

WESTERN CONFERENCE OF TEAMSTERS PENSION TRUST

SECTION E – REVISIONS OF ACTUARIAL METHOD, ASSUMPTIONS, AND PLAN PROVISIONS

1. Changes in Actuarial Assumptions

a. Investment Earnings – Dedicated Assets

The investment earnings rate assumptions used to value Plan liabilities have been revised for dedicated assets in the second and third asset categories listed below. As in prior valuations, the revisions to the dedicated account assumptions were made solely to reflect changes in the relationships between the amortized cost value of these accounts and the projected cash flow generated by such assets.

- Fixed Dollar Account: The assumed annual rates of return are the same as those assumed in the January 1, 2011 valuation and grade down from 6.8% in 2012 to 6.5% in 2015 and thereafter.
- 1982/1984 Annuity Account: The assumed annual rate of return has been changed to a level 4.20% from the previous valuation assumption of 4.51%.
- Strategic Bond Account (SBA): The assumed annual rate of return has been changed to a level 5.43% from the previous valuation assumption of 5.79%.
- Remaining Assets/Benefits: The annual rate of return assumed for benefits not covered by the dedicated accounts, and for the normal cost calculations, remains at 7.0%.

b. Expenses: Assumed annual expenses have remained unchanged at \$85 million.

c. Mortality Rates: The mortality rates for disabled pensioners and beneficiaries have been revised to reflect mortality improvements observed in recent mortality studies.

2. Changes in Plan Provisions, Contribution Rates and PEER Coverage

The actuarial liabilities for the Plan are determined based on Plan provisions, contribution rates, PEER levels, and status of the participants on the effective date of the valuation. During 2011, the Trustees acted to annuitize the extra check payment to certain retirees and beneficiaries. Contribution rates have generally been increasing, contributing to increases in the actuarial liabilities. PEER levels have been fairly constant for the last several years, but any changes do contribute to changes in the actuarial liabilities.

EIN/PN: 91-6145047/001

Schedule MB, Line 11, Justification for Change in Actuarial Assumptions.