Laborers Pension Trust Fund for Northern California

Actuarial Certification of Plan Status under IRC Section 432

As of June 1, 2020

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
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T 415.263.8200

August 26, 2020

Board of Trustees
Laborers Pension Trust Fund for Northern California
Fairfield, California

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 June 1, 2020 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 June 1, 2019 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 Mark Hamwee, FSA, MAAA, Enrolled Actuary.

As of June 1, 2020, 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 Consulting ("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:

Timothy J. Losee
Vice President & Benefits Consultant

Mark Hamwee, FSA, MAAA, EA
Vice President & Actuary

PXP/gxk

cc: Luis Arteaga
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Jill Bohnet
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Segal

August 26, 2020

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 June 1, 2020 for the following plan:

Name of Plan: Laborers Pension Trust Fund for Northern California
Plan number: EIN 94-6277608 / PN 001
Plan sponsor: Board of Trustees, Laborers Pension Trust Fund for Northern California
Address: 220 Campus Lane, Fairfield, CA 94534-1498
Phone number: 707.864.2800

As of June 1, 2020, 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.

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

Segal
180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
Phone number: 415.263.8200

Sincerely,

Mark Hamwee, FSA, MAAA, EA
Vice President & Actuary
Enrolled Actuary No. 20-05829

Actuarial status certification as of June 1, 2020 under IRC Section 432

August 26, 2020

This is to certify that Segal has prepared an actuarial status certification under Internal Revenue Code Section 432 for the Laborers Pension Trust Fund for Northern California as of June 1, 2020 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 June 1, 2019 actuarial valuation, dated May 22, 2020. 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 IV.

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.

Mark Hamwee, FSA, MAAA	
EA#	20-05829
Title	Vice President & Actuary

Certificate Contents

Actuarial Status Certification under IRC Section 432

Exhibit I

Status Determination as of June 1, 2020

Status	Condition	Component Result	Final Result
Critical Status:			
	I. Initial critical status tests:		
	C1. A funding deficiency is projected in four years?	No	No
	C2. (a) A funding deficiency is projected in five years,	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,	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
	II. Emergence test:		
	C6. (a) Was in critical status for the immediately preceding plan year,	No	
	(b) AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under ERISA Section 304(d)(2) or ERISA Section 304 as in effect prior to PPA'06,	N/A	
	(c) OR insolvency is projected for the current year or any of the 30 succeeding plan years?	N/A	
	Plan did NOT emerge?		**N/A**

Actuarial Status Certification under IRC Section 432

Status	Condition	Component Result	Final Result
III. Special emergence test:			
C7. (a)	The trustees have elected an automatic amortization extension under 431(d),	No	
(b)	AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under ERISA Section 304(d)(1),	N/A	
(c)	OR insolvency is projected for the current year or any of the 30 succeeding plan years?	N/A	
Plan did NOT emerge?			**N/A**
IV. Reentry into critical status after special emergence:			
C8. (a)	The Plan emerged from critical status in any prior year under the special emergence rule,	No	
(b)	AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extensions of amortization periods under ERISA Section 304(d),	N/A	
(c)	OR insolvency is projected for the current year or any of the 30 succeeding plan years?	N/A	
Plan reentered critical status?			**N/A**
V. In Critical Status? (If C1-C6 or C8 is Yes, then Yes, unless C7 is No)			**No**
If not in Critical Status, skip VI and go to VII			
VI. Determination of critical and declining status:			
C9. (a)	Any of (C1) through (C5) are Yes?	N/A	N/A
(b)	AND EITHER Insolvency is projected within 15 years?	N/A	N/A
(c)	OR		
	(i) The ratio of inactives to actives is at least 2 to 1,	N/A	
	(ii) AND insolvency is projected within 20 years?	N/A	N/A
(d)	OR		
	(i) The funded percentage is less than 80%,	N/A	
	(ii) AND insolvency is projected within 20 years?	N/A	N/A
In Critical and Declining Status?			**N/A**

Actuarial Status Certification under IRC Section 432

Status	Condition	Component Result	Final Result
	VII. Determination whether plan is projected to be in critical status in any of the succeeding five plan years:		
	C10. (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
	In Critical Status in any of the five succeeding plan years?		**No**
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**

Actuarial Status Certification under IRC Section 432

Exhibit II
Summary of Actuarial Valuation Projections

The actuarial factors as of June 1, 2020 (based on projections from the June 1, 2019 valuation certificate):

I. Financial Information				
1. Market value of assets				$3,463,469,680
2. Actuarial value of assets				3,528,993,820
3. Reasonably anticipated contributions				
a. Upcoming year				224,000,000
b. Present value for the next five years				940,263,651
c. Present value for the next seven years				1,230,930,147
4. Projected benefit payments				221,702,191
5. Projected administrative expenses (beginning of year)				5,886,166
II. Liabilities				
1. Present value of vested benefits for active participants				815,155,921
2. Present value of vested benefits for non-active participants				2,354,608,362
3. Total unit credit accrued liability				3,405,744,302
4. Present value of payments	**Benefit Payments**	**Administrative Expenses**		**Total**
a. Next five years	$993,785,238	$26,569,479		$1,020,354,717
b. Next seven years	1,346,957,255	35,391,470		1,382,348,725
5. Unit credit normal cost plus expenses				64,586,477
III. Funded Percentage (I.2)/(II.3)				103.6%
IV. Funding Standard Account				
1. Credit Balance as of the end of prior year				$874,552,281
2. Years to projected funding deficiency				N/A
V. Projected Year of Emergence				N/A
VI. Years to Projected Insolvency				N/A
VII. Year Projected to be in Critical Status (based on test C10. in Exhibit I), if within next five years				N/A

Exhibit III
Funding Standard Account Projections

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

	Year Beginning June 1,					
	2019	2020	2021	2022	2023	2024
1. Credit balance (BOY)	$689,430,443	$874,552,281	$976,617,193	$1,093,021,857	$1,218,392,560	$1,352,875,849
2. Interest on (1)	51,707,283	65,591,421	73,246,289	81,976,639	91,379,442	101,465,689
3. Normal cost	79,864,598	58,700,311	58,847,062	58,994,180	59,141,665	59,289,519
4. Administrative expenses	5,770,751	5,886,166	6,003,889	6,123,967	6,246,446	6,371,375
5. Net amortization charges	127,918,156	117,670,741	111,187,770	110,701,329	110,701,334	94,295,932
6. Interest on (3), (4) and (5)	16,016,513	13,669,291	13,202,904	13,186,461	13,206,708	11,996,762
7. Expected contributions	349,864,649	224,000,000	224,000,000	224,000,000	224,000,000	224,000,000
8. Interest on (7)	13,119,924	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000
9. Full-funding limit credit	0	0	0	0	0	0
10. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)	$874,552,281	$976,617,193	$1,093,021,857	$1,218,392,560	$1,352,875,849	$1,514,787,949
	2025	2026	2027	2028	2029	
1. Credit balance (BOY)	$1,514,787,949	$1,698,748,923	$1,906,003,422	$2,147,434,892	$2,419,133,736	
2. Interest on (1)	113,609,096	127,406,169	142,950,257	161,057,617	181,435,030	
3. Normal cost	59,437,743	59,586,337	59,735,303	59,884,641	60,034,353	
4. Administrative expenses	6,498,803	6,628,779	6,761,355	6,896,582	7,034,514	
5. Net amortization charges	84,805,893	75,693,414	58,078,958	46,482,752	33,018,969	
6. Interest on (3), (4) and (5)	11,305,683	10,643,140	9,343,171	8,494,798	7,506,588	
7. Expected contributions	224,000,000	224,000,000	224,000,000	224,000,000	224,000,000	
8. Interest on (7)	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	
9. Full-funding limit credit	0	0	0	0	0	
10. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)	$1,698,748,923	$1,906,003,422	$2,147,434,892	$2,419,133,736	$2,725,374,343	

Exhibit IV

Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the June 1, 2019 actuarial valuation certificate, dated May 22, 2020, 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.

Plan of Benefits:	This certification reflects a one-time supplemental check of $500 payable in December 2020 to retirees who have been in good standing with the union for the previous 12 months.
Contribution Rates:	Based on formal commitments by collective bargaining parties as provided by the plan sponsor, the negotiated contribution rate of $8.96 per hour was reflected in this certification with benefits still accruing on $2.16 per hour.
Asset Information:	The market value of assets as of June 1, 2020 was estimated using the return provided by the Investment Consultant. Contributions, benefit payments and non-investment expenses for the plan year ending May 31, 2020 were estimated based on an unaudited financial statement provided by the Fund Administrator. For projections after June 1, 2020, the assumed administrative expenses were increased by 2% per year and the benefit payments were projected based on the June 1, 2019 actuarial valuation. The projected net investment return was assumed to be 7.50% of the average market value of assets for the 2020 - 2029 Plan Years. 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, if the plan has an Unfunded Actuarial Accrued Liability.
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 total contributory hours are assumed to be 25 million per year. We are unable to evaluate the reasonableness of this assumption without performing a substantial amount of additional work beyond the scope of our engagement.
Future Normal Costs:	We have assumed that the normal cost under the unit credit cost method will be the same as in the 2019 Plan Year, adjusted for the projected industry activity, as noted above, and increased by 0.25% per year to reflect future mortality improvements.
Future FSA Bases:	The plan is projected to be in an overfunded position beginning June 1, 2020, and as such we do not project any new Funding Standard Account bases to be established.

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