



Conference Forum

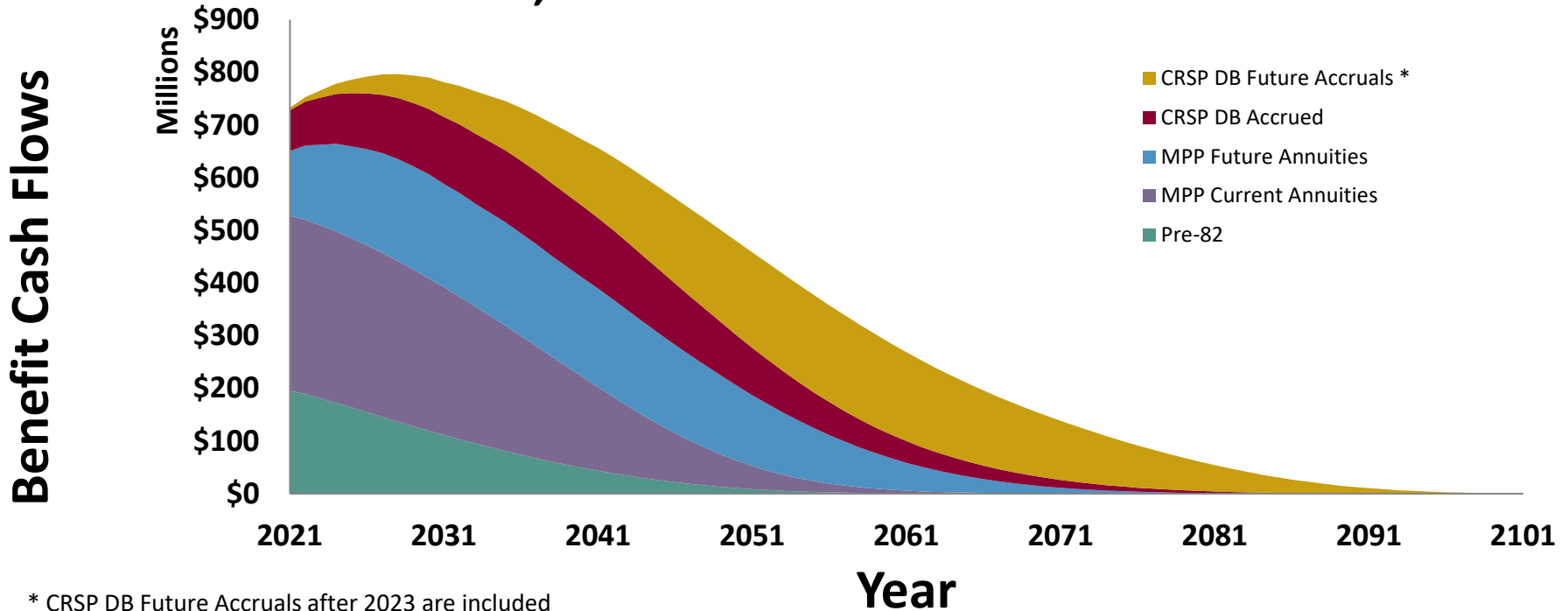


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BENEFITS | INVESTMENTS

Strategy and Long-Term Funding of Liabilities

DB Benefits Will Be Paid For a Long Time

CRSP DB, MPP Annuities and Pre-82



* CRSP DB Future Accruals after 2023 are included



Donuts?



Economic Projections!

Agenda

- Economic Projection Basics
- Overview of 2021 Economic Projections
- Case Study
 - Dave Andersen
Northwest Texas Conference



Economic Projection Basics

- Cover a 20-year period
- Can include any or all retirement programs as well as asset accounts
- Can model under multiple economic environments
- Can include modeling of Compass plan adoption
- Can look at other variables, such as rate of future PSR increases



Sample Exhibit

Year	Pre-82 Earnings	CRSP Earnings	MPP Earnings	Pre-82								MPP Annuities <u>Based on Corridor</u>		CRSP-DB <u>Based on Corridor</u>	
				Discount Rate	Past Service Rate	Smoothed Value of Assets	Liability	Funded Status	Funded Ratio	Advanced Contribution	Amortizable Contribution	Funded Ratio	Contribution	Funded Ratio	Contribution
2020	15.450%	18.210%	12.470%	5.500%	605	37,264	42,499	(5,235)	88%	0	561	111%	0	108%	1,555
2021	3.861%	4.650%	2.840%	5.500%	605	36,822	40,308	(3,486)	91%	0	1,041	115%	0	113%	1,524
2022	-1.366%	-0.850%	0.050%	5.250%	605	36,830	38,765	(1,935)	95%	0	1,725	117%	0	117%	1,479
2023	9.467%	14.560%	11.420%	5.375%	605	36,262	36,151	111	100%	0	151	117%	0	117%	1,471
2024	7.643%	15.160%	8.910%	5.375%	605	35,280	33,906	1,374	104%	0	152	120%	0	120%	0
2025	-0.735%	2.730%	0.540%	5.500%	605	33,748	31,380	2,368	108%	0	0	121%	0	124%	0
2026	5.397%	3.020%	7.350%	5.500%	605	31,174	29,245	1,929	107%	0	0	117%	0	126%	0
2027	10.229%	15.290%	10.090%	5.500%	605	28,668	27,159	1,510	106%	0	0	116%	0	128%	0
2028	6.533%	8.470%	4.110%	5.500%	605	26,958	25,129	1,829	107%	0	0	119%	0	132%	0
2029	-4.866%	-19.750%	-6.060%	5.375%	605	25,155	23,400	1,755	108%	0	0	120%	0	136%	0
2030	0.278%	5.840%	1.240%	5.250%	605	22,761	21,673	1,088	105%	0	0	117%	0	128%	0
2031	3.497%	6.870%	4.160%	5.125%	605	20,492	19,990	501	103%	0	0	115%	0	126%	0
2032	2.769%	11.640%	8.540%	5.125%	605	18,176	18,195	(19)	100%	0	0	111%	0	121%	0
2033	3.554%	8.240%	3.990%	5.125%	605	15,605	16,483	(878)	95%	0	0	107%	0	116%	0
2034	3.380%	17.510%	9.200%	5.125%	605	13,005	14,859	(1,854)	88%	0	5	103%	0	110%	0
2035	3.743%	5.050%	5.610%	5.125%	605	10,939	13,325	(2,386)	82%	0	225	102%	0	115%	0
2036	4.163%	7.020%	5.620%	5.125%	605	9,341	11,883	(2,542)	79%	0	463	101%	0	120%	0
2037	6.087%	13.820%	6.470%	5.125%	605	8,113	10,535	(2,422)	77%	0	576	94%	0	125%	0
2038	8.203%	-10.210%	7.230%	5.125%	605	7,191	9,282	(2,091)	77%	0	642	94%	0	132%	0
2039	7.531%	10.420%	7.400%	5.125%	605	6,536	8,124	(1,588)	80%	0	692	94%	0	134%	0

Sample Exhibit

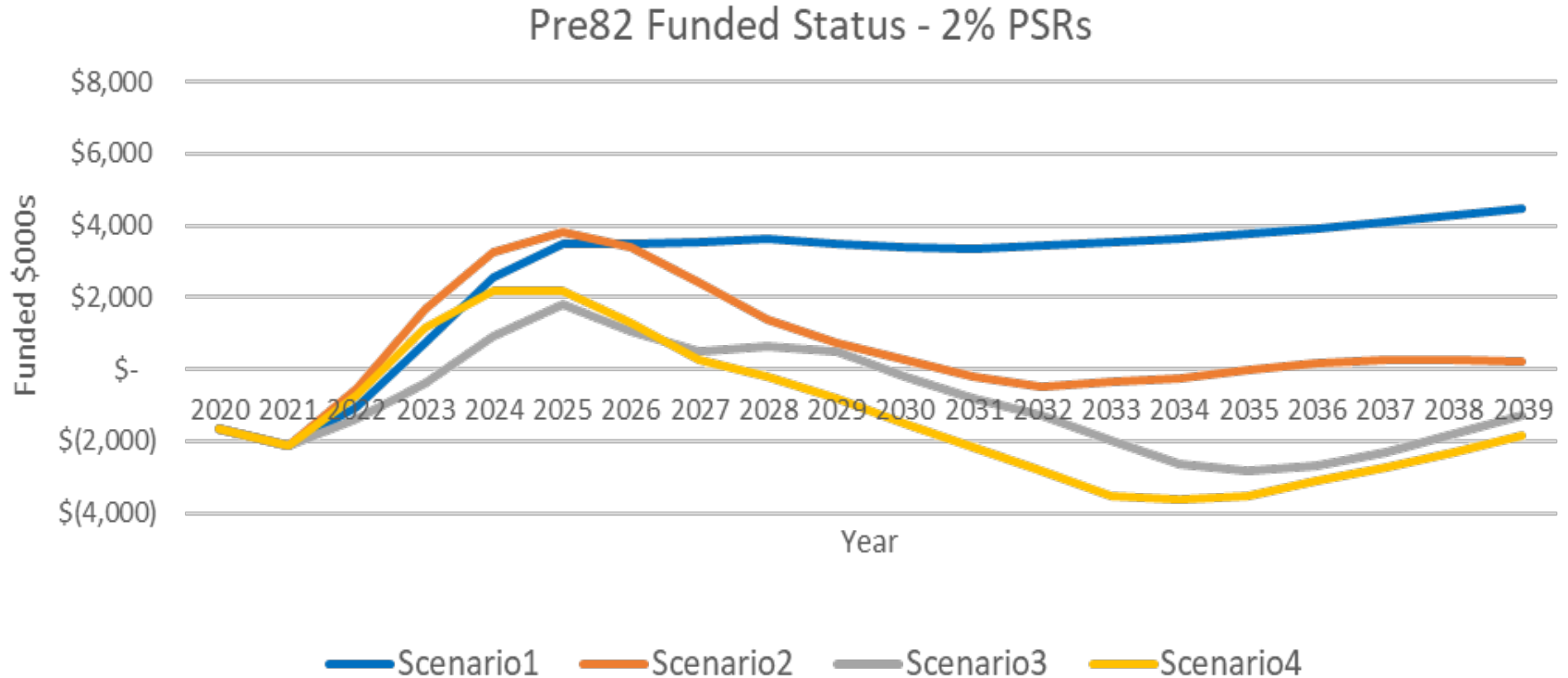
Equity Allocation				Accounts			Post-Retirement Medical			CRSP-DC	UMPIP	CPP
65% 65% 59%												
Year	Account 1 Earnings	Account 2 Earnings	Account 3 Earnings	Account #1	Account #2	Account #3	Discount Rate	Liability	Expected Benefit Payments	Contribution	Contribution	Contribution
2017	18.220%	18.220%	16.400%	13,780	5,329	5,810	3.80%	8,108	460	187	14	201
2018	3.080%	3.080%	2.770%	14,453	7,550	6,649	3.95%	7,896	465	192	15	207
2019	-19.690%	-19.690%	-17.720%	14,898	7,918	6,821	4.10%	7,705	468	193	15	208
2020	-0.380%	-0.380%	-0.340%	11,965	6,491	5,615	4.25%	7,531	466	194	15	209
2021	11.060%	11.060%	9.960%	11,919	6,600	5,598	4.40%	7,373	460	195	15	210
2022	16.900%	16.900%	15.210%	13,153	7,470	6,158	4.56%	7,249	470	196	15	211
2023	3.550%	3.550%	3.200%	14,993	8,862	7,077	4.71%	7,128	474	197	15	212
2024	-12.150%	-12.150%	-10.940%	14,680	9,303	7,136	4.86%	7,016	465	198	15	213
2025	-3.000%	-3.000%	-2.700%	11,759	8,307	6,146	5.01%	6,938	471	199	15	214
2026	14.690%	14.690%	13.220%	9,915	8,187	5,664	5.16%	6,870	460	199	15	215
2027	6.230%	6.230%	5.610%	9,587	9,530	6,025	5.16%	6,946	450	200	15	216
2028	-14.990%	-14.990%	-13.490%	8,346	10,274	5,933	5.16%	7,030	437	201	15	217
2029	5.240%	5.240%	4.710%	5,466	8,897	4,619	5.16%	7,147	426	202	15	218
2030	18.640%	18.640%	16.780%	4,205	9,538	4,265	5.16%	7,264	415	203	15	219
2031	6.160%	6.160%	5.540%	3,576	11,501	4,319	5.16%	7,393	401	204	15	220
2032	5.050%	5.050%	4.540%	2,472	12,409	3,725	5.16%	7,561	395	205	16	221
2033	8.100%	8.100%	7.290%	1,383	13,240	2,969	5.16%	7,750	398	206	16	222
2034	13.920%	13.920%	12.530%	491	14,515	2,288	5.16%	7,931	404	207	16	223
2035	28.750%	28.750%	25.870%	(246)	16,731	1,683	5.16%	8,103	411	208	16	224
2036	-32.460%	-32.460%	-29.210%	(890)	21,731	1,225	5.16%	8,297	432	209	16	225
Sum of Contributions										3,995	304	4,305

What Prompted Recent Economic Projections?

- How much, if any, Pre-82 surplus may be available to my conference in the future?



Sample Output Chart



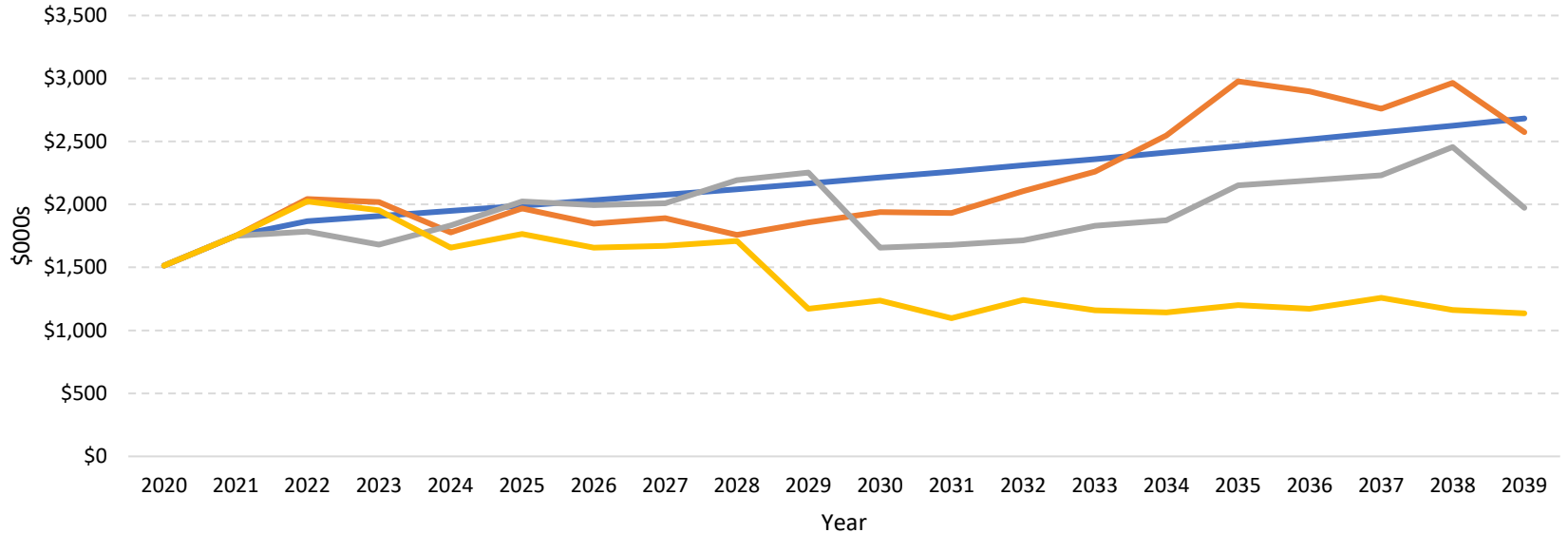
What Prompted Recent Economic Projections?

- Are annual withdrawals of 5% from a specified account adequate to cover future core DB plan contributions?



Sample Output Chart

Account Withdrawals



20-year equivalent annual return

Scenario1	Scenario2	Scenario3	Scenario4
7.77%	7.74%	6.23%	3.31%

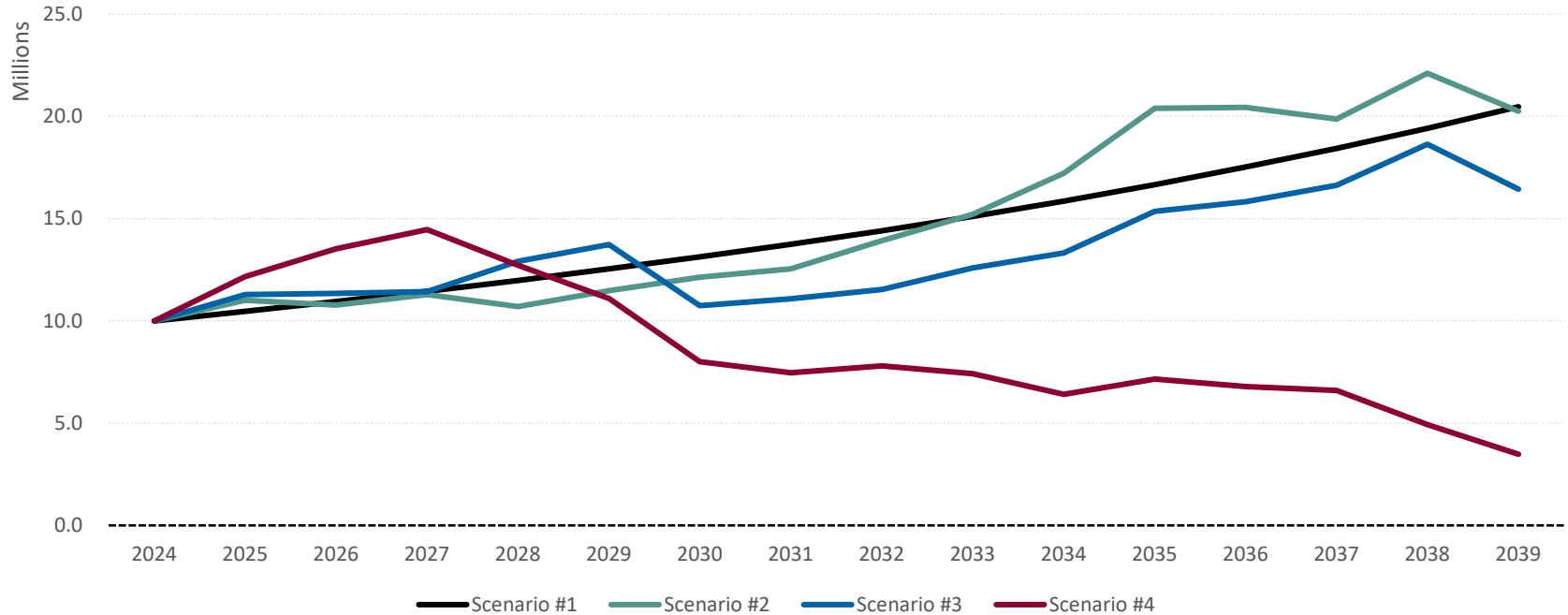
What Prompted Recent Economic Projections?

- If my conference establishes a legal Benefits Reserve Trust, what should be the initial funding amount?



Sample Output Chart

Benefits Reserve Trust Balances (initial \$10 Million)



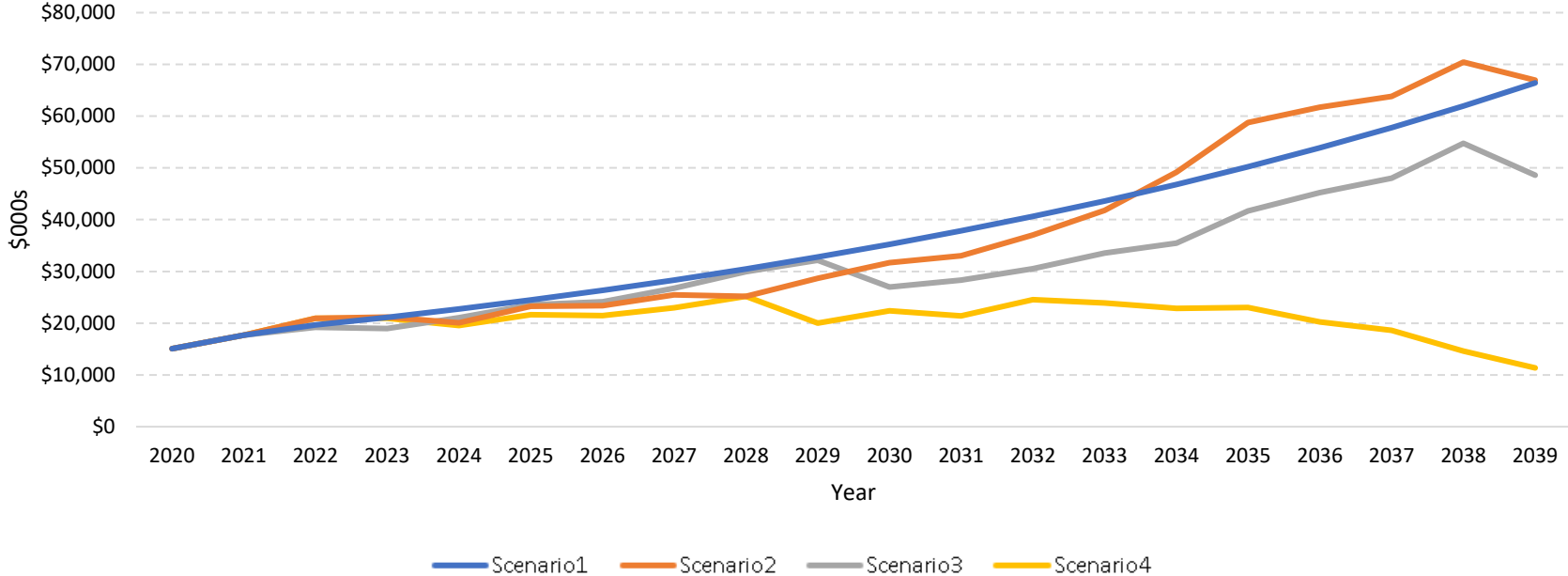
What Prompted Recent Economic Projections?

- Are our current reserves reasonable compared to future contribution requirements or are they too high?



Sample Output Chart

Total Account Balances



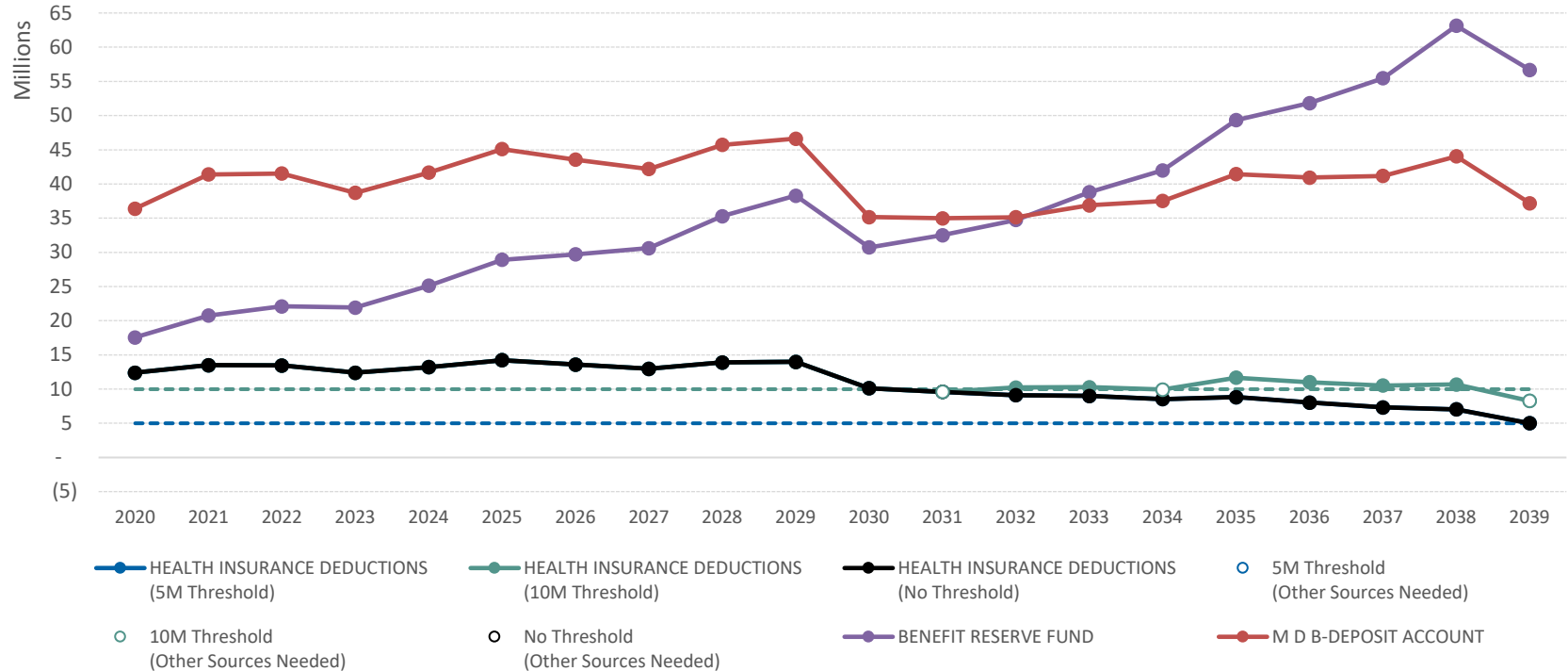
What Prompted Recent Economic Projections?

- How much can we spend from our accounts while still maintaining enough to meet core financial obligations even in poor market environments?



Sample of Output Chart

Account Balances – Poor Return Scenario (#3, 25th percentile)

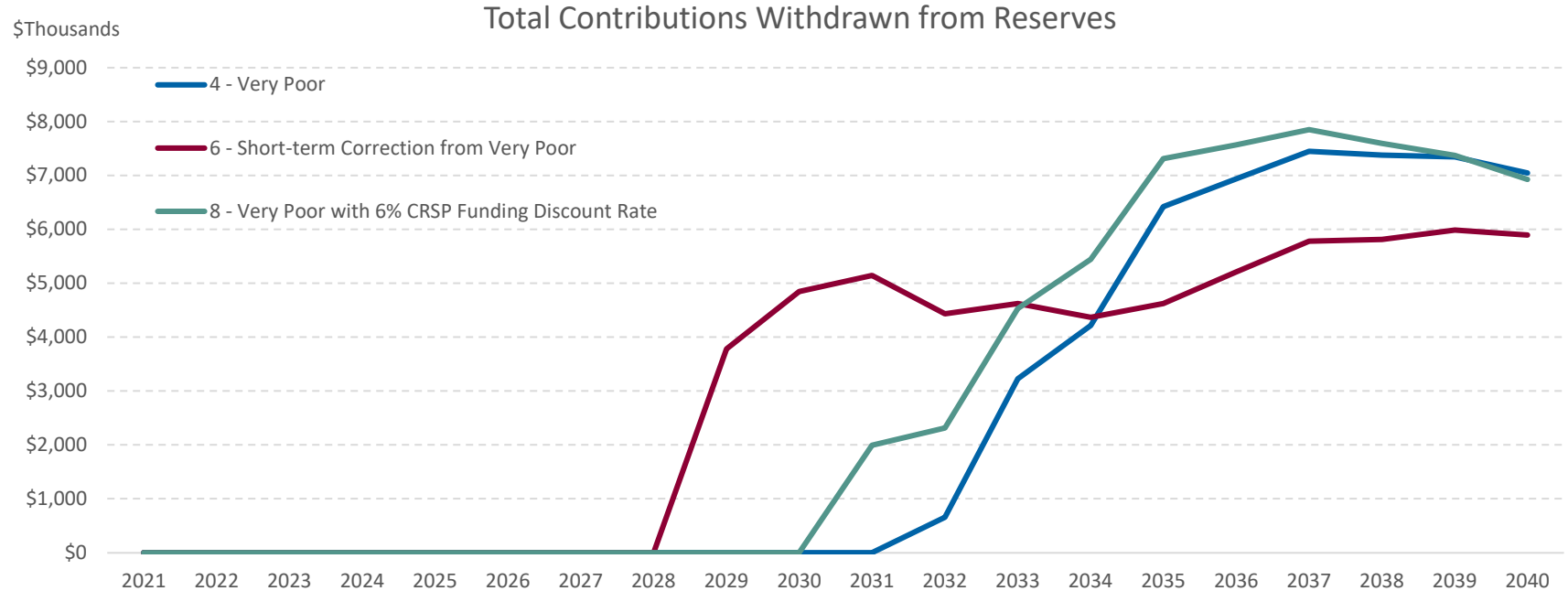


What Prompted Recent Economic Projections?

- Are our reserves sufficient even in adverse economic scenarios? What would be the impact of a short-term market correction?



Sample of Output Chart



Case Study – Northwest Texas Conference

- Setting up a legal Benefits Reserve Trust to fund future DB and Post-Retirement Medical costs
- How much should we fund it initially?
- Dave Andersen will talk about the process





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