

**The New York State Teamsters Conference Pension and Retirement Fund
Application for Suspension of Benefits under MPRA**

EXHIBIT 7

The New York State Teamsters Conference Pension and Retirement Fund

Information Required by Section 4.02 of
Revenue Procedure 2016-27 for Benefit
Suspensions Effective October 1, 2017

May 15, 2017



Actuarial Statement

This report provides the information required by Section 4.02 of Revenue Procedure 2016-27: Application Procedures for Approval of Benefit Suspensions for Certain Multiemployer Defined Benefit Pension Plans under § 432(e)(9). This information is applicable to the New York State Teamsters Conference Pension and Retirement Fund (the “Plan”) assuming an effective date for benefit suspensions as of October 1, 2017.

Under Section 432(e)(9) of the Internal Revenue Code (“Code”), the plan sponsor of a multiemployer defined benefit pension plan in critical and declining status may submit to the Secretary of the Treasury a proposal to suspend benefits in certain situations. The Plan was certified as being in critical and declining status for the 2017 Plan Year. The results of this certification are detailed in a separate report sent to the Board of Trustees on March 31, 2017.

In preparing this report including information required by Section 4.02 of Revenue Procedure 2016-27, we have relied upon information and data provided to us by the Board of Trustees of the Plan, the Plan administrator, and other persons or organizations designated by the Board of Trustees. We did not perform an audit of the financial and participant census data provided to us, but we have reviewed the data for reasonableness for the purpose of the measurement. We have relied on all of the information, including plan provisions and asset information, as complete and accurate.

Note that this report includes only the actuarial information required by Section 4.02 of Revenue Procedure 2016-27. There may be additional information required in the application that will be compiled by the Plan administrator and/or other persons or organizations designated by the Board of Trustees.

In our opinion, all methods, assumptions and calculations used in this report are in accordance with requirements of the Code and the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended by the Pension Protection Act of 2006 (“PPA”), the Pension Relief Act of 2010 (“PRA 2010”), and the Multiemployer Pension Reform Act of 2014 (“MPRA”). Further, in our opinion, the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices.

This report is based on actuarial calculations that require assumptions about future events. We believe that the assumptions and methods used in this report are reasonable and appropriate for the purposes for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results. The Board of Trustees also provided information regarding the levels of projected industry activity and future contribution levels, which was used in performing the actuarial projections required for this report.

The undersigned consultants of Horizon Actuarial Services, LLC with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the Board of Trustees of the Plan and Horizon Actuarial Services, LLC that affects our objectivity.

Redacted by the U.S. Department of the Treasury

Stanley T. Goldfarb, FSA, EA, MAAA
Actuary and Managing Consultant

Redacted by the U.S. Department of the Treasury

James M. Locey, EA, MAAA
Consulting Actuary

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Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Demonstration that the proposed suspension is reasonably estimated to enable the plan to avoid insolvency

Under Section 4.02 of Revenue Procedure 2016-27, the application must include a demonstration that, in accordance with Section 432(e)(9)(D)(iv) of the Code, the proposed benefit suspension is reasonably estimated to enable the plan to avoid insolvency. This must include:

1. A deterministic projection
2. A stochastic projection
3. A description of the assumptions used

On the following pages, we have included:

- *A deterministic projection*
- *A stochastic projection*
- *A description of the assumptions used*

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Deterministic Projection:

Under Section 4.02(1) of Revenue Procedure 2016-27, the deterministic projection must show the following:

1. For each plan year during the extended period, the Plan's solvency ratio (the ratio of the Plan's available resources to the scheduled benefits payable under the plan for the plan year) is projected on a deterministic basis to be at least 1.0.
2. If the Plan's funded percentage at the end of the extended projection period is less than or equal to 100 percent, then neither the Plan's solvency ratio nor its available resources are projected to decrease in any of the last five plan years of the extended period.

On the following pages, we have included:

- *A plan-year-by-plan-year deterministic projection of the available resources as defined in Section 418E(b)(3) of the Code and the scheduled benefit payments under the plan.*

Note the following:

- *For each plan year during the extended period, the Plan's solvency ratio is projected on a deterministic basis to be at least 1.0.*
- *The Plan's funded percentage at the end of the extended projection period is less than or equal to 100 percent, but neither the Plan's solvency ratio nor its available resources are projected to decrease in any of the last five plan years of the extended period.*

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Plan-year-by-plan-year projection of the available resources:

Revenue Procedure 2016-27, Section 4.02(1): The Proposed Suspensions is Reasonably Estimated to Enable the Plan to Avoid Insolvency - Deterministic Projection

Assumed Investment Return		See Assumptions					Proposed Benefit Suspensions:					
Effective Date of Proposed Benefit Suspension		10/1/2017					Active Participants		18.0%			
Expiration of Proposed Benefit Suspension		N/A					Non-active Participants		29.0%			
Plan Year	Beginning	Employer	Withdrawal	Benefit	Administrative	Net	Ending	Actuarial	Funded	Available	Solvency	
Ending	Market Value	Contributions	Liability	Payments	Expenses	Investment	Market Value	Accrued	Percentage	Resources	Ratio	
	of Assets		Payments			Return	of Assets	Liability				
CY	12/31/2017	1,202,655,086	123,070,258	9,586,913	(277,763,262)	(9,853,710)	126,559,806	1,174,255,091	3,377,856,996	35.60%	1,452,018,353	5.228
1	12/31/2018	1,174,255,091	126,858,857	9,570,693	(238,476,009)	(7,136,955)	82,183,292	1,147,254,970	2,703,299,799	43.44%	1,385,730,979	5.811
2	12/31/2019	1,147,254,970	130,719,066	9,497,851	(240,778,124)	(7,235,993)	79,596,344	1,119,054,114	2,698,844,694	42.51%	1,359,832,238	5.648
3	12/31/2020	1,119,054,114	134,556,012	9,497,851	(243,018,522)	(6,815,865)	76,870,414	1,090,144,004	2,691,317,129	41.58%	1,333,162,526	5.486
4	12/31/2021	1,090,144,004	138,158,433	9,497,851	(245,695,501)	(6,918,030)	74,089,308	1,059,276,065	2,680,277,630	40.67%	1,304,971,566	5.311
5	12/31/2022	1,059,276,065	141,466,836	9,497,851	(248,108,546)	(7,022,280)	71,107,825	1,026,217,751	2,664,941,044	39.75%	1,274,326,297	5.136
6	12/31/2023	1,026,217,751	144,824,740	9,497,851	(250,027,980)	(7,127,573)	67,943,649	991,328,438	2,645,214,522	38.80%	1,241,356,418	4.965
7	12/31/2024	991,328,438	148,376,864	9,497,851	(251,773,895)	(7,234,950)	64,912,535	955,106,843	2,621,306,056	37.82%	1,206,880,738	4.794
8	12/31/2025	955,106,843	152,024,878	9,497,851	(253,199,347)	(7,343,370)	62,033,384	918,120,239	2,593,078,198	36.83%	1,171,319,586	4.626
9	12/31/2026	918,120,239	155,773,714	9,497,851	(254,130,690)	(7,453,875)	59,331,527	881,138,766	2,560,470,317	35.86%	1,135,269,456	4.467
10	12/31/2027	881,138,766	159,643,163	9,497,851	(254,532,541)	(7,565,423)	64,853,105	853,034,922	2,523,714,058	34.91%	1,107,567,463	4.351
11	12/31/2028	853,034,922	163,658,474	9,497,851	(254,235,952)	(7,679,055)	62,670,808	826,947,048	2,483,145,363	34.35%	1,081,183,000	4.253
12	12/31/2029	826,947,048	167,800,651	9,475,797	(253,593,205)	(7,793,730)	60,750,626	803,587,186	2,439,295,706	33.90%	1,057,180,391	4.169
13	12/31/2030	803,587,186	169,935,486	9,425,111	(252,178,782)	(7,910,490)	58,920,804	781,779,315	2,392,319,068	33.59%	1,033,958,097	4.100
14	12/31/2031	781,779,315	169,217,536	9,251,903	(250,391,848)	(8,029,335)	57,193,045	759,020,616	2,342,675,900	33.37%	1,009,412,464	4.031
15	12/31/2032	759,020,616	168,551,422	8,949,319	(247,996,289)	(8,150,265)	55,488,693	735,863,497	2,290,581,383	33.14%	983,859,786	3.967
16	12/31/2033	735,863,497	167,880,805	8,949,319	(244,999,925)	(8,272,238)	53,718,471	713,139,930	2,236,464,996	32.90%	958,139,855	3.911
17	12/31/2034	713,139,930	167,210,785	4,474,660	(241,243,093)	(8,396,295)	51,843,131	687,029,117	2,180,831,654	32.70%	928,272,210	3.848
18	12/31/2035	687,029,117	166,608,308	-	(237,276,718)	(8,522,438)	49,787,651	657,625,921	2,124,424,642	32.34%	894,902,639	3.772
19	12/31/2036	657,625,921	166,038,848	-	(232,642,855)	(8,650,665)	47,615,891	629,987,140	2,067,403,470	31.81%	862,629,995	3.708
20	12/31/2037	629,987,140	165,458,003	-	(227,705,033)	(8,779,935)	45,655,577	604,615,752	2,010,460,517	31.34%	832,320,785	3.655
21	12/31/2038	604,615,752	164,915,115	-	(222,411,062)	(8,911,290)	43,884,452	582,092,967	1,953,931,653	30.94%	804,504,029	3.617
22	12/31/2039	582,092,967	164,399,566	-	(216,851,657)	(9,044,730)	42,288,127	562,884,273	1,898,242,251	30.66%	779,735,930	3.596
23	12/31/2040	562,884,273	163,847,735	-	(211,138,625)	(9,180,255)	41,007,555	547,420,683	1,843,771,092	30.53%	758,559,308	3.593
24	12/31/2041	547,420,683	163,284,176	-	(204,924,912)	(9,317,865)	40,032,904	536,494,986	1,790,779,463	30.57%	741,419,898	3.618
25	12/31/2042	536,494,986	162,741,778	-	(199,132,387)	(9,457,560)	39,390,888	530,037,705	1,739,952,711	30.83%	729,170,092	3.662
26	12/31/2043	530,037,705	162,254,844	-	(193,187,019)	(9,599,340)	39,099,508	528,605,698	1,691,038,066	31.34%	721,792,717	3.736
27	12/31/2044	528,605,698	161,762,831	-	(187,000,395)	(9,743,205)	39,151,433	532,776,362	1,644,388,138	32.15%	719,776,757	3.849
28	12/31/2045	532,776,362	161,273,104	-	(181,074,898)	(9,889,155)	39,673,506	542,758,919	1,600,455,726	33.29%	723,833,817	3.997
29	12/31/2046	542,758,919	160,805,268	-	(175,128,534)	(10,037,190)	40,642,328	559,040,791	1,559,217,116	34.81%	734,169,325	4.192
30	12/31/2047	559,040,791	160,359,940	-	(169,907,897)	(10,187,310)	42,066,664	581,372,188	1,520,943,165	36.76%	751,280,085	4.422
31	12/31/2048	581,372,188	159,894,304	-	(164,783,745)	(10,340,558)	43,949,801	610,091,990	1,485,019,347	39.15%	774,875,735	4.702
32	12/31/2049	610,091,990	159,415,154	-	(159,850,219)	(10,495,890)	46,314,391	645,475,426	1,451,482,700	42.03%	805,325,645	5.038

"CY" = current plan year



Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

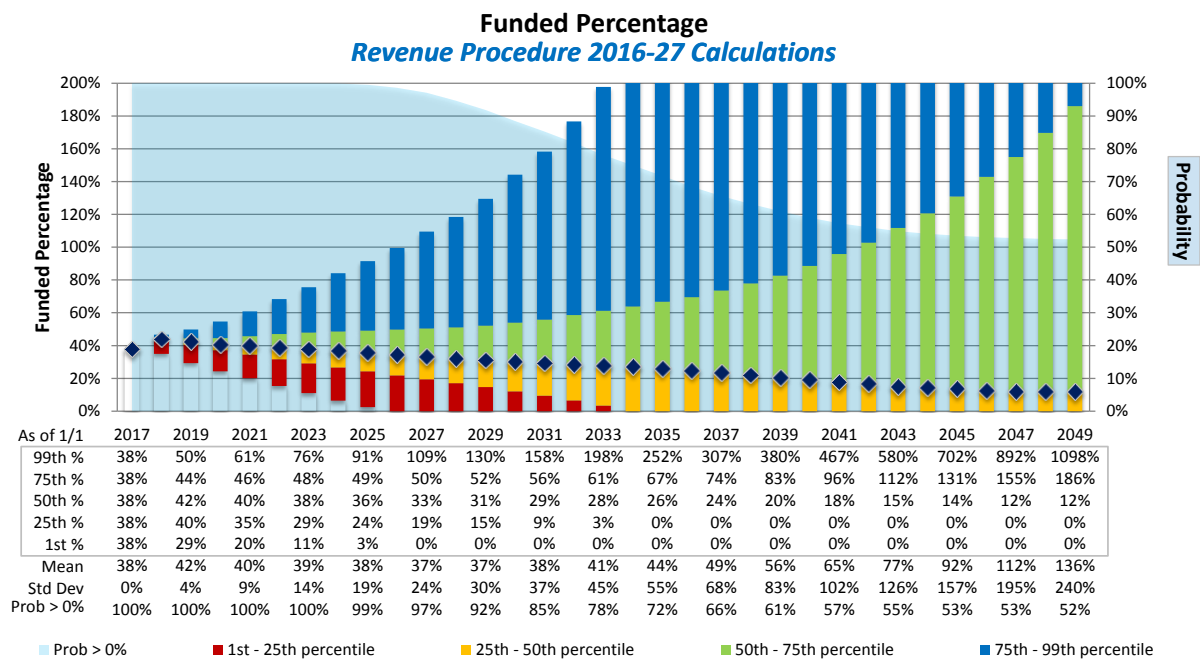
Stochastic Projection:

Under Section 4.02(2) of Revenue Procedure 2016-27, the stochastic projection, which reflects variance in investment returns, must show that the probability that the Plan is projected to avoid insolvency throughout the extended period as a result of the suspension is greater than 50 percent.

In the following exhibits, we have included a stochastic projection with 5,000 simulations of investment returns over the extended period. The results of the stochastic projection show that the probability of avoiding insolvency throughout the extended period is greater than 50 percent.

Stochastic Illustration:

The stochastic projection below is based on the assumptions described in Appendix B of this report.



The probability of avoiding insolvency throughout the extended period is greater than 50% (52%).

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Description of the assumptions used (4.02(3)(a)):

Under Section 4.02(3)(a) of Revenue Procedure 2016-27, if the actuarial assumptions used for the deterministic projection differ from those used under Section 3.01 of Revenue Procedure 2016-27, the application must include an explanation of the information and analysis that led to the differences.

The projection used under Section 4.02(1) of Revenue Procedure 2016-27 is generally based on the same actuarial assumptions that are included in the projection used under Section 3.01 of Revenue Procedure 2016-27 with some exceptions.

Any changes in the assumptions, along with an explanation for the change, are described in the actuarial projection under the information required by Section 3.02 of Revenue Procedure 2016-27. For reference, those changes are repeated below.

Assumptions:

Generally, the assumptions used in the actuarial projection above are the same as those used in the actuarial projection required under Section 3.01 of Revenue Procedure 2016-27. Please refer to the actuarial projection under Section 3.01 of Revenue Procedure 2016-27 for more information regarding the assumptions. Where assumptions differ from those described under Section 3.01 of Revenue Procedure 2016-27, additional commentary is provided below.

- **Non-Disabled Mortality:** For projections for purposes of the certification of status (as described under Section 3.01 of Revenue Procedure 2016-27), the assumption was the RP-2014 Mortality Tables for males and females, with Blue Collar adjustment, rates increased by 15%, and future improvement projected generationally based on 50% of the MP-2015 Mortality Improvement Scale. For purposes of projections of the proposed suspension of benefits, the assumption was updated to the RP-2014 Mortality Tables for males and females, with Blue Collar adjustment, and future improvement projected generationally based on 100% of the MP-2016 Mortality Improvement Scale. The updated assumption represents anticipated future experience for the Plan, and it was developed based on a review of the Plan's amount-weighted mortality experience with respect to the standard mortality tables and improvement scales published by the Society of Actuaries.
- **Disabled Mortality:** For projections for purposes of the certification of status (as described under Section 3.01 of Revenue Procedure 2016-27), the assumption was the RP-2014 Disabled Mortality Tables for males and females, rates increased by 15%, and future improvement projected generationally based on 50% of the MP-2015 Mortality Improvement Scale. For purposes of projections of the proposed suspension of benefits, the assumption was updated to the RP-2014 Disabled Mortality Tables for males and females, with future improvement projected generationally based on 100% of the MP-2016 Mortality Improvement Scale. The updated assumption represents anticipated future experience for the Plan, and it was developed based on a review of the standard mortality tables and improvement scales published by the Society of Actuaries.

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

- **Contribution Base Units and Contribution Rates (No changes from information provided under Section 3.01 of Revenue Procedure 2016-27):** There are significant differences in the contribution base units and contribution rates under each schedule of the Rehabilitation Plan. The table below shows the active participant count, average contribution base units and average contribution rate under each schedule of the Rehabilitation Plan. This information is based on census data as of January 1, 2016. Note that because of the active population scenario described in the actuarial projection under Section 3.01 of Revenue Procedure 2016-27, results are shown separately for UPS, ABF and YRC.

Revenue Procedure 2016-27, Section 4.02: Active Participants, Base Units and Contribution Rates

<u>Rehabilitation Plan Schedule</u>	<u>Participants as of 1/1/2016</u>	<u>Average Hours per Participant</u>	<u>Average Contribution Rate per Participant</u>
Default	4,271	1,021	4.0614
A	21	1,665	3.8210
B	532	1,248	6.8826
B (UPS)	2,216	1,034	11.4038
C	519	1,734	4.1211
D	98	1,648	4.0850
E	1,422	1,733	3.7458
E (UPS & ABF)	1,917	1,954	14.6148
G (YRC)	580	1,799	2.3361

For each active participant in the valuation, hours are assumed to be the average of a participant's actual hours worked in the three plan years preceding the valuation date. Contributions made on behalf of each participant are assumed to be equal to the assumed hours worked multiplied by a participant's contribution rate.

Note that the participant count in the Default Schedule shown above includes approximately 1,600 active participants who are employed by a withdrawn employer but have yet to incur a three-year break in service. We assume no future contributions on hours worked for these participants. After making this adjustment, the total assumed contribution base units is approximately 14.7 million hours.

- **Form of Payment:** 100% of single participants and 16% of married participants are assumed to elect the single life annuity. 84% of married participants are assumed to elect the 50% J&S annuity. This assumption is based on a historical review of benefit elections under the Plan.
- **Retirement for Terminated Vested Participants:** Terminated Vested participants are assumed to retire at the later of age 62 or current age if a participant has 15 years of service. If a terminated vested participant has less than 15 years of service, he or she is assumed to retire at the later of age 65 or current age.
- **Terminated Vested Participants Over Age 72:** Terminated vested participants over age 72 are included in the projection.

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

- Investment Return: The investment return is assumed to be as follows:

<i>Assumed Annual Investment Return</i>								
	Plan Year	Assumed	Plan Year	Assumed	Plan Year	Assumed		
	Ending	Investment	Ending	Investment	Ending	Investment		
		Return		Return		Return		
CY	12/31/2017	7.37%	15	12/31/2032	7.71%	30	12/31/2047	7.66%
1	12/31/2018	7.34%	16	12/31/2033	7.70%	31	12/31/2048	7.66%
2	12/31/2019	7.28%	17	12/31/2034	7.69%	32	12/31/2049	7.66%
3	12/31/2020	7.21%	18	12/31/2035	7.69%			
4	12/31/2021	7.14%	19	12/31/2036	7.68%			
5	12/31/2022	7.06%	20	12/31/2037	7.68%			
6	12/31/2023	6.97%	21	12/31/2038	7.68%			
7	12/31/2024	6.90%	22	12/31/2039	7.67%			
8	12/31/2025	6.85%	23	12/31/2040	7.67%			
9	12/31/2026	6.82%	24	12/31/2041	7.67%			
10	12/31/2027	7.77%	25	12/31/2042	7.67%			
11	12/31/2028	7.75%	26	12/31/2043	7.67%			
12	12/31/2029	7.74%	27	12/31/2044	7.66%			
13	12/31/2030	7.72%	28	12/31/2045	7.66%			
14	12/31/2031	7.71%	29	12/31/2046	7.66%			

"CY" = current plan year

Please see Appendix B for additional information regarding the investment return assumption.

Description of the assumptions used (4.02(3)(b)):

Under Section 4.02(3)(b) of Revenue Procedure 2016-27, the application should include the following information regarding the stochastic projection:

- The assumed mix of assets (and how it compares with the current mix of assets)
- The distribution of returns for each asset class
- The correlation among those rates of returns
- Any other economic variables used in the projections

On the following pages, we have included:

- A distribution of the expected returns and standard deviations for each asset class as provided by Meketa Investment Group ("Meketa").*
- The correlation among the rates of return as provided by Meketa*
- A distribution of the expected returns and standard deviations for each asset class as published in the Horizon Actuarial 2016 Survey of Capital Market Assumptions ("2016 Survey").*
- The correlation among the rates of return as published in the 2016 Survey.*
- The assumed mix of assets and the current mix of assets*

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Expected Returns and Standard Deviations for Each Asset Class as Provided by Meketa:

Asset Class	2016	2016
	Expected Return	Standard Deviation
Cash Equivalents	2.3%	1.0%
Short-term Investment Grade Bonds	2.9%	2.0%
Investment Grade Bonds	3.7%	4.5%
Investment Grade Corporate Bonds	4.6%	7.0%
Long-term Corporate Bonds	5.7%	11.0%
Long-term Government Bonds	4.4%	12.5%
TIPS	3.6%	7.5%
Short-term TIPS	2.9%	4.0%
Long-term TIPS	4.6%	12.0%
Global ILBs	4.1%	10.0%
High Yield Bonds	7.6%	12.5%
Bank Loans	6.2%	10.0%
Foreign Bonds	3.0%	9.0%
Emerging Market Bonds (major)	6.7%	13.0%
Emerging Market Bonds (local)	7.3%	14.0%
Convertible Bonds	6.5%	15.0%
Investment Grade RE Debt	4.2%	9.0%
Portable Alpha (Core Bond)	7.4%	13.0%
US Equity	9.5%	18.0%
US Large Cap	9.5%	17.5%
US Mid Cap	9.8%	20.0%
US Small Cap	10.1%	22.0%
US Micro Cap	10.2%	23.0%
Developed Market Equity (non-US)	10.1%	20.0%
Developed Market Small Cap	9.4%	22.0%
Emerging Market Equity	14.0%	26.5%
Emerging Market Small Cap	13.8%	28.5%
Frontier Market Equity	12.6%	25.0%
Global Equity	10.1%	19.5%
Private Equity	12.3%	24.0%
Buyouts	12.9%	25.0%
Venture Capital	15.6%	35.0%
Mezzanine Debt	8.9%	20.0%
Distressed Debt	11.4%	27.0%
Private Equity Fund of Funds	11.0%	24.0%
Portable Alpha (US Equity)	14.6%	27.5%
Real Estate	8.7%	18.0%
REITs	10.8%	29.0%
Core Private Real Estate	6.7%	12.5%
Value-Added Real Estate	9.5%	20.0%
Opportunistic Real Estate	12.4%	25.0%
High Yield Real Estate Debt	9.6%	23.0%
Natural Resources (Public)	10.7%	24.0%
Natural Resources (Private)	10.9%	22.0%
Timberland	7.5%	12.0%
Farmland	8.5%	13.0%
Oil & Gas E&P	12.6%	27.0%
Mining	13.0%	29.0%
Commodities: naïve	6.3%	21.0%
Commodities: term-structure	NA	NA
Commodities: trend-following	NA	NA
Commodities: risk parity (15% vol)	6.3%	16.0%
Commodities: Real Return	7.8%	25.0%
MLPs	10.7%	24.0%
Infrastructure (Public)	9.7%	19.5%
Infrastructure (Core Private)	8.0%	16.0%
Infrastructure (Non-Core Private)	11.7%	23.0%
Hedge Funds	6.2%	10.5%
Long-Short	5.4%	12.0%
Event-Driven	7.1%	11.0%
Global Macro	6.2%	8.5%
Fixed Income/L-S Credit	5.3%	10.0%
Relative Value/Arbitrage	6.7%	10.5%
Hedge Fund of Funds	4.6%	10.0%
Risk Parity (10% vol)	6.5%	11.0%
Tactical Asset Allocation	5.8%	12.5%

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Correlation Among Rates of Return as Provided by Meketa:

Asset Name	Investment Grade Bonds	TIPS	High Yield Bonds	Bank Loans	Emerging Market Bonds (local)	US Equity	Developed Market Equity (non-US)	Emerging Market Equity	Private Equity	REITs	Value-Added Real Estate	Opportunistic Real Estate	Natural Resources (Private)	Core Infrastructure	Non-Core Infrastructure
Investment Grade Bonds	1.00	0.80	0.20	0.00	0.35	0.05	0.05	0.05	0.05	0.15	0.20	0.15	0.10	0.30	0.30
TIPS	0.80	1.00	0.30	0.20	0.40	0.00	0.15	0.15	0.05	0.20	0.10	0.05	0.10	0.30	0.30
High Yield Bonds	0.20	0.30	1.00	0.80	0.65	0.70	0.70	0.70	0.65	0.70	0.50	0.55	0.45	0.60	0.65
Bank Loans	0.00	0.20	0.80	1.00	0.40	0.60	0.60	0.55	0.65	0.55	0.45	0.50	0.40	0.50	0.50
Emerging Market Bonds (local)	0.35	0.40	0.65	0.40	1.00	0.65	0.75	0.80	0.55	0.60	0.25	0.35	0.60	0.60	0.65
US Equity	0.05	0.00	0.70	0.60	0.65	1.00	0.90	0.80	0.85	0.70	0.50	0.60	0.65	0.55	0.65
Developed Market Equity (non-US)	0.05	0.15	0.70	0.60	0.75	0.90	1.00	0.90	0.80	0.70	0.45	0.55	0.60	0.55	0.70
Emerging Market Equity	0.05	0.15	0.70	0.55	0.80	0.80	0.90	1.00	0.75	0.60	0.40	0.50	0.60	0.50	0.60
Private Equity	0.05	0.05	0.65	0.65	0.55	0.85	0.80	0.75	1.00	0.45	0.45	0.50	0.55	0.45	0.65
REITs	0.15	0.20	0.70	0.55	0.60	0.70	0.70	0.60	0.45	1.00	0.80	0.70	0.35	0.45	0.45
Value-Added Real Estate	0.20	0.10	0.50	0.45	0.25	0.50	0.45	0.40	0.45	0.80	1.00	0.90	0.50	0.55	0.60
Opportunistic Real Estate	0.15	0.05	0.55	0.50	0.35	0.60	0.55	0.50	0.50	0.70	0.90	1.00	0.50	0.50	0.60
Natural Resources (Private)	0.10	0.10	0.45	0.40	0.60	0.65	0.60	0.60	0.55	0.35	0.50	0.50	1.00	0.60	0.65
Core Infrastructure	0.30	0.30	0.60	0.50	0.60	0.55	0.55	0.50	0.45	0.45	0.55	0.50	0.60	1.00	0.95
Non-Core Infrastructure	0.30	0.30	0.65	0.50	0.65	0.65	0.70	0.60	0.65	0.45	0.60	0.60	0.65	0.95	1.00

Expected Returns and Standard Deviations for Each Asset Class as Published in the 2016 Survey:

Asset Class		<i>Expected Returns</i>				Standard Deviation
		10-Year Horizon		20-Year Horizon		
		Arith.	Geom.	Arith.	Geom.	
1	US Equity - Large Cap	7.98%	6.64%	9.25%	7.89%	16.92%
2	US Equity - Small/Mid Cap	9.07%	7.00%	10.40%	8.23%	21.01%
3	Non-US Equity - Developed	8.90%	7.12%	9.77%	8.02%	19.50%
4	Non-US Equity - Emerging	11.68%	8.48%	12.46%	9.11%	26.35%
5	US Corporate Bonds - Core	3.59%	3.41%	4.75%	4.58%	5.96%
6	US Corporate Bonds - Long Duration	4.37%	3.82%	5.58%	4.87%	10.49%
7	US Corporate Bonds - High Yield	6.49%	5.90%	7.40%	6.81%	11.01%
8	Non-US Debt - Developed	2.74%	2.43%	4.01%	3.70%	7.58%
9	Non-US Debt - Emerging	6.42%	5.77%	7.20%	6.43%	11.58%
10	US Treasuries (Cash Equivalents)	2.22%	2.14%	3.18%	3.15%	2.79%
11	TIPS (Inflation-Protected)	3.03%	2.80%	4.27%	3.94%	6.51%
12	Real Estate	7.48%	6.36%	7.75%	6.75%	14.74%
13	Hedge Funds	5.77%	5.41%	6.59%	6.16%	8.39%
14	Commodities	5.62%	3.98%	6.47%	4.84%	18.50%
15	Infrastructure	7.52%	6.59%	8.26%	7.12%	13.78%
16	Private Equity	11.77%	9.22%	12.94%	10.33%	23.12%
	Inflation	2.16%	2.16%	2.31%	2.31%	1.78%

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Correlation Among Rates of Return as Published in the 2016 Survey:

		Correlation Matrix															
Asset Class		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	US Equity - Large Cap	1.00															
2	US Equity - Small/Mid Cap	0.90	1.00														
3	Non-US Equity - Developed	0.82	0.76	1.00													
4	Non-US Equity - Emerging	0.73	0.72	0.79	1.00												
5	US Corporate Bonds - Core	0.15	0.11	0.15	0.10	1.00											
6	US Corporate Bonds - Long Duration	0.13	0.09	0.14	0.11	0.91	1.00										
7	US Corporate Bonds - High Yield	0.64	0.64	0.62	0.64	0.36	0.35	1.00									
8	Non-US Debt - Developed	0.11	0.06	0.30	0.17	0.57	0.53	0.21	1.00								
9	Non-US Debt - Emerging	0.55	0.51	0.59	0.66	0.44	0.38	0.63	0.40	1.00							
10	US Treasuries (Cash Equivalents)	(0.08)	(0.10)	(0.06)	(0.06)	0.30	0.22	(0.04)	0.23	0.10	1.00						
11	TIPS (Inflation-Protected)	0.02	0.01	0.08	0.13	0.68	0.63	0.27	0.51	0.40	0.29	1.00					
12	Real Estate	0.38	0.38	0.36	0.31	0.07	0.11	0.31	0.06	0.25	0.04	0.13	1.00				
13	Hedge Funds	0.62	0.62	0.65	0.64	0.14	0.10	0.54	0.11	0.48	(0.01)	0.11	0.27	1.00			
14	Commodities	0.30	0.30	0.40	0.44	0.07	0.03	0.32	0.20	0.36	0.02	0.26	0.22	0.43	1.00		
15	Infrastructure	0.53	0.51	0.56	0.50	0.23	0.21	0.48	0.23	0.37	0.02	0.16	0.27	0.46	0.32	1.00	
16	Private Equity	0.77	0.76	0.72	0.64	0.02	0.05	0.54	0.06	0.46	(0.05)	(0.04)	0.39	0.60	0.29	0.43	1.00

The assumed mix of assets and the current mix of assets:

Asset Allocations	Current	Target	Policy Range
US Equity - Large Cap	7.5%	12.0%	} 13% - 23%
US Equity - Small/Mid Cap	5.6%	6.0%	
Non-US Equity - Developed	8.6%	8.0%	
Non-US Equity - Emerging	15.6%	16.0%	
US Corporate Bonds - Core	7.0%	7.0%	2% - 12%
US Corporate Bonds - High Yield	3.7%	2.0%	0% - 7%
Non-US Debt - Emerging	7.4%	8.0%	3% - 13%
US Treasuries (Cash Equivalents)	0.4%	2.0%	0% - 7%
TIPS (Inflation-Protected)	3.6%	5.0%	0% - 10%
Real Estate	5.5%	7.0%	2% - 12%
Hedge Funds	0.1%	-	0% - 5%
Commodities	7.3%	7.0%	2% - 12%
Infrastructure	8.1%	5.0%	0% - 10%
Private Equity	19.6%	15.0%	5% - 25%
TOTAL PORTFOLIO	100.0%	100.0%	

Please see Appendix B of this report for additional information regarding the assumed mix of assets used in the projections.

Revenue Procedure 2016-27 Section 4.02: Demonstration that Proposed Suspension Satisfies the Statutory Requirements

Description of the assumptions used (4.02(3)(c)):

Under Section 4.02(3)(c) of Revenue Procedure 2016-27, if the actuarial assumptions used for the stochastic projections described in Section 4.02(2) of Revenue Procedure 2016-27 differ from those used for the deterministic projection described in Section 4.02(1) of Revenue Procedure 2016-27, the application should include justification for the difference.

There is no difference in the assumptions used for the deterministic projection and the stochastic projection.

New Entrant Profile

New Entrant Profile

The new entrant profile used in the projections consists of a separate new entrant profile for each schedule of the Rehabilitation Plan. In addition, because of the industry activity assumption recommended by the Board of Trustees, there is a separate new entrant profile for UPS participants in Schedule B, UPS and ABF participants in Schedule E, and YRC participants in Schedule G. This is necessary because of the different characteristics of participants in each schedule. All new entrants are assumed to be male and are assumed to enter the Plan with 0.50 years of service.

The new entrant profile is developed to, as accurately as possible, estimate the impact of future new entrants on the Plan’s expected contributions, benefit payments and liabilities.

The age of new entrants is based on a historical analysis of new entrants to the Plan over the seven year period ending on December 31, 2015. The distribution of new entrants by age is as follows:

Revenue Procedure 2016-27, Section 3.02: Historical New Entrants

Age Band	New Entrants in 2009	New Entrants in 2010	New Entrants in 2011	New Entrants in 2012	New Entrants in 2013	New Entrants in 2014	New Entrants in 2015	Total New Entrants	% of Total
< 25	179	131	140	150	137	232	187	1,156	19%
25 - 30	68	75	107	117	131	138	171	807	13%
30 - 35	231	286	562	479	313	292	245	2,408	40%
35 - 40	41	46	48	45	59	76	99	414	7%
40 - 45	42	48	65	59	49	67	64	394	7%
45 - 50	40	40	41	47	42	72	67	349	6%
50 - 55	36	25	40	35	40	49	47	272	5%
55 - 60	13	19	25	23	22	33	27	162	3%
> 60	3	6	9	6	6	9	14	53	1%
Total	653	676	1,037	961	799	968	921	6,015	

For each schedule or subset of a schedule, a distribution of the contribution rate that counts for benefit accruals and the total contribution is created. Based on this distribution and the age distribution of new entrants, the following new entrant profiles are created. Note that participants employed by employers that have withdrawn but have not yet incurred a complete break in service are not included in this analysis.

Appendix A: Revenue Procedure 2016-27 Section 4.02

New Entrant Profile

New Entrant Profile for Default Schedule:

Revenue Procedure 2016-27, Section 3.02: Default Schedule New Entrant Profile

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,250	4	0.9778	1,222	1.2125	1,516
22	1,250	8	2.2818	2,852	2.8635	3,579
22	1,250	3	3.8529	4,816	4.7442	5,930
22	1,250	1	5.9065	7,383	7.3358	9,170
22	1,250	3	8.4518	10,565	10.3118	12,890
22	1,250	1	9.6476	12,060	13.1562	16,445
27	1,250	3	0.9778	1,222	1.2125	1,516
27	1,250	5	2.2818	2,852	2.8635	3,579
27	1,250	2	3.8529	4,816	4.7442	5,930
27	1,250	2	8.4518	10,565	10.3118	12,890
32	1,250	9	0.9778	1,222	1.2125	1,516
32	1,250	16	2.2818	2,852	2.8635	3,579
32	1,250	6	3.8529	4,816	4.7442	5,930
32	1,250	1	5.9065	7,383	7.3358	9,170
32	1,250	1	7.7506	9,688	9.1720	11,465
32	1,250	6	8.4518	10,565	10.3118	12,890
32	1,250	1	9.6476	12,060	13.1562	16,445
37	1,250	2	0.9778	1,222	1.2125	1,516
37	1,250	3	2.2818	2,852	2.8635	3,579
37	1,250	1	3.8529	4,816	4.7442	5,930
37	1,250	1	8.4518	10,565	10.3118	12,890
42	1,250	2	0.9778	1,222	1.2125	1,516
42	1,250	3	2.2818	2,852	2.8635	3,579
42	1,250	1	3.8529	4,816	4.7442	5,930
42	1,250	1	8.4518	10,565	10.3118	12,890
47	1,250	1	0.9778	1,222	1.2125	1,516
47	1,250	2	2.2818	2,852	2.8635	3,579
47	1,250	1	3.8529	4,816	4.7442	5,930
47	1,250	1	8.4518	10,565	10.3118	12,890
52	1,250	2	0.9778	1,222	1.2125	1,516
52	1,250	3	2.2818	2,852	2.8635	3,579
52	1,250	1	3.8529	4,816	4.7442	5,930
52	1,250	1	8.4518	10,565	10.3118	12,890

Appendix A: Revenue Procedure 2016-27 Section 4.02
 New Entrant Profile

New Entrant Profile for Schedule A:

Revenue Procedure 2016-27, Section 3.02: Schedule A New Entrant Profile

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,665	9	2.5212	4,198	3.2641	5,435
22	1,665	10	3.4304	5,712	4.3273	7,205
27	1,665	6	2.5212	4,198	3.2641	5,435
27	1,665	7	3.4304	5,712	4.3273	7,205
32	1,665	19	2.5212	4,198	3.2641	5,435
32	1,665	21	3.4304	5,712	4.3273	7,205
37	1,665	3	2.5212	4,198	3.2641	5,435
37	1,665	4	3.4304	5,712	4.3273	7,205
42	1,665	3	2.5212	4,198	3.2641	5,435
42	1,665	3	3.4304	5,712	4.3273	7,205
47	1,665	3	2.5212	4,198	3.2641	5,435
47	1,665	3	3.4304	5,712	4.3273	7,205
52	1,665	4	2.5212	4,198	3.2641	5,435
52	1,665	4	3.4304	5,712	4.3273	7,205

Appendix A: Revenue Procedure 2016-27 Section 4.02

New Entrant Profile

New Entrant Profile for Schedule B (Not Including UPS Participants):

Revenue Procedure 2016-27, Section 3.02: Schedule B New Entrant Profile (Not Including UPS Participants)

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,250	2	0.5858	732	0.7009	876
22	1,250	4	2.2235	2,779	3.0555	3,819
22	1,250	3	3.7541	4,693	5.1287	6,411
22	1,250	9	8.4524	10,566	10.6814	13,352
27	1,250	2	0.5858	732	0.7009	876
27	1,250	3	2.2235	2,779	3.0555	3,819
27	1,250	2	3.7541	4,693	5.1287	6,411
27	1,250	6	8.4524	10,566	10.6814	13,352
32	1,250	5	0.5858	732	0.7009	876
32	1,250	8	2.2235	2,779	3.0555	3,819
32	1,250	6	3.7541	4,693	5.1287	6,411
32	1,250	1	4.8041	6,005	6.6833	8,354
32	1,250	18	8.4524	10,566	10.6814	13,352
32	1,250	1	10.7583	13,448	14.6831	18,354
37	1,250	1	0.5858	732	0.7009	876
37	1,250	1	2.2235	2,779	3.0555	3,819
37	1,250	1	3.7541	4,693	5.1287	6,411
37	1,250	3	8.4524	10,566	10.6814	13,352
42	1,250	1	0.5858	732	0.7009	876
42	1,250	1	2.2235	2,779	3.0555	3,819
42	1,250	1	3.7541	4,693	5.1287	6,411
42	1,250	3	8.4524	10,566	10.6814	13,352
47	1,250	1	0.5858	732	0.7009	876
47	1,250	1	2.2235	2,779	3.0555	3,819
47	1,250	1	3.7541	4,693	5.1287	6,411
47	1,250	3	8.4524	10,566	10.6814	13,352
52	1,250	1	0.5858	732	0.7009	876
52	1,250	2	2.2235	2,779	3.0555	3,819
52	1,250	1	3.7541	4,693	5.1287	6,411
52	1,250	4	8.4524	10,566	10.6814	13,352

New Entrant Profile for Schedule B (UPS Participants Only):

Revenue Procedure 2016-27, Section 3.02: Schedule B New Entrant Profile (UPS Participants Only)

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,035	19	8.4520	8,748	11.3270	11,723
27	1,035	13	8.4520	8,748	11.3270	11,723
32	1,035	39	8.4520	8,748	11.3270	11,723
37	1,035	7	8.4520	8,748	11.3270	11,723
42	1,035	6	8.4520	8,748	11.3270	11,723
47	1,035	6	8.4520	8,748	11.3270	11,723
52	1,035	8	8.4520	8,748	11.3270	11,723

Appendix A: Revenue Procedure 2016-27 Section 4.02

New Entrant Profile

New Entrant Profile for Schedule C:

Revenue Procedure 2016-27, Section 3.02: Schedule C New Entrant Profile

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,735	10	1.7189	2,982	2.3286	4,040
22	1,735	7	3.5953	6,238	4.7893	8,309
22	1,735	2	6.6416	11,523	9.4514	16,398
27	1,735	7	1.7189	2,982	2.3286	4,040
27	1,735	5	3.5953	6,238	4.7893	8,309
27	1,735	1	6.6416	11,523	9.4514	16,398
32	1,735	21	1.7189	2,982	2.3286	4,040
32	1,735	14	3.5953	6,238	4.7893	8,309
32	1,735	1	4.9375	8,567	6.8369	11,862
32	1,735	4	6.6416	11,523	9.4514	16,398
37	1,735	4	1.7189	2,982	2.3286	4,040
37	1,735	2	3.5953	6,238	4.7893	8,309
37	1,735	1	6.6416	11,523	9.4514	16,398
42	1,735	3	1.7189	2,982	2.3286	4,040
42	1,735	2	3.5953	6,238	4.7893	8,309
42	1,735	1	6.6416	11,523	9.4514	16,398
47	1,735	3	1.7189	2,982	2.3286	4,040
47	1,735	2	3.5953	6,238	4.7893	8,309
47	1,735	1	6.6416	11,523	9.4514	16,398
52	1,735	4	1.7189	2,982	2.3286	4,040
52	1,735	3	3.5953	6,238	4.7893	8,309
52	1,735	1	6.6416	11,523	9.4514	16,398

New Entrant Profile for Schedule D:

Revenue Procedure 2016-27, Section 3.02: Schedule D New Entrant Profile

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,650	4	1.6202	2,673	2.3035	3,801
22	1,650	15	3.1804	5,248	4.5196	7,457
27	1,650	2	1.6202	2,673	2.3035	3,801
27	1,650	11	3.1804	5,248	4.5196	7,457
32	1,650	7	1.6202	2,673	2.3035	3,801
32	1,650	32	3.1804	5,248	4.5196	7,457
37	1,650	1	1.6202	2,673	2.3035	3,801
37	1,650	6	3.1804	5,248	4.5196	7,457
42	1,650	1	1.6202	2,673	2.3035	3,801
42	1,650	5	3.1804	5,248	4.5196	7,457
47	1,650	1	1.6202	2,673	2.3035	3,801
47	1,650	5	3.1804	5,248	4.5196	7,457
52	1,650	1	1.6202	2,673	2.3035	3,801
52	1,650	7	3.1804	5,248	4.5196	7,457



Appendix A: Revenue Procedure 2016-27 Section 4.02

New Entrant Profile

New Entrant Profile for Schedule E (Not Including UPS or ABF Participants):

Revenue Procedure 2016-27, Section 3.02: Schedule E New Entrant Profile (Not Including UPS or ABF Participants)

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,765	2	0.9356	1,651	1.2346	2,179
22	1,765	11	1.6024	2,828	2.3612	4,167
22	1,765	3	3.3145	5,850	4.9090	8,664
22	1,765	1	4.6104	8,137	6.7161	11,854
22	1,765	1	9.1719	16,188	13.5041	23,835
27	1,765	2	0.9356	1,651	1.2346	2,179
27	1,765	8	1.6024	2,828	2.3612	4,167
27	1,765	2	3.3145	5,850	4.9090	8,664
27	1,765	1	4.6104	8,137	6.7161	11,854
27	1,765	1	9.1719	16,188	13.5041	23,835
32	1,765	5	0.9356	1,651	1.2346	2,179
32	1,765	23	1.6024	2,828	2.3612	4,167
32	1,765	6	3.3145	5,850	4.9090	8,664
32	1,765	3	4.6104	8,137	6.7161	11,854
32	1,765	1	7.0318	12,411	8.8851	15,682
32	1,765	2	9.1719	16,188	13.5041	23,835
37	1,765	1	0.9356	1,651	1.2346	2,179
37	1,765	4	1.6024	2,828	2.3612	4,167
37	1,765	1	3.3145	5,850	4.9090	8,664
37	1,765	1	4.6104	8,137	6.7161	11,854
42	1,765	1	0.9356	1,651	1.2346	2,179
42	1,765	4	1.6024	2,828	2.3612	4,167
42	1,765	1	3.3145	5,850	4.9090	8,664
47	1,765	1	0.9356	1,651	1.2346	2,179
47	1,765	3	1.6024	2,828	2.3612	4,167
47	1,765	1	3.3145	5,850	4.9090	8,664
52	1,765	1	0.9356	1,651	1.2346	2,179
52	1,765	5	1.6024	2,828	2.3612	4,167
52	1,765	1	3.3145	5,850	4.9090	8,664
52	1,765	1	4.6104	8,137	6.7161	11,854

Appendix A: Revenue Procedure 2016-27 Section 4.02

New Entrant Profile

New Entrant Profile for Schedule E (UPS and ABF Participants Only):

Revenue Procedure 2016-27, Section 3.02: Schedule E New Entrant Profile (UPS and ABF Participants Only)

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,955	19	9.6256	18,818	14.6148	28,572
27	1,955	13	9.6256	18,818	14.6148	28,572
32	1,955	40	9.6256	18,818	14.6148	28,572
37	1,955	7	9.6256	18,818	14.6148	28,572
42	1,955	7	9.6256	18,818	14.6148	28,572
47	1,955	6	9.6256	18,818	14.6148	28,572
52	1,955	8	9.6256	18,818	14.6148	28,572

New Entrant Profile for Schedule G (YRC Participants Only):

Revenue Procedure 2016-27, Section 3.02: Schedule G New Entrant Profile (YRC Participants Only)

Age	Hours	Count	Benefit Rate	Benefit Contributions	Total Rate	Total Contributions
22	1,800	19	1.9987	3,598	2.2457	4,042
27	1,800	13	1.9987	3,598	2.2457	4,042
32	1,800	40	1.9987	3,598	2.2457	4,042
37	1,800	7	1.9987	3,598	2.2457	4,042
42	1,800	6	1.9987	3,598	2.2457	4,042
47	1,800	6	1.9987	3,598	2.2457	4,042
52	1,800	8	1.9987	3,598	2.2457	4,042

Appendix B: Revenue Procedure 2016-27 Section 4.02

Investment Return Assumption

This appendix includes the development of the investment return assumption used in the actuarial projections contained in this report. Unless otherwise noted, investment return assumptions are net of investment fees.

We note that the assumptions developed in this appendix are individually reasonable and, along with other assumptions used in the projection, represent our best estimate of future experience under the Plan for the purposes of this measurement, which is a cash flow projection relating to proposed benefit suspensions under MPRA. In addition, the assumptions were developed with input from the Plan's investment consultant and in consultation with the Board of Trustees.

Summary

The investment return assumption is as follows:

Assumed Annual Investment Return									
	Plan Year	Assumed	Plan Year	Assumed	Plan Year	Assumed			
	Ending	Investment	Ending	Investment	Ending	Investment			
		Return		Return		Return			
CY	12/31/2017	7.37%	15	12/31/2032	30	12/31/2047	7.71%	7.70%	7.66%
1	12/31/2018	7.34%	16	12/31/2033	31	12/31/2048	7.70%	7.69%	7.66%
2	12/31/2019	7.28%	17	12/31/2034	32	12/31/2049	7.69%	7.69%	7.66%
3	12/31/2020	7.21%	18	12/31/2035			7.69%		
4	12/31/2021	7.14%	19	12/31/2036			7.68%		
5	12/31/2022	7.06%	20	12/31/2037			7.68%		
6	12/31/2023	6.97%	21	12/31/2038			7.68%		
7	12/31/2024	6.90%	22	12/31/2039			7.67%		
8	12/31/2025	6.85%	23	12/31/2040			7.67%		
9	12/31/2026	6.82%	24	12/31/2041			7.67%		
10	12/31/2027	7.77%	25	12/31/2042			7.67%		
11	12/31/2028	7.75%	26	12/31/2043			7.67%		
12	12/31/2029	7.74%	27	12/31/2044			7.66%		
13	12/31/2030	7.72%	28	12/31/2045			7.66%		
14	12/31/2031	7.71%	29	12/31/2046			7.66%		

"CY" = current plan year

Note that the assumed investment return shown above for the current plan year applies for the 9-month period from 4/1/2017 through 12/31/2017.

The investment return assumption was developed based on the Plan's target asset allocation, considering the results of the 2016 Survey of Capital Market Assumptions by Horizon Actuarial Services, LLC (the "2016 Survey") and input from the Plan's investment consultant. The assumption reflects the fact that, according to the average assumptions from the 2016 Survey, returns are generally expected to be lower over the next 10 years than over the long term.

The assumption also reflects the possibility of future changes in the Plan's asset allocation to satisfy Plan liquidity needs. Based on input from the Plan's investment consultant and in consultation with the Trustees, the chart below shows a process of moving from the target asset allocation to a "long-term" asset allocation (less volatile and more liquid) over a five-year period. The Trustees have reviewed and approved this less volatile and more liquid asset allocation as well as transition as an appropriate alternative asset allocation to be considered in the event of liquidity needs.

Appendix B: Revenue Procedure 2016-27 Section 4.02

Investment Return Assumption

Portfolio Statistics	Target Allocation Policy	Interim/Transition Asset Allocation Policies					Long-Term Asset Allocation Policy
		Year 1	Year 2	Year 3	Year 4	Year 5	
Investment Grade Bonds	7%	9%	11%	12%	13%	14%	16%
TIPS	5%	8%	9%	10%	12%	13%	14%
High Yield Bonds	2%	2%	2%	2%	2%	2%	2%
Bank Loans	2%	2%	2%	2%	2%	2%	2%
Emerging Market Bonds (local)	8%	5%	4%	4%	3%	3%	2%
US Large Cap	14%	14%	14%	14%	14%	14%	14%
US Small Cap	4%	2%	2%	2%	2%	2%	2%
Developed Market Equity (non-US)	8%	10%	10%	10%	10%	10%	10%
Emerging Market Equity	16%	14%	13%	12%	11%	10%	9%
Private Equity	15%	15%	14%	13%	12%	11%	10%
Real Estate	7%	7%	7%	7%	7%	7%	7%
Natural Resources	7%	7%	7%	7%	7%	7%	7%
Infrastructure	5%	5%	5%	5%	5%	5%	5%

For each of the asset allocations shown above, below are the results from our 2016 Survey of Capital Market Assumptions.

Expected Returns	10-Year	Long-Term
Target Policy	7.37%	8.33%
Transition Year 1	7.18%	8.15%
Transition Year 2	7.04%	8.02%
Transition Year 3	6.92%	7.90%
Transition Year 4	6.76%	7.76%
Transition Year 5	6.64%	7.63%
Long Term Policy	6.49%	7.49%

The timing of possible future changes in the Plan's asset allocation were analyzed on a stochastic basis to determine the probability of the Fund's assets dropping below \$1 billion. Based on consideration from the Trustees, the threshold of \$1 billion was chosen as a reasonable estimate of the level at which the Plan will still be able to sell its illiquid assets without risk of needing those assets to be available for immediate benefit payments. The investment consultant has recommended that a shift from the target policy allocation to the long-term allocation should happen over a five-year period. At \$1 billion, approximately half (or \$500 million) of the assets are committed to illiquid investments (about one-third of the assets are in illiquid investments and, and as noted in the audited financial statements, there are unfunded private equity commitments equal to an additional 15-20% of the Plan's assets). After the proposed suspensions take effect, the Plan's negative cash flow is approximately \$100 million per year. With \$500 million in liquid assets, the Plan would be able to ensure benefit payments would be funded for five years (without regard to asset returns) while the Plan migrates to the long-term allocation.

Once the Fund's assets dropped below the threshold level, we assumed based on consultations with the Trustees that they would give serious consideration to shifting the asset allocation to the long-term allocation. The probability of each of the asset allocations shown above was used to develop the deterministic assumption for each year of the projection.

We performed an analysis considering the expected changes in the Plan's assets and determined that the Plan will not have to prematurely sell any of its illiquid assets (private equity) at a loss or with a penalty. This

Investment Return Assumption

is because the Plan is expecting distributions from its private equity investments in excess of the expected decrease in the private equity assets of the Plan. Distributions in future years are expected to be large since the Plan has a mature private equity investment program. The majority of the Fund's investments in the program were made during the first four years of the program (vintage years 2006-2009). Investments in the limited partnerships for vintage years 2006-2009 are expected to last approximately 10 years. So, the lifetime of the investments made in 2006-2009 will be ending in 2016-2019. Because the majority of the Fund's private equity investments are ending in 2016-2019, the Fund is expecting larger distributions from the program in these years.