

Actuarial Data

As part of its request for approval of special withdrawal liability rules, the SEIU Local 25 Plan submitted copies of its seven most recent actuarial valuation reports. Plan costs for funding purposes are determined on the entry age normal, level dollar method. Benefits are subject to collective bargaining, and contributions are allocated among contributing employers on the basis of the ERISA minimum funding requirements.

The reports show that during the seven year period spanned by the reports (10/1/97-9/30/2004), the inactive plan population was relatively stable. During that period the number of retirees increased by 6.1 percent. However, the number of actives increased by 49.3 percent. As of the end of the plan year ending September 30, 2004, annual contributions increased from \$4.5 million to \$10.7 million, and plan assets rose from \$182.5 million to \$195.3 million due to a favorable average rate of investment return.

There were four benefit increases under the Local 25 Plan during the period covered by the reports. The first increase, effective October 1, 1998, increased the unfunded accrued liability by \$6.9 million. The second increase, effective October 1, 1999, increased the unfunded accrued liability by \$9.8 million. The third increase, effective October 1, 2000, increased the unfunded accrued liability by \$4.2 million. The fourth increase, effective October 1, 2001, increased the unfunded accrued liability by \$4.4 million. Specifically the Local 25 Plan's monthly accrual rate for each year of service went from \$20.50 as of October 1, 1997, to \$27 as of October 1, 2001. The Local 25 Plan also enacted cost of living increases for current retirees and beneficiaries receiving pensions of 4.87 percent effective October 1, 1998, 1.0 percent effective October 1, 2000, and 1.0 percent effective October 1, 2001. PBGC notes that the Local 25 Plan's benefit level does not exceed the maximum benefit guaranteed by PBGC under section 4022A(c) of ERISA, which is \$35.75 per month per year of service.

From 1997-2003 contributions increased at a faster rate than benefit payouts. In 1997, benefit payouts were 248 percent of contributions, and in 2003 they were 134 percent of contributions. The Local 25 Plan was overfunded on a market value basis from October 1, 1997 to October 1, 2000. It became underfunded by 10 percent as of October 1, 2001, as the result of a plan amendment increasing benefit levels and adverse investment return experience on a market value basis. The plan was underfunded by 15 percent as of October 1, 2003.

A summary of the seven actuarial valuations is set forth below.

SUMMARY OF ACTUARIAL VALUATION RESULTS *

Valuation Date

	10/1/1997	10/1/1998	10/1/1999	10/1/2000	10/1/2001	10/1/2002	10/1/2003
No. of active participants.....	6,896	6,908	7,092	7,182	7,995	10,061	10,297
No. of retired participants.....	3,917	3,980	4,000	4,070	4,146	4,088	4,157
Monthly benefit accrual rate....	20.5	21.5	25	26	27	27	27
Max. monthly benefit.....	513	538	625	650	675	675	675
Contributions (000).....	4,518	4,663	4,688	5,340	6,579	7,804	10,739
Benefits (000).....	11,195	12,965	12,365	12,839	13,258	13,786	14,424
Accrued liability (000).....	159,626	171,065	184,979	196,940	210,172	217,770	229,508
Market value of assets (000)....	182,510	183,681	199,360	219,731	189,389	174,021	195,336
Net min funding charge w/o credit balance (000)	4,649	5,243	6,574	6,974	9,338	12,822	14,039
Normal cost (000).....	4,251	4,335	5,130	5,585	6,719	8,674	8,888
Unfunded accrued Liab (000) **	(22,884)	(12,616)	(14,381)	(22,791)	20,783	43,749	34,172
Present value of vested benefits (000)	147,691	158,440	169,127	183,588	192,041	198,020	206,284
Unfunded liab. _vested benefits (000)**	(34,819)	(25,241)	(30,233)	(36,143)	2,652	23,999	10,948
Valuation interest rate	7.5	7.5	7.5	7.5	7.5	7.5	7.5

* Taken from actuarial reports submitted with request.

** Using market value of assets.