active terminations from vested status and 177 terminations from non-vested status, offset by 8 rehired participants. This compares to 119 active terminations from vested status and 69 terminations from non-vested status, offset by 9 rehired participants in the prior year. The combined net turnover **loss** for the year was **\$509,163**.

YEAR	GAIN/(LOSS)
2010	\$ 182,094
2011	(183,334)
2012	(157,632)
2013	52,665
2014	(509,163)
5-Year Total	\$ (615,370)

Retirement

We assume that participants will retire in accordance with an explicit set of retirement rates as described in Appendix B. A gain to the Fund results if a participant delays retirement. During the 2014 Plan Year, there were 202 healthy retirements with an average age of 62.2 and an average benefit of \$634. This compares with 159 healthy retirements with an average age of 62.9 and an average benefit of \$729 for the prior year. The net result of this experience was a **gain** of **\$2,462,900**.

YEAR	GAIN/(LOSS)
2010	\$ 510,575
2011	650,964
2012	1,757,478
2013	1,943,164
2014	2,462,900
5-Year Total	\$ 7,325,081

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION II ACTUARIAL GAIN/(LOSS) ANALYSIS (CONTINUED)

Disability - 1952 Society of Actuaries Table, Period 2, Benefit 5

During the 2014 Plan Year, there were no disability retirements. The actuarial **loss** attributable to disabilities was **\$94,877**.

YEAR	GAIN/(LOSS)
2010	\$ (131,473)
2011	(4,920)
2012	(127,345)
2013	(136,510)
2014	(94,877)
5-Year Total	\$ (495,125)

Miscellaneous

Each year there are miscellaneous gains and losses due to data adjustments, corrections, new entrants and actual versus expected hours. The miscellaneous items in 2014 resulted in a net **loss** of **\$404,437**.

YEAR	GAIN/(LOSS)
2010	\$ (338,597)
2011	(372,466)
2012	(407,394)
2013	(344,116)
2014	(404,437)
5-Year Total	\$ (1,867,010)

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION II ACTUARIAL GAIN/(LOSS) ANALYSIS (CONTINUED)

SUMMARY OF GAINS AND LOSSES

The following shows a summary of the gains and losses from various sources:

SUMMARY OF 2014 GAIN/(LOSS) AMOUNTS	
SOURCE	GAIN/(LOSS)
Investment Income	\$ 6,155,370
Mortality	665,209
Turnover	(509,163)
Retirement	2,462,900
Disability	(94,877)
Miscellaneous	(404,437)
Total Experience Gain	\$ 8,275,002

Fluctuations in experience for all assumptions are to be expected from year to year. It is the net result over a period of time that must be viewed to determine the validity of the assumptions used.

FIVE-YEAR SUMMARY OF GAIN/(LOSS) AMOUNTS			
YEAR	ASSETS	LIABILITIES	TOTAL
2010	\$ (6,266,318)	\$ 666,252	\$ (5,600,066)
2011	(40,088,460)	909,419	(39,179,041)
2012	(33,450,978)	418,152	(33,032,826)
2013	13,070,644	1,493,808	14,564,452
2014	6,155,370	2,119,632	8,275,002
5-Year Total	\$ (60,579,742)	\$ 5,607,263	\$ (54,972,479)

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION III CHANGES SINCE LAST VALUATION AND OTHER PLAN ITEMS

CHANGES IN PLAN PROVISIONS, VALUATION METHODOLOGY, AND ASSUMPTIONS

The current liability interest and mortality assumptions were updated as prescribed by IRS regulations. Refer to Appendix B for a description of these changes.

Per the Multiemployer Pension Reform Act of 2014 (MPRA), the Qualified Pre-retirement Survivor Annuity (QPSA) is no longer treated as a forfeitable benefit for withdrawal liability purposes for measurement dates on and after December 16, 2014. Including the QPSA as a vested benefit increased the Vested Benefit Liabilities by \$1,906,132 as of December 31, 2014.

No other changes to Plan provisions, valuation methodology, and assumptions have been made since the prior valuation as of January 1, 2014.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION IV PROJECTION OF EMPLOYER CONTRIBUTIONS AND COSTS

The following is an estimate of Employer contributions and costs for the 2015 Plan Year based on expected contributions, including base, surcharge and supplemental contributions as well as expected withdrawal liability payments, and actual hours worked during 2014. The difference between the Employer contributions and the cost of benefits is the excess (if any) that can be used to pay down the Unfunded Accrued Liability.

A. Employer Contributions	\$ 11,519,000
B. Estimated Cost of Benefits	1,664,000
C. Available for Funding (A - B)	\$ 9,855,000

The projected Employer contributions exceed the estimated cost of benefits to be earned during 2015 by about \$9.9 million, but the interest on the current Unfunded Accrued Liability at 7.25% is \$13.3 million. Based on asset and liability measures on the valuation date, this excess of about \$9.9 million is not sufficient to pay down the Unfunded Accrued Liability on an Actuarial Value of Assets basis and a Market Value of Assets basis assuming all future actuarial assumptions are realized. Without future investment return gains, Board and/or bargaining corrective action may be needed in the future to fund the projected Unfunded Accrued Liability over a reasonable period.

	Actuarial Value Basis	Market Value Basis
Unfunded Accrued Liability (UAL)	\$ 183,962,420	\$ 178,619,103
Amount Available for Funding	9,855,000	9,855,000
Period to Pay off UAL	Cannot Pay Off	Cannot Pay Off

The Trustees originally adopted a Rehabilitation Plan on October 16, 2009, which is updated and monitored annually. Based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Plan is not expected to emerge from critical status. However, the Rehabilitation Plan was updated in 2012 to include reasonable measures to forestall possible insolvency.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION V WITHDRAWAL LIABILITY

Withdrawal liability assessments, if any, are based on the amount of “Unfunded Vested Benefits” (UVB) and an employer’s contribution history. For this purpose, benefits in which a participant is not immediately vested are excluded from the determination of vested benefits – this includes disability and death benefits other than the Qualified Pre-retirement Survivor Annuity (QPSA).¹ Assets are based on the Market Value of Assets for withdrawal liability purposes.

The simplified method was adopted to comply with the PPA’s requirement for Red Zone plans to disregard any reduction in protected benefits when determining the UVB for withdrawal liability – this includes early retirement subsidies, including those for the Rule of 80, and the 60-month guarantee in the life annuity. Please refer to Appendix I for development of the Vested Benefit Liabilities. The resulting UVB as of December 31, 2014 is as follows:

A positive Unfunded Vested Benefits value means that Employers who withdraw in the 2015 Plan Year may be subject to a withdrawal liability assessment.

WITHDRAWAL LIABILITY

A. Vested Benefit Liabilities Earned to Date	\$ 557,415,549
B. Market Value of Assets	<u>359,268,671</u>
C. UVB as of December 31, 2014 (A - B, not less than 0)	\$ 198,146,878

¹ Per the Multiemployer Pension Reform Act of 2014 (MPRA), the Qualified Pre-retirement Survivor Annuity (QPSA) is no longer treated as a forfeitable benefit for measurement dates on and after December 16, 2014, and therefore is included in the valuation of withdrawal liability going forward.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION VI COMMENTS AND CERTIFICATION

This is to certify that we have completed an actuarial valuation of the Plan as of January 1, 2015 in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOP) Nos. 4, 23, 27, 35, 41, and 44. This report has been prepared for the Board of Trustees of the Western States Office & Professional Employees Pension Plan to provide information on the Plan's funded status, to review the recent experience under the Plan, and to supply figures needed by the auditor.

This report on the results of the valuation was based on the assumption that the Plan is qualified under the Internal Revenue Code and on information supplied by the auditor with respect to contributions and assets and by the Plan Administrator with respect to participant data. We have not verified and customarily would not verify such information, but we have no reason to doubt its substantial accuracy.

To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate and, in our opinion, the individual assumptions used: (a) are reasonably related to the experience of the Plan and to reasonable expectations; and (b) represent our best estimate of anticipated experience under the Plan.

We are not aware of any events, subsequent to January 1, 2015, that would have a material effect on the actuarial findings presented in this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: 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 (for instance, the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the assignment, we did not perform analysis of the potential range of such future measurements.

In preparation of this report and the actuarial findings contained herein, there has been no conflict of interest between any relevant parties; no findings for which we, the actuaries, do not assume responsibility; and no deviation from ASOP Nos. 4, 23, 27, 35, 41, and 44.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION VI COMMENTS AND CERTIFICATION (CONTINUED)

All information pertaining to the findings presented in this report is contained within this report and should not be relied upon for any other purpose than as stated above.

The Pension Protection Act of 2006 (PPA) became effective for this Plan on January 1, 2008, and the Multiemployer Pension Reform Act of 2014 (MPRA) became effective for this Plan on January 1, 2015. In accordance with Internal Revenue Code Section 432(b), the Plan was certified as remaining in critical ("red") status as of the beginning of the 2015 Plan Year. The Plan was initially certified to be in critical status for the 2009 Plan Year. In response, the Board of Trustees adopted a Rehabilitation Plan on October 16, 2009, which complies with Internal Revenue Code Section 432(e). The Plan's rehabilitation period began on January 1, 2012. We will again update the Plan's status and the adopted Rehabilitation Plan near the beginning of the following plan year based on investment results for 2015.

We have determined that the projected contributions for the 2015 Plan Year will meet the minimum funding requirements of ERISA and will be fully deductible by the Employers.

We, Paul Graf and Wendy Londa, are actuaries for Rael & Letson. We are members of the American Academy of Actuaries and each meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Certified by: Paul A Graf A.S.A., E.A., M.A.A.A.
Paul Graf
Enrolled Actuary No. 14-05267

Reviewed by: Wendy Londa A.S.A., E.A., F.C.A., M.A.A.A.
Wendy Londa
Enrolled Actuary No. 14-07600

Prepared by: Winnie Ngan A.S.A., M.A.A.A.
Winnie Ngan

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

SECTION VII APPENDICES

Appendix A	Participant Counts and Statistics
Appendix B	Actuarial Methods and Assumptions
Appendix C	Summary of Principal Plan Provisions
Appendix D	Plan Assets
Appendix E	Funding Standard Account (for Schedule MB)
Appendix F	Current Liability (for Schedule MB)
Appendix G	Maximum Deductible Contribution
Appendix H	Auditor Information (FASB ASC 960)
Appendix I	Determination of Vested Benefit Liabilities for Withdrawal Liability Purposes
Appendix J	Funding Standard Account (No Amortization Extension)
Appendix K	Historical Information

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX A PARTICIPANT COUNTS AND STATISTICS

PARTICIPANT STATISTICS				
	January 1, 2014	January 1, 2015	Change	Percent Change
Actives:				
Number	1,718	1,000	(718)	(41.8)%
Averages:				
Age ¹	48.1	48.1	0.0	0.0%
Years of Credited Service	13.9	12.2	(1.7)	(12.2)%
Hours	1,849	1,736	(113)	(6.1)%
Non-Vested Inactives				
Number	340	406	66	19.4%
Averages:				
Age ¹	41.0	40.6	(0.4)	(0.9)%
Years of Credited Service	2.7	2.1	(0.6)	(22.5)%
Monthly Benefit	\$ 121	\$ 50	\$ (71)	(58.7)%
Vested Inactives:				
Number	2,546	2,957	411	16.1%
Averages:				
Age	51.3	51.6	0.3	0.6%
Years of Credited Service	10.0	11.9	1.9	19.0%
Monthly Benefit	\$ 610	\$ 538	\$ (72)	(11.8)%
Retirees and Beneficiaries:				
Number:				
Healthy Retirees	3,374	3,470	96	2.8%
Disabled Retirees	39	35	(4)	(10.3)%
Beneficiaries ²	<u>190</u>	<u>199</u>	<u>9</u>	4.7%
Total	3,603	3,704	101	2.8%
Averages:				
Age	71.6	71.7	0.1	0.1%
Monthly Benefit	\$ 877	\$ 869	\$ (8)	(0.9)%

¹ For active participants with known birth dates.

² Includes 16 Alternate Payees as of January 1, 2014 and 16 Alternate Payees as of January 1, 2015.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX A PARTICIPANT COUNTS AND STATISTICS (CONTINUED)

PARTICIPANT RECONCILIATION					
	ACTIVES	NON-VESTED INACTIVES	VESTED INACTIVES	RETIREES AND BENEFICIARIES	TOTAL
Total as of January 1, 2014	1,718	340	2,546	3,603	8,207
New Entrants	70	0	0	0	70
Vested Terminations	(565)	0	565	0	0
Non-Vested Terminations	(177)	177	0	0	0
Returned to Work	8	(4)	(4)	0	0
Healthy Retirements	(52)	0	(146)	198	0
Disabled Retirements	0	0	0	0	0
Deaths in Year	(2)	0	(7)	(119)	(128)
Benefit Period Expired	0	0	0	(1)	(1)
New Beneficiaries	0	0	0	18	18
New Alternate Payees	0	0	0	1	1
Lump Sum	0	0	(4)	0	(4)
Permanent Break in Service	0	(97)	0	0	(97)
Data Corrections	0	(10)	7	4	1
Net Change	(718)	66	411	101	(140)
Total as of January 1, 2015	1,000	406	2,957	3,704	8,067

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX A PARTICIPANT COUNTS AND STATISTICS (CONTINUED)

DISTRIBUTION OF ACTIVE PARTICIPANTS BY AGE AND CREDITED SERVICE (FOR 2015 SCHEDULE MB)

AGE GROUP	YEARS OF CREDITED SERVICE										TOTAL
	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 +	
Under 25	0	12	0	0	0	0	0	0	0	0	12
25 - 29	0	47	14	0	0	0	0	0	0	0	61
30 - 34	0	38	42	7	1	0	0	0	0	0	88
35 - 39	0	21	39	22	13	0	0	0	0	0	95
40 - 44	0	26	18	27	24	5	1	0	0	0	101
45 - 49	0	22	27	27	29	14	9	1	0	0	129
50 - 54	0	19	29	26	37	16	18	8	2	0	155
55 - 59	0	17	37	22	36	21	19	5	4	1	162
60 - 64	0	16	23	26	17	21	18	9	8	1	139
65 - 69	0	1	6	6	9	4	4	6	0	2	38
70 and Over	0	0	1	2	1	0	0	0	0	0	4
Unknown	0	16	0	0	0	0	0	0	0	0	16
Total	0	235	236	165	167	81	69	29	14	4	1,000

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX A PARTICIPANT COUNTS AND STATISTICS (CONTINUED)

DISTRIBUTION OF NON-RETIRED PARTICIPANTS BY AGE						
AGE GROUP	ACTIVES			INACTIVES		
	NON-VESTED	VESTED	TOTAL ACTIVES	NON-VESTED	VESTED	TOTAL INACTIVES
Under 25	12	0	12	10	0	10
25 - 29	47	14	61	62	16	78
30 - 34	38	50	88	86	75	161
35 - 39	21	74	95	55	179	234
40 - 44	26	75	101	44	332	376
45 - 49	22	107	129	41	539	580
50 - 54	19	136	155	40	625	665
55 - 59	17	145	162	27	703	730
60 - 64	16	123	139	18	374	392
65 - 69	1	37	38	8	82	90
70 and Over	0	4	4	3	32	35
Unknown	16	0	16	12	0	12
Total	235	765	1,000	406	2,957	3,363
Average Age ¹	39.5	50.5	48.1	40.6	51.6	50.3
Average Accrued Benefit	\$ 84	\$ 1,175	\$ 919	\$ 50	\$ 538	\$ 479

¹ For participants with known dates of birth.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX A PARTICIPANT COUNTS AND STATISTICS (CONTINUED)

DISTRIBUTION OF RETIREES AND BENEFICIARIES BY AGE

AGE GROUP	CONTINUING HEALTHY RETIREEES	NEW HEALTHY RETIREEES ¹	CONTINUING DISABLED RETIREEES	NEW DISABLED RETIREEES	CONTINUING BENEFICIARIES ²	NEW BENEFICIARIES ²	GRAND TOTAL
Under 50	2	0	4	0	8	3	17
50 - 54	3	0	7	0	5	2	17
55 - 59	72	66	7	0	7	1	153
60 - 64	483	72	14	0	17	1	587
65 - 69	892	53	3	0	26	5	979
70 - 74	694	8	0	0	23	3	728
75 - 79	478	1	0	0	29	2	510
80 - 84	274	1	0	0	27	1	303
85 and Over	370	1	0	0	38	1	410
Total	3,268	202	35	0	180	19	3,704
Average Age	72.4	62.2	57.3	0.0	73.7	64.3	71.7
Average Monthly Benefit	\$ 914	\$ 634	\$ 641	\$ 0	\$ 405	\$ 545	\$ 869

¹ Includes 4 data corrections.

² Includes 15 continuing Alternate Payees and 1 new Alternate Payee.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX B ACTUARIAL METHODS AND ASSUMPTIONS

METHODOLOGY:	
Asset Valuation	Assets are valued according to a method which recognizes 20% of each year's excess (or deficiency) of actual investment return on the Market Value of Assets over the expected return on the Market Value of Assets in the year the excess (or deficiency) occurs. An additional 20% of the excess (or deficiency) is recognized in each of the succeeding four years until it is totally recognized. In no event will the Actuarial Value of Assets be less than 80% or more than 120% of the Market Value of Assets.
Actuarial Cost Method	<p><u>Unit Credit Cost Method</u></p> <p>Under this method, we determine the present value of all benefits earned through the valuation date. An individual's normal cost is the present value of the benefit expected to be earned in the valuation year. The total accrued liability is the sum of the individual present values for all participants. The Unfunded Accrued Liability is the difference between the accrued liability and the assets of the Trust. If the assets exceed the accrued liability, the Plan is in a surplus position. This method requires that each year's contributions be applied first to the normal cost, and the balance of the contributions applied to amortize the Unfunded Accrued Liability. The normal cost is adjusted at the close of the Plan Year to reflect the actual level of Contributions received during that Plan Year.</p>
Withdrawal Liability Basis	The present value of accrued vested benefits for withdrawal liability determination uses an interest rate of 7.25% along with all other valuation assumptions. Assets for this purpose are based on the Market Value of Assets. Adjustable benefits are recognized using the Simplified Method pursuant to PBGC Technical Update 10-3.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX B ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

ASSUMPTIONS:																			
Interest Discount Rate	7.25% for funding and FASB ASC 960, 7.25% for withdrawal liability, and 3.51% for current liability.																		
Assumed Rate of Return on Investments	7.25% compounded annually, net of all expenses.																		
Derivation of Net Investment Return and Discount Rate for FASB ASC 960 Accounting:	The expected return assumptions are established based on a long run outlook and are based on past experience, future expectations and professional judgement. We have modeled the assumptions based on average long-term future expected returns and their respective capital market assumptions as provided by several investment professionals. Based on the inputs of the Plan's specific target asset allocation, we have established the reasonability of the Plan's assumption.																		
Operating Expenses	Assumed covered by investment earnings.																		
Mortality	Healthy Lives: 1983 GAMF Mortality Table Disabled Lives: 1983 GAMF Mortality Table with ages set forward 17 years until age 62 Current Liability: RP-2000 Mortality Tables (static, separate for annuitants and non-annuitants), projected forward to the valuation year plus 7 years for annuitants and 15 years for non-annuitants, as prescribed by IRS regulations.																		
Mortality Improvement	The current mortality assumption, with no mortality improvement, is assumed to be reasonable at this time.																		
Turnover	Table T-7, The Actuary's Pension Handbook. <u>Non-vested participants are assumed to earn one year of vesting credit annually until vested.</u>																		
Retirement Rates	Active participants are assumed to retire based on the following rate table: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Age</th> <th>Rate of Retirement</th> </tr> </thead> <tbody> <tr> <td>55</td> <td>20%</td> </tr> <tr> <td>56</td> <td>15%</td> </tr> <tr> <td>57-59</td> <td>12%</td> </tr> <tr> <td>60</td> <td>15%</td> </tr> <tr> <td>61</td> <td>20%</td> </tr> <tr> <td>62</td> <td>40%</td> </tr> <tr> <td>63-70</td> <td>35%</td> </tr> <tr> <td>71+</td> <td>100%</td> </tr> </tbody> </table> <p>Inactive vested participants are assumed to retire at age 62.</p>	Age	Rate of Retirement	55	20%	56	15%	57-59	12%	60	15%	61	20%	62	40%	63-70	35%	71+	100%
Age	Rate of Retirement																		
55	20%																		
56	15%																		
57-59	12%																		
60	15%																		
61	20%																		
62	40%																		
63-70	35%																		
71+	100%																		

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX B ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

ASSUMPTIONS:	
Disablement	1952 Society of Actuaries Table, Period 2, Benefit 5.
Form of Benefit	For those not yet in pay status, all participants are assumed to elect a Life Annuity.
Marital Status	80% of non-retired participants are assumed to be married. Spouses are assumed to be the same age as participants in the population.
Active Participant	Worked at least 200 hours in covered employment.
Future Employment	Each active participant is assumed to work the same amount of hours worked in the prior plan year.
Missing Data	If not specified, participants are assumed to be female and the same age as the average of participants with the same status code.

CHANGES SINCE PRIOR VALUATION	The current liability interest rate was changed from 3.64% to 3.51% due to a change in the allowable interest rate range, and the current liability mortality table was updated as required.
--------------------------------------	--

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX C SUMMARY OF PRINCIPAL PLAN PROVISIONS

The Western States Office & Professional Employees Pension Plan was established in 1959. It has been amended from time to time since that date. The most recent restatement of the Plan is effective October 15, 2014. The principal provisions of the Plan as of January 1, 2015 are summarized below.

NORMAL RETIREMENT	
Eligibility	Age 65 and vested. Special eligibility if age 65 with 2 years of Vesting Credit (one immediately prior to retirement) and \$10.00 Total Service Benefit.
Monthly Benefit (Total Service Benefit)	Service after 2009: 0.75% of Employer Contributions. 2004 - 2009: 1.8% of Employer Contributions. 2003 Service: 2.2% of Employer Contributions up to \$6,240, plus 1.8% of excess. 2001 - 2002 Service: 3.2% of Employer Contributions up to \$6,240 each year; plus 1.8% of excess. 1997 - 2000 Service: 3.65% of Employer Contributions up to \$6,240 each year, plus 1.8% of excess. Prior to 1997: 3.65% of Employer Contributions. Past Service: \$8.20 per year of past service (maximum 15 years).
EARLY RETIREMENT	
Eligibility	Age 55 and vested.
Monthly Benefit	Normal Retirement Benefit actuarially reduced from age 62 for benefits earned before January 1, 2010 and from age 65 for benefits earned on or after January 1, 2010.
POSTPONED RETIREMENT	
Eligibility	Working past Normal Retirement Age.
Monthly Benefit	Normal Retirement Benefit increased 6% per year (½% per month) past age 62 for benefits earned before January 1, 2010 and past age 65 for benefits earned on or after January 1, 2010.
DISABILITY RETIREMENT (Effective January 1, 2010)	
Eligibility	Vested with at least 200 hours in year prior to onset of Total and Permanent Disability.
Monthly Benefit	50% of Normal Retirement Benefit payable until age 55.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX C SUMMARY OF PRINCIPAL PLAN PROVISIONS (CONTINUED)

PRE-RETIREMENT DEATH BENEFIT (Effective January 1, 2010)	
Eligibility	Vested at time of death.
Monthly Benefit	Married: 50% Spousal Joint and Survivor Annuity (reduced for Early Retirement and for joint lives). All Others: Lump sum payment of \$500 per year of service (maximum of \$5,000 total).
FORMS OF ANNUITY PAYMENTS	
Normal Form	For Married Participants: An actuarially reduced benefit payable as a 50% Spousal Joint and Survivor Annuity. For Unmarried Participants: A life annuity.
Optional Forms	Straight Life Annuity 50%, 66-2/3% or 100% Spousal Joint and Survivor Annuity 50%, 66-2/3% or 100% Spousal Joint and Survivor Annuity with Pop-up 50%, 66-2/3% or 100% Non-Spousal Joint and Survivor Annuity Lump Sum if present value of accrued benefit ≤ \$5,000
OTHER	
Vesting Service	A Participant will receive one year of Vesting Credit if 200 or more hours are worked in a plan year.
Break in Service Rules	A one-year break in service is incurred if a Participant works less than 200 hours in a plan year.
CHANGES SINCE PRIOR VALUATION	None.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX D PLAN ASSETS

SUMMARY OF MARKET VALUE OF ASSETS		
Assets as of December 31, 2014	Market Value	Percent of Total
Cash and Cash Equivalents	\$ 1,493,050	0.4%
Partnership / Joint Venture Interests	51,712,602	14.4%
Value of Interest in Common / Collective Trusts	206,071,279	57.4%
Value of Interest in 103-12 Investment Entities	37,089,135	10.3%
Other Assets	59,239,627	16.5%
Net Receivables, Payables and Prepaid Expenses	3,662,978	1.0%
Total Assets	\$ 359,268,671	100.0%

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX D PLAN ASSETS (CONTINUED)

SUMMARY OF RECEIPTS AND DISBURSEMENTS				
	Market Value 2013	Market Value 2014	Actuarial Value 2013	Actuarial Value 2014
Assets (Beginning of Year)	\$ 353,805,803	\$ 371,333,873	\$ 341,155,304	\$ 351,347,913
Receipts During Year				
Contributions	\$ 11,044,341	\$ 10,411,438	\$ 11,044,341	\$ 10,411,438
Investment Income (Net of Investment and Operating Expenses)	44,173,951	15,969,204	36,838,490	30,611,847
Subtotal Receipts	\$ 55,218,292	\$ 26,380,642	\$ 47,882,831	\$ 41,023,285
Disbursements During Year				
Benefit Payments	\$ (37,690,222)	\$ (38,445,844)	\$ (37,690,222)	\$ (38,445,844)
Subtotal Disbursements	\$ (37,690,222)	\$ (38,445,844)	\$ (37,690,222)	\$ (38,445,844)
Assets (End of Year)	\$ 371,333,873	\$ 359,268,671	\$ 351,347,913	\$ 353,925,354
Net Yield on Value of Assets	12.97 %	4.47 %	11.24 %	9.07 %

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX D PLAN ASSETS (CONTINUED)

DETERMINATION OF NET INVESTMENT EARNINGS ON MARKET VALUE OF ASSETS

1. Expected Net Investment Income	
A. Market Value of Assets	\$ 371,333,873
B. Contributions	10,411,438
C. Benefit Payments	(38,445,844)
D. Expected Net Investment Income; 7.25% x [A + 1/2 (B + C)]	\$ 25,905,459
2. Market Value Earnings	
A. Interest and Dividends	\$ 2,276,716
B. Realized and Unrealized Gains/(Losses)	16,382,533
C. Investment Expenses	(1,622,511)
D. Operational Expenses	(1,089,667)
E. Other Income	22,133
F. Total Market Value Earnings (A + B + C + D + E)	\$ 15,969,204
3. Excess/(Deficit) of Market Value Earnings Over Expected Investment Earnings (2F - 1D)	(9,936,255)
4. Current Year Recognition of Excess/(Deficit) Earnings (Calculated on Next Page)	4,706,388
5. Net Investment Earnings (1D + 4)	30,611,847
6. Recognition of Assets in Excess of the Corridor	0
7. Total Net Investment Earnings (5 + 6)	\$ 30,611,847

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX D PLAN ASSETS (CONTINUED)

DETERMINATION OF ACTUARIAL VALUE OF ASSETS				
PLAN YEAR ENDED DECEMBER 31	EXCESS/(DEFICIT) EARNINGS	AMOUNT OF EXCESS/(DEFICIT) EARNINGS RECOGNIZED OR TO BE RECOGNIZED		
		PRIOR YEARS	CURRENT YEAR	FUTURE YEARS
2014	\$ (9,936,255)	\$ 0	\$ (1,987,251)	\$ (7,949,004)
2013	19,488,943	3,897,789	3,897,789	11,693,365
2012	14,119,228	5,647,692	2,823,846	5,647,690
2011	(20,243,674)	(12,146,205)	(4,048,735)	(4,048,734)
2010	20,103,687	16,082,948	4,020,739	0
Total	\$ 23,531,929	\$ 13,482,224	\$ 4,706,388	\$ 5,343,317
A. Market Value of Assets as of January 1, 2015				\$ 359,268,671
B. Amount of Excess/(Deficit) Earnings to be Recognized in Future Years				5,343,317
C. Preliminary Actuarial Value of Assets as of January 1, 2015 (A - B)				\$ 353,925,354
D. Recognition of Assets in Excess of the 20% Corridor				0
E. Actuarial Value of Assets as of January 1, 2015 (C + D)				\$ 353,925,354

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX E FUNDING STANDARD ACCOUNT (FOR SCHEDULE MB)

FUNDING STANDARD ACCOUNT ¹		
	2014	2015 (Estimated)
1. Credit Balance on January 1	\$ 60,550,394	\$ 64,531,758
2. Charges		
A. Normal Cost (Beginning of Year)	\$ 1,693,396	\$ 1,608,000
B. Amortization Charges ¹	36,753,134	35,886,283
C. Interest on 2A and 2B	2,787,373	2,718,336
D. Subtotal Charges (A + B + C)	\$ 41,233,903	\$ 40,212,619
3. Credits		
A. Employer Contributions for Year	\$ 10,411,438	\$ 11,519,000
B. Amortization Credits	28,006,071	8,551,586
C. Interest on 1, 3A and 3B	6,797,758	5,716,106
D. Subtotal Credits (A + B + C)	\$ 45,215,267	\$ 25,786,692
4. Credit Balance on December 31 (1 - 2D + 3D)	\$ 64,531,758	\$ 50,105,831

¹ Incorporates the 5-year extension of charge bases effective January 1, 2009.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX E FUNDING STANDARD ACCOUNT (FOR SCHEDULE MB) (CONTINUED)

FUNDING STANDARD ACCOUNT AMORTIZATION BASES (As of January 1, 2015)

Charges	Amortization Period			Balances		Beginning-of-Year Payment
	Date Established	Initial Period	Remaining Period	Initial	Remaining	
Initial Liability	1/1/1976	45.00	6.00	\$ 13,447,933	\$ 3,299,082	\$ 650,335
Actuarial Assumption	1/1/1978	43.00	6.00	1,960,033	488,273	96,252
Plan Amendment	1/1/1980	45.00	10.00	395,897	168,439	22,619
Plan Amendment	1/1/1981	45.00	11.00	3,609,259	1,680,462	211,562
Plan Amendment	1/1/1983	35.00	3.00	7,215,979	811,209	289,534
Plan Amendment	1/1/1984	35.00	4.00	3,740,561	609,055	168,603
Plan Amendment	1/1/1985	35.00	5.00	3,177,239	681,445	156,003
Plan Amendment	1/1/1986	35.00	6.00	3,832,226	1,019,318	200,933
Plan Amendment	1/1/1987	35.00	7.00	4,466,400	1,413,505	246,686
Plan Amendment	1/1/1988	35.00	8.00	7,521,437	2,748,389	433,319
Plan Amendment	1/1/1989	35.00	9.00	6,238,198	2,572,955	372,143
Plan Amendment	1/1/1990	35.00	10.00	1,991,358	910,472	122,268
Plan Amendment+Act Assump	1/1/1991	35.00	11.00	3,867,632	1,932,925	243,346
Plan Amendment	1/1/1992	35.00	12.00	2,315,769	1,250,752	148,790
Plan Amendment	1/1/1993	35.00	13.00	8,009,694	4,631,423	524,040
Plan Amendment+Act Assump	1/1/1994	35.00	14.00	5,816,782	3,572,618	386,626
Plan Amendment	1/1/1995	35.00	15.00	3,954,934	2,563,039	266,543
Actuarial Assumption	1/1/1996	35.00	16.00	2,334,000	1,586,922	159,236
Plan Amendment	1/1/1996	35.00	16.00	19,722,004	13,409,252	1,345,523
Plan Amendment	1/1/1997	35.00	17.00	12,051,000	8,554,251	831,144
Plan Amendment	1/1/1998	35.00	18.00	12,834,000	9,470,512	893,747
Actuarial Assumption	1/1/1998	35.00	18.00	5,651,596	4,170,443	393,572
Actuarial Assumption	1/1/1999	35.00	19.00	500,000	382,137	35,122
Plan Amendment	1/1/1999	35.00	19.00	21,615,699	16,520,078	1,518,376
Plan Amendment	1/1/2000	35.00	20.00	7,937,933	6,262,620	561,942

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX E FUNDING STANDARD ACCOUNT (FOR SCHEDULE MB) (CONTINUED)

FUNDING STANDARD ACCOUNT AMORTIZATION BASES (As of January 1, 2015) (CONTINUED)

Charges	Amortization Period			Balances		Beginning-of-Year Payment
	Date Established	Initial Period	Remaining Period	Initial	Remaining	
Actuarial Assumption	1/1/2000	35.00	20.00	\$ 4,389,753	\$ 3,463,286	\$ 310,759
Plan Amendment	1/1/2001	35.00	21.00	12,746,807	10,351,321	908,708
Plan Amendment	1/1/2002	35.00	22.00	2,268,072	1,890,939	162,714
Plan Amendment	1/1/2003	35.00	23.00	2,964,980	2,532,028	213,933
Experience Loss	1/1/2003	20.00	8.00	12,151,612	5,997,116	945,524
Experience Loss	1/1/2004	20.00	9.00	23,109,456	12,867,341	1,861,090
Experience Loss	1/1/2005	20.00	10.00	12,406,469	7,657,581	1,028,346
Plan Amendment	1/1/2005	35.00	25.00	1,000,895	891,448	72,938
Actuarial Assumption	1/1/2005	35.00	25.00	1,063,519	947,219	77,502
Experience Loss	1/1/2006	20.00	11.00	6,485,444	4,375,589	550,865
Plan Amendment	1/1/2006	35.00	26.00	1,459,383	1,323,980	106,809
Plan Amendment	1/1/2007	35.00	27.00	1,475,698	1,361,633	108,429
Plan Amendment	1/1/2008	20.00	13.00	1,383,243	1,079,750	122,173
Experience Loss	1/1/2009	20.00	14.00	123,105,349	102,072,128	11,046,176
Experience Loss	1/1/2011	15.00	11.00	5,600,066	4,625,911	582,379
Experience Loss	1/1/2012	15.00	12.00	39,179,040	34,250,347	4,074,425
Experience Loss	1/1/2013	15.00	13.00	33,032,826	30,360,494	3,435,249
Total Charges					\$ 316,757,687	\$ 35,886,283

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX E FUNDING STANDARD ACCOUNT (FOR SCHEDULE MB) (CONTINUED)

FUNDING STANDARD ACCOUNT AMORTIZATION BASES (As of January 1, 2015) (CONTINUED)

Credits	Amortization Period			Balances		Beginning-of-Year Payment
	Date Established	Initial Period	Remaining Period	Initial	Remaining	
Experience Gain	1/1/2010	15.00	10.00	\$ (27,345,881)	\$ (21,176,635)	\$ (2,843,835)
Plan Amendment	1/1/2010	15.00	10.00	(32,045,400)	(24,815,938)	(3,332,562)
Experience Gain	1/1/2014	15.00	14.00	(14,564,452)	(13,995,934)	(1,514,630)
Experience Gain	1/1/2015	15.00	15.00	(8,275,002)	(8,275,002)	(860,559)
Total Credits					\$ (68,263,509)	\$ (8,551,586)

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX F CURRENT LIABILITY (FOR SCHEDULE MB)

CURRENT LIABILITY (FOR 2015 SCHEDULE MB)	
	January 1, 2015
A. Retirees and Beneficiaries	\$ 478,948,578
B. Vested Inactive Participants	207,907,650
C. Active Participants	
1. Non-Vested	\$ 1,301,051
2. Vested	114,007,191
3. Sub-total (1 + 2)	\$ 115,308,242
D. Total Current Liability (A + B + C3)	\$ 802,164,470
E. Market Value of Assets	359,268,671
F. Funded Ratio Using Market Value of Assets (E / D)	44.79%
G. Expected Increase in Current Liability ¹	\$ 3,066,621
H. Expected Release from Current Liability ¹	40,792,062
I. Expected Disbursements	40,792,062
J. Current Liability Interest Rate	3.51%

¹ Actual disbursements during the 2015 Plan Year will be used in the 2015 Schedule MB.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX G MAXIMUM DEDUCTIBLE CONTRIBUTION

MAXIMUM DEDUCTIBLE CONTRIBUTION	
A. Normal Cost	\$ 1,608,000
B. 10-Year Amortization of Unfunded Accrued Liability	24,704,531
C. Interest to End of Plan Year	1,907,658
D. Preliminary Max (A + B + C)	\$ 28,220,189
E. Full Funding Limitation	
1. ERISA	\$ 199,024,276
2. RPA Full Funding Limit Override	375,474,251
3. Greater of E1 or E2	375,474,251
F. Regular Maximum Deductible Contribution (lesser of D and E3)	28,220,189
G. Minimum Required Contribution, End of Year	0
H. 140% of Current Liability Basis	
1. Current Liability, Projected to End of Year	\$ 791,987,132
2. Actuarial Value of Assets Projected to End of Year	337,314,168
3. Excess of 140% of Current Liability over Actuarial Value of Assets at End of Year (140% x H1 - H2)	\$ 771,467,817
I. Maximum Deductible Contribution (greater of F, G and H3)	\$ 771,467,817

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX H AUDITOR INFORMATION (FASB ASC 960)

RECONCILIATION OF ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS		
	2013	2014
Actuarial Present Value of Accumulated Plan Benefits at Beginning of Year (January 1)	\$ 538,389,644	\$ 538,956,405
Increase/(Decrease) during the Year Attributable to:		
Benefits Accumulated and Actuarial Experience	\$ 590,004	\$ (303,465)
Plan Amendment	0	0
Actuarial Assumption Changes	0	0
Increase for Interest	37,666,979	37,680,678
Benefits Paid	(37,690,222)	(38,445,844)
Net Increase/(Decrease)	\$ 566,761	\$ (1,068,631)
Actuarial Present Value of Accumulated Plan Benefits at End of Year (December 31)	\$ 538,956,405	\$ 537,887,774
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS		
	2013	2014
Actuarial Present Value of Accrued Benefits		
Vested Benefits		
Participants Currently Receiving Benefits	\$ 355,760,294	\$ 359,184,949
Other Participants	182,136,207	177,945,394
Total Vested Benefits	\$ 537,896,501	\$ 537,130,343
Non-Vested Benefits	1,059,904	757,431
Actuarial Present Value of Accumulated Plan Benefits at End of Year (December 31)	\$ 538,956,405	\$ 537,887,774

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX I DETERMINATION OF VESTED BENEFIT LIABILITIES FOR WITHDRAWAL LIABILITY PURPOSES

DETERMINATION OF VESTED BENEFIT LIABILITIES FOR WITHDRAWAL LIABILITY PURPOSES		
	December 31, 2013	December 31, 2014
1. Vested Benefit Liabilities Earned to Date	\$ 535,970,604	\$ 537,130,343
2. PBGC 10-3 Base ¹	<u>21,467,751</u>	<u>20,285,206</u>
3. Vested Benefit Liabilities (1 + 2)	\$ 557,438,355	\$ 557,415,549

¹ PBGC Technical Update 10-3 describes the simplified method for plans in the Red Zone to disregard certain adjustable benefits in determining withdrawal liability. This involves the establishment of a base equal to the reduction in these adjustable benefits, which is then amortized over 15 years. The PBGC 10-3 base is the outstanding balance as of the applicable date.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX J FUNDING STANDARD ACCOUNT (NO AMORTIZATION EXTENSION)

FUNDING STANDARD ACCOUNT (No Amortization Extension) ¹		
	2014	2015 (Estimated)
1. Credit Balance on January 1	\$ 26,651,860	\$ 24,189,702
2. Charges		
A. Normal Cost (Beginning of Year)	\$ 1,693,396	\$ 1,608,000
B. Amortization Charges	40,469,571	40,225,303
C. Interest on 2A and 2B	3,056,815	3,032,914
D. Subtotal Charges (A + B + C)	\$ 45,219,782	\$ 44,866,217
3. Credits		
A. Employer Contributions for Year	\$ 10,411,438	\$ 11,519,000
B. Amortization Credits	28,006,071	8,551,586
C. Interest on 1, 3A and 3B	4,340,115	2,791,307
D. Subtotal Credits (A + B + C)	\$ 42,757,624	\$ 22,861,893
4. Credit Balance on December 31 (1 - 2D + 3D)	\$ 24,189,702	\$ 2,185,378

¹ This is the Funding Standard Account used to determine if the Plan falls into the Red Zone.

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX K FUNDING STANDARD ACCOUNT (NO AMORTIZATION EXTENSION) (CONTINUED)

FUNDING STANDARD ACCOUNT AMORTIZATION BASES (No Amortization Extension) (As of January 1, 2015)

Charges	Amortization Period			Balances		Beginning-of-Year Payment
	Date	Initial	Remaining	Initial	Remaining	
	Established	Period	Period			
Initial Liability	1/1/1976	40.00	1.00	\$ 13,447,933	\$ 954,076	\$ 954,076
Actuarial Assumption	1/1/1978	38.00	1.00	1,960,033	141,209	141,209
Plan Amendment	1/1/1980	40.00	5.00	395,897	123,966	28,380
Plan Amendment	1/1/1981	40.00	6.00	3,609,259	1,314,016	259,026
Plan Amendment	1/1/1986	30.00	1.00	3,832,226	294,780	294,780
Plan Amendment	1/1/1987	30.00	2.00	4,466,400	664,234	343,737
Plan Amendment	1/1/1988	30.00	3.00	7,521,437	1,622,610	579,138
Plan Amendment	1/1/1989	30.00	4.00	6,238,198	1,735,952	480,558
Plan Amendment	1/1/1990	30.00	5.00	1,991,358	670,092	153,404
Plan Amendment+Act Assump	1/1/1991	30.00	6.00	3,867,632	1,511,427	297,941
Plan Amendment	1/1/1992	30.00	7.00	2,315,769	1,022,195	178,395
Plan Amendment	1/1/1993	30.00	8.00	8,009,694	3,913,553	617,024
Plan Amendment+Act Assump	1/1/1994	30.00	9.00	5,816,782	3,098,064	448,093
Plan Amendment	1/1/1995	30.00	10.00	3,954,934	2,268,704	304,667
Actuarial Assumption	1/1/1996	30.00	11.00	2,334,000	1,428,167	179,799
Plan Amendment	1/1/1996	30.00	11.00	19,722,004	12,067,808	1,519,277
Plan Amendment	1/1/1997	30.00	12.00	12,051,000	7,803,830	928,344
Plan Amendment	1/1/1998	30.00	13.00	12,834,000	8,737,734	988,662
Actuarial Assumption	1/1/1998	30.00	13.00	5,651,596	3,847,754	435,369
Actuarial Assumption	1/1/1999	30.00	14.00	500,000	355,921	38,517
Plan Amendment	1/1/1999	30.00	14.00	21,615,699	15,386,869	1,665,157
Plan Amendment	1/1/2000	30.00	15.00	7,937,933	5,880,050	611,495
Actuarial Assumption	1/1/2000	30.00	15.00	4,389,753	3,251,719	338,162
Plan Amendment	1/1/2001	30.00	16.00	12,746,807	9,785,899	981,945
Plan Amendment	1/1/2002	30.00	17.00	2,268,072	1,798,247	174,720

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX K FUNDING STANDARD ACCOUNT (NO AMORTIZATION EXTENSION) (CONTINUED)

FUNDING STANDARD ACCOUNT AMORTIZATION BASES (No Amortization Extension) (As of January 1, 2015) (CONTINUED)

Charges	Amortization Period			Balances		Beginning-of-Year Payment
	Date Established	Initial Period	Remaining Period	Initial	Remaining	
Plan Amendment	1/1/2003	30.00	18.00	\$ 2,964,980	\$ 2,420,286	\$ 228,407
Experience Loss	1/1/2003	15.00	3.00	12,151,612	3,540,620	1,263,707
Experience Loss	1/1/2004	15.00	4.00	23,109,456	8,681,506	2,403,269
Experience Loss	1/1/2005	15.00	5.00	12,406,469	5,635,879	1,290,211
Plan Amendment	1/1/2005	30.00	20.00	1,000,895	859,286	77,104
Actuarial Assumption	1/1/2005	30.00	20.00	1,063,519	913,048	81,928
Experience Loss	1/1/2006	15.00	6.00	6,485,444	3,421,433	674,454
Plan Amendment	1/1/2006	30.00	21.00	1,459,383	1,280,636	112,423
Plan Amendment	1/1/2007	30.00	22.00	1,475,698	1,321,093	113,680
Plan Amendment	1/1/2008	15.00	8.00	1,383,243	912,393	143,850
Experience Loss	1/1/2009	15.00	9.00	123,105,349	88,513,821	12,802,342
Experience Loss	1/1/2011	15.00	11.00	5,600,066	4,625,910	582,379
Experience Loss	1/1/2012	15.00	12.00	39,179,040	34,250,351	4,074,425
Experience Loss	1/1/2013	15.00	13.00	33,032,826	30,360,493	3,435,249
Total Charges					\$ 276,415,631	\$ 40,225,303

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX K FUNDING STANDARD ACCOUNT (NO AMORTIZATION EXTENSION) (CONTINUED)

FUNDING STANDARD ACCOUNT AMORTIZATION BASES (No Amortization Extension) (As of January 1, 2015) (CONTINUED)

Credits	Amortization Period			Balances		Beginning-of-Year Payment
	Date Established	Initial Period	Remaining Period	Initial	Remaining	
Experience Gain	1/1/2010	15.00	10.00	\$ (27,345,881)	\$ (21,176,635)	\$ (2,843,835)
Plan Amendment	1/1/2010	15.00	10.00	(32,045,400)	(24,815,938)	(3,332,562)
Experience Gain	1/1/2014	15.00	14.00	(14,564,452)	(13,995,934)	(1,514,630)
Experience Gain	1/1/2015	15.00	15.00	(8,275,002)	(8,275,002)	(860,559)
Total Credits					\$ (68,263,509)	\$ (8,551,586)

Western States Office & Professional Employees Pension Plan

Actuarial Valuation as of January 1, 2015

APPENDIX K HISTORICAL INFORMATION

HISTORICAL CONTRIBUTIONS AND BENEFIT PAYMENTS		
Plan Year	Contributions	Benefit Payments
2000	\$ 9,366,427	\$ 18,819,097
2001	9,660,131	20,927,583
2002	9,277,458	20,835,583
2003	7,854,003	24,206,237
2004	6,935,726	26,487,895
2005	7,357,903	28,371,211
2006	7,399,605	29,919,215
2007	7,678,247	32,970,957
2008	8,277,807	32,853,989
2009	8,004,785	34,155,460
2010	8,489,009	37,136,630
2011	8,630,961	37,224,104
2012	9,797,048	37,280,366
2013	11,044,341	37,690,222
2014	10,411,438	38,445,844