Laborers Pension Trust Fund for Northern California

Actuarial Certification of Plan Status under IRC Section 432

As of June 1, 2022

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com T:415.263.8200

August 23, 2022

Board of Trustees
Laborers Pension Trust Fund for Northern California
Pleasanton, 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, 2022 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, 2021 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 Paul C. Poon, ASA, MAAA, Enrolled Actuary.

As of June 1, 2022, 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:

Timothy J. Losee
Vice President & Benefits Consultant

Paul C. Poon, ASA, MAAA, EA
Vice President & Actuary

PXP/

cc: Zach Angulo, Esq.
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August 23, 2022

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, 2022 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:	5672 Stoneridge Drive, Suite 100, Pleasanton, CA, 94588
Phone number:	707.864.2800

As of June 1, 2022, 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,

Paul C. Poon, ASA, MAAA, EA
Vice President & Actuary
Enrolled Actuary No. 20-06069

Actuarial Status Certification as of June 1, 2022 under IRC Section 432
August 23, 2022

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, 2022 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, 2021 actuarial valuation, dated August 19, 2022. 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. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that offer my best estimate of anticipated experience under the Plan. Furthermore, as required by IRC Section 432(b)(3)(B)(iii), the projected industry activity takes into account information provided by the plan sponsor.

Paul C. Poon

Paul C. Poon, ASA, MAAA, EA	
EA#	20-06069
Title	Vice President & Actuary

Certificate Contents

Actuarial Status Certification under IRC Section 432

Exhibit 1: Status Determination as of June 1, 2022

Status	Condition	Component Result	Final Result
Critical Status:			
	1. 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
	2. 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**

Status	Condition	Component Result	Final Result
	3. 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**
	4. 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**
	5. In Critical Status? (If C1-C6 or C8 is Yes, then Yes, unless C7 is No)		**No**
	If not in Critical Status, skip 6 and go to 7		
	6. 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		
	1) The ratio of inactives to actives is at least 2 to 1,	N/A	
	2) **and** insolvency is projected within 20 years?	N/A	N/A
	d. **or**		
	1) The funded percentage is less than 80%,	N/A	
	2) **and** insolvency is projected within 20 years	N/A	N/A
	In Critical and Declining Status?		**N/A**

Status	Condition	Component Result	Final Result
	7. 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
	8. 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**

Exhibit 2: Summary of Actuarial Valuation Projections

The actuarial factors as of June 1, 2022 (based on projections from the June 1, 2021 valuation certificate):

1. Financial Information				
a. Market value of assets				$4,353,544,616
b. Actuarial value of assets				4,310,487,600
c. Reasonably anticipated contributions				
1) Upcoming year				235,457,500
2) Present value for the next five years				1,013,749,092
3) Present value for the next seven years				1,338,233,630
d. Projected benefit payments				232,399,209
e. Projected administrative expenses (beginning of year)				6,901,684
2. Liabilities				
a. Present value of vested benefits for active participants				1,065,848,144
b. Present value of vested benefits for non-active participants				2,650,983,692
c. Total unit credit accrued liability				4,045,525,291
d. Present value of payments	**Benefit Payments**	**Administrative Expenses**		**Total**
1) Next five years	$1,084,002,422	$31,712,854		$1,115,715,276
2) Next seven years	1,491,640,633	42,601,259		1,534,241,892
e. Unit credit normal cost plus expenses				98,615,630
3. Funded Percentage (1.b)/(2.c)				106.5%
4. Funding Standard Account				
a. Credit Balance as of the end of prior year				$1,105,237,733
b. Years to projected funding deficiency				N/A
5. Projected Year of Emergence				N/A
6. Years to Projected Insolvency				N/A
7. Year Projected to be in Critical Status (based on test C10. in Exhibit 1), if within next five years				N/A

Exhibit 3: Funding Standard Account Projections

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

		Year Beginning June 1,					
		2021	2022	2023	2024	2025	2026
1.	Credit balance (BOY)	$999,164,734	$1,105,237,733	$1,165,716,629	$1,230,584,268	$1,321,893,099	$1,432,684,883
2.	Interest on (1)	64,945,708	71,840,453	75,771,581	79,987,977	85,923,051	93,124,517
3.	Normal cost	130,035,369	91,713,946	92,851,199	93,083,327	93,316,035	93,549,325
4.	Administrative expenses	6,766,357	6,901,684	7,039,718	7,180,512	7,324,122	7,470,604
5.	Net amortization charges	140,620,148	140,324,676	139,630,390	118,389,115	105,291,784	99,453,131
6.	Interest on (3), (4) and (5)	18,032,422	15,531,120	15,568,885	14,212,442	13,385,576	13,030,749
7.	Expected contributions	325,987,009	235,457,500	236,500,000	236,500,000	236,500,000	236,500,000
8.	Interest on (7)	10,594,578	7,652,369	7,686,250	7,686,250	7,686,250	7,686,250
9.	Full-funding limit credit	0	0	0	0	0	0
10.	**Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)**	**$1,105,237,733**	**$1,165,716,629**	**$1,230,584,268**	**$1,321,893,099**	**$1,432,684,883**	**$1,556,491,842**

		2027	2028	2029	2030	2031
1.	Credit balance (BOY)	$1,556,491,842	$1,706,279,865	$1,877,419,355	$2,073,177,461	$2,284,258,566
2.	Interest on (1)	101,171,970	110,908,191	122,032,258	134,756,535	148,476,807
3.	Normal cost	93,783,198	94,017,656	94,252,700	94,488,332	94,724,553
4.	Administrative expenses	7,620,016	7,772,416	7,927,864	8,086,421	8,248,149
5.	Net amortization charges	82,230,773	70,937,582	57,876,151	55,041,848	45,812,740
6.	Interest on (3), (4) and (5)	11,936,209	11,227,298	10,403,686	10,245,079	9,671,054
7.	Expected contributions	236,500,000	236,500,000	236,500,000	236,500,000	236,500,000
8.	Interest on (7)	7,686,250	7,686,250	7,686,250	7,686,250	7,686,250
9.	Full-funding limit credit	0	0	0	0	0
10.	**Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)**	**$1,706,279,865**	**$1,877,419,355**	**$2,073,177,461**	**$2,284,258,566**	**$2,518,465,127**

Exhibit 4: Funding Standard Account — Projected Bases Assumed Established after June 1, 2021

Schedule of Funding Standard Account Bases

Type of Base	Date Established	Base Established	Amortization Period	Amortization Payment
Experience (Gain)/Loss	6/1/2022	$(14,596,013)	15	$(1,457,584)
Experience (Gain)/Loss	6/1/2023	(7,973,914)	15	(796,289)
Experience (Gain)/Loss	6/1/2024	(32,534,851)	15	(3,248,988)
Experience (Gain)/Loss	6/1/2025	(37,469,273)	15	(3,741,748)
Experience (Gain)/Loss	6/1/2026	31,116,005	15	3,107,299
Plan Amendment (13th Check)	6/1/2022	1,648,000	1	1,648,000
Plan Amendment (13th Check)	6/1/2023	1,750,000	1	1,750,000

Exhibit 5: Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the June 1, 2021 actuarial valuation certificate, dated August 19, 2022, 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 the following plan changes: • A one-time supplemental check of $500 was provided in December 2021 to retirees who have been in good standing with the union for the preceding twelve months, plus an extra $500 (for a total of $1,000) to retirees with over 25 years of service who are receiving a pension benefit less than $2,000 per month. • A one-time supplemental check of $500 will be provided in December 2022 to retirees who have been in good standing with the union for the preceding twelve months. • Effective August 1, 2022, the benefit accrual rate was increased from 4.00% to 4.25% of contributions, based on a benefit contribution rate of $2.16 per hour.
Contribution Rates:	The contribution rate was increased from $8.96 to $9.46 per hour, effective July 1, 2022.
Asset Information:	The market value of assets as of June 1, 2022 was estimated using the return provided by the Investment Consultant. Contributions, benefit payments and non-investment expenses for the plan year ending May 31, 2022 were estimated based on an unaudited financial statement provided by the Fund Administrator. For projections after June 1, 2022, the assumed administrative expenses were increased by 2% per year and the benefit payments were projected based on the June 1, 2021 actuarial valuation. The projected net investment return was assumed to be 6.50% of the average market value of assets for the 2022–2031 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.
Projected Industry Activity:	The projected industry activity assumption takes into account information provided by the plan sponsor as required by Internal Revenue Code Section 432, historical and current contribution levels and projections in employment levels, and professional judgement. Based on this information, the overall number of contributory hours each year is projected to be 25 million for 2022 and later.
Future Normal Costs:	We have assumed that the normal cost under the unit credit cost method will be the same as in the 2021 Plan Year, adjusted for the projected industry activity and increase in benefit accrual rate, as noted above, and increased by 0.25% per year to reflect future mortality improvements.
De Minimis Merger:	This certification does not reflect the de minimis merger of the Ken Lusby Clerks & Lumber Handlers Pension Plan, which was effectuated as of July 31, 2021. Reflecting the additional plan assets and liabilities resulting from this merger would not change the result that the plan is in neither endangered nor critical status for the 2022 Plan Year and is not projected to enter critical status in any of the five succeeding Plan Years.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are prepared 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 Enrolled Actuary.

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