

Northern California Electrical Workers Pension Plan

Pension Plan Overview
April 19, 2012

Topics

- Summary of April 7, 2011 Meeting
- Plan Demographics
- Overview of Current Plan Status

Summary of April 7, 2011 Meeting

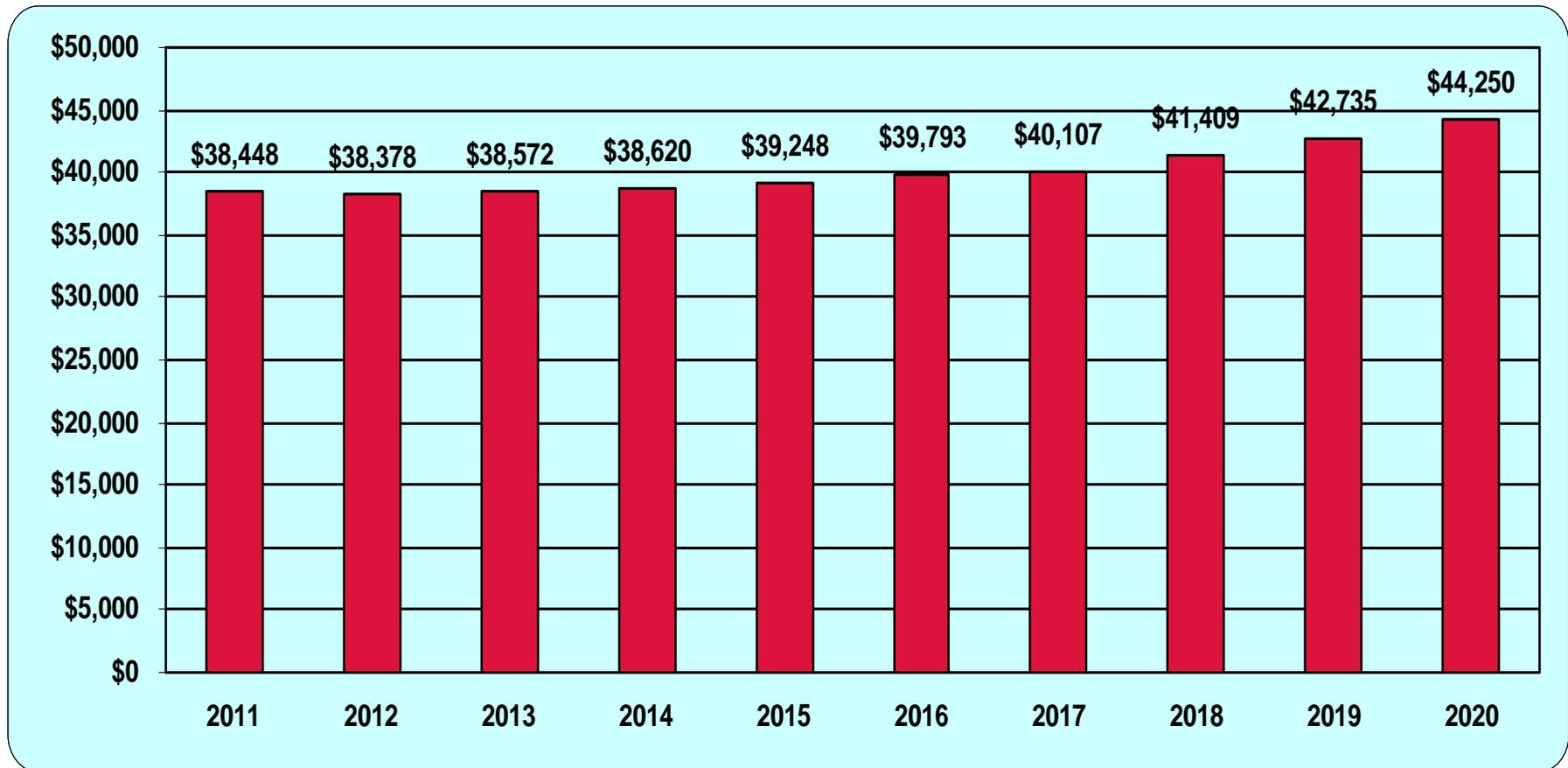
At The Last Meeting...

- Plan assets earned 15.1% in 2010.
- Changes made to improve Plan's funded status
 - Pension Relief Act elections
 - Actuarial funding method
 - Data adjustments
- Plan was in “Safe” Status for 2011.
- Credit Balance is negative by the end of 2021;
Plan may be “Endangered” in 2015.

Plan Demographics

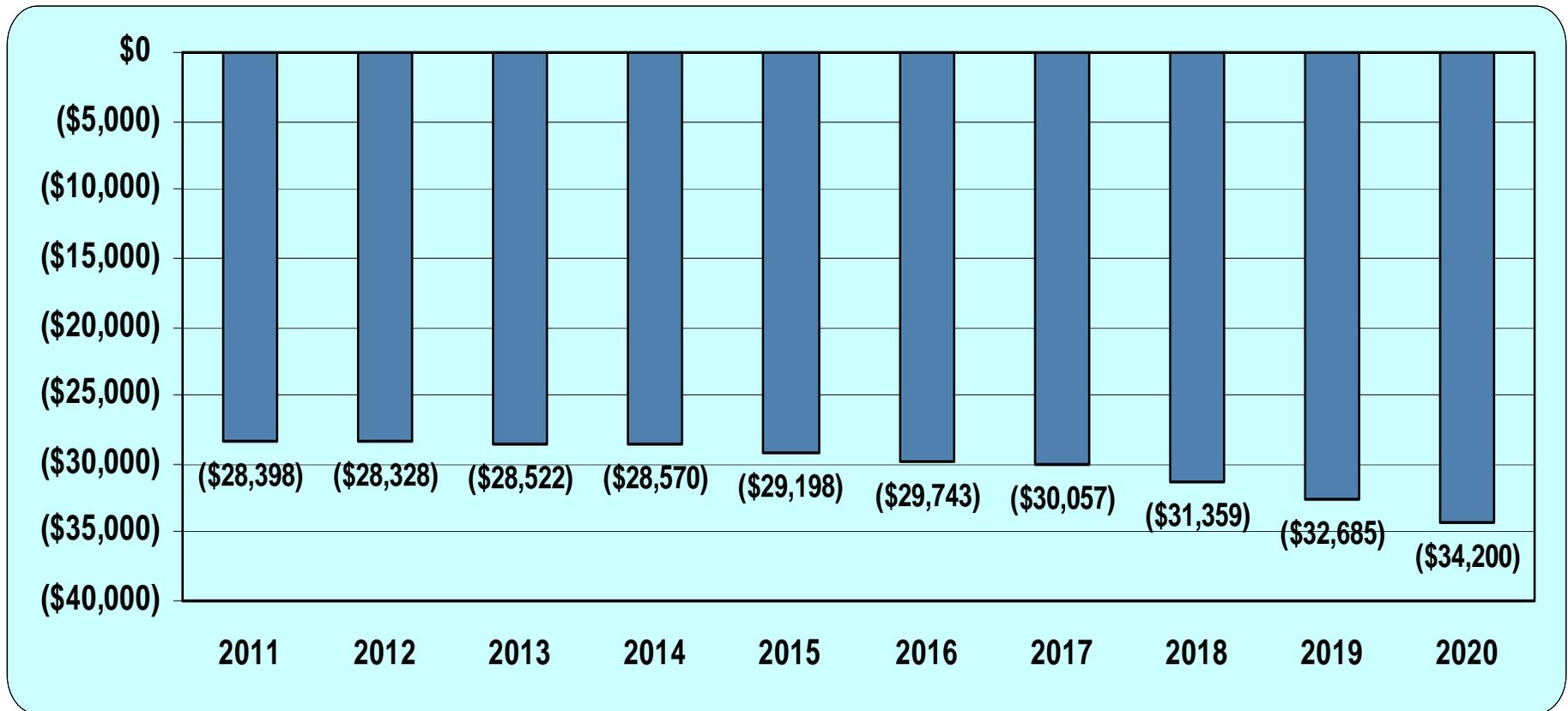
NCEW Projected Benefit Payments

(in thousands)



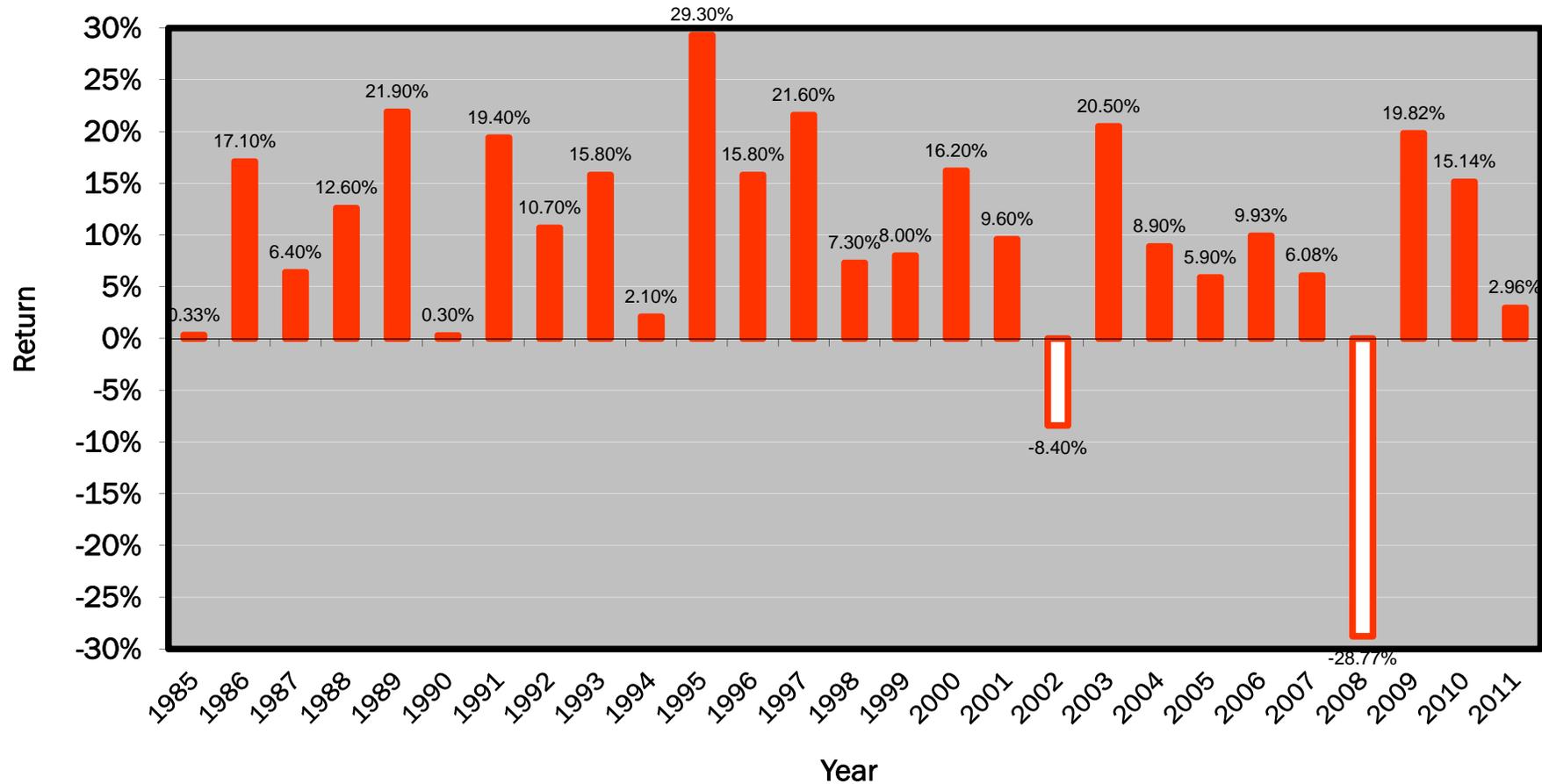
NCEW Projected Cash Flow

(in thousands)



Cash Flow = Net Contributions – Benefit Payments – Administrative Expenses

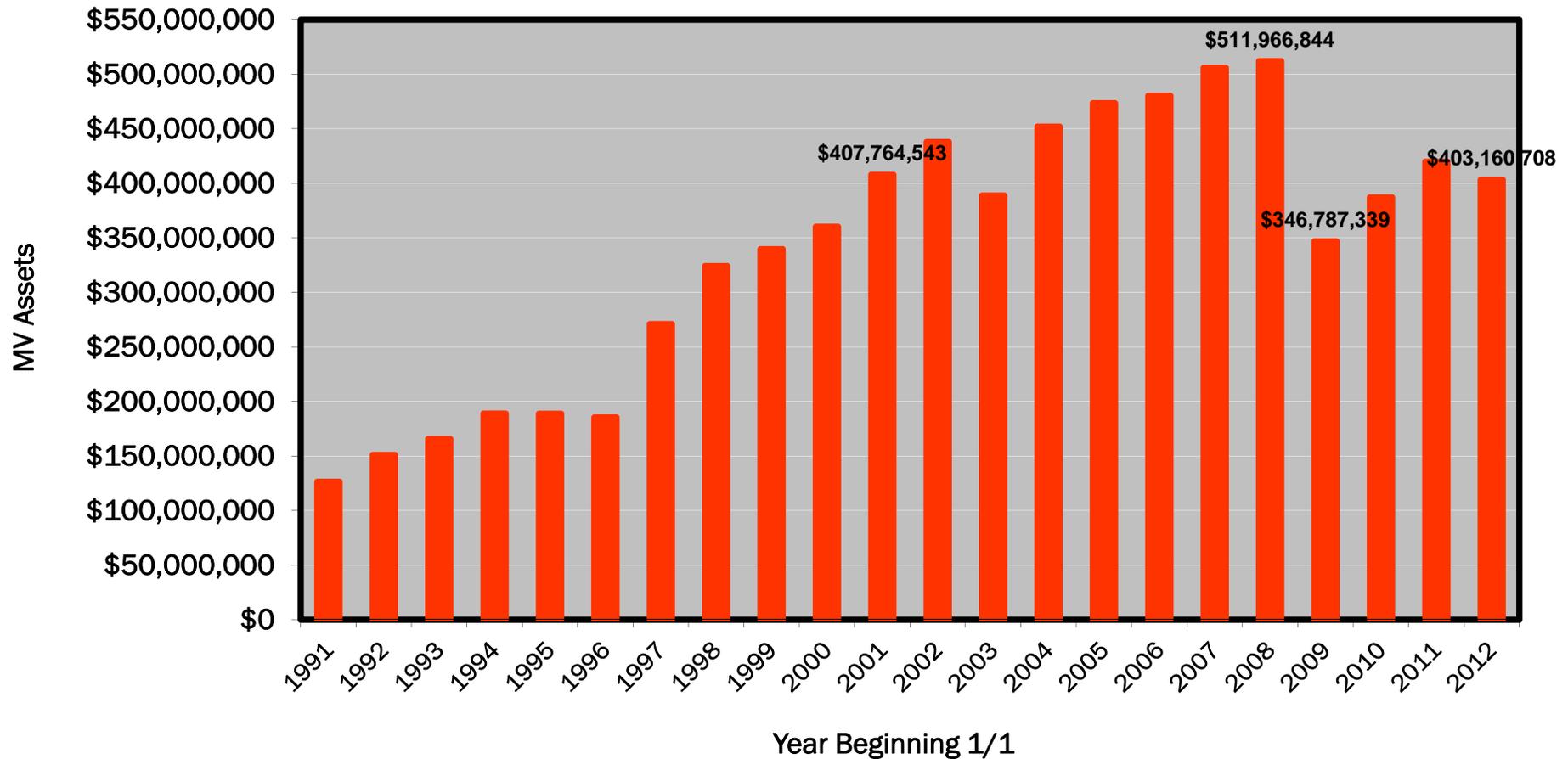
NCEW Investment Return 1985-2011



2011 return is estimated pending completion of annual audit.

Average Annual Return 1985-2011 = 9.2%

NCEW Market Value of Assets



Asset value as of 1/1/2012 estimated pending completion of annual audit.

Overview of Plan Status (PPA)

Criteria for PPA Critical Classification

- Funding ratio less than 65% and projected minimum funding deficiency within 5 years, or
- Funding ratio less than 65% and plan assets expected to run out in 7 years, or
- Projected minimum funding deficiency within 4 years, or
- Plan assets expected to run out in 5 years, or
- Liability for inactives > actives, contributions less than normal cost plus interest on unfunded liability, and projected minimum funding deficiency within 5 years.

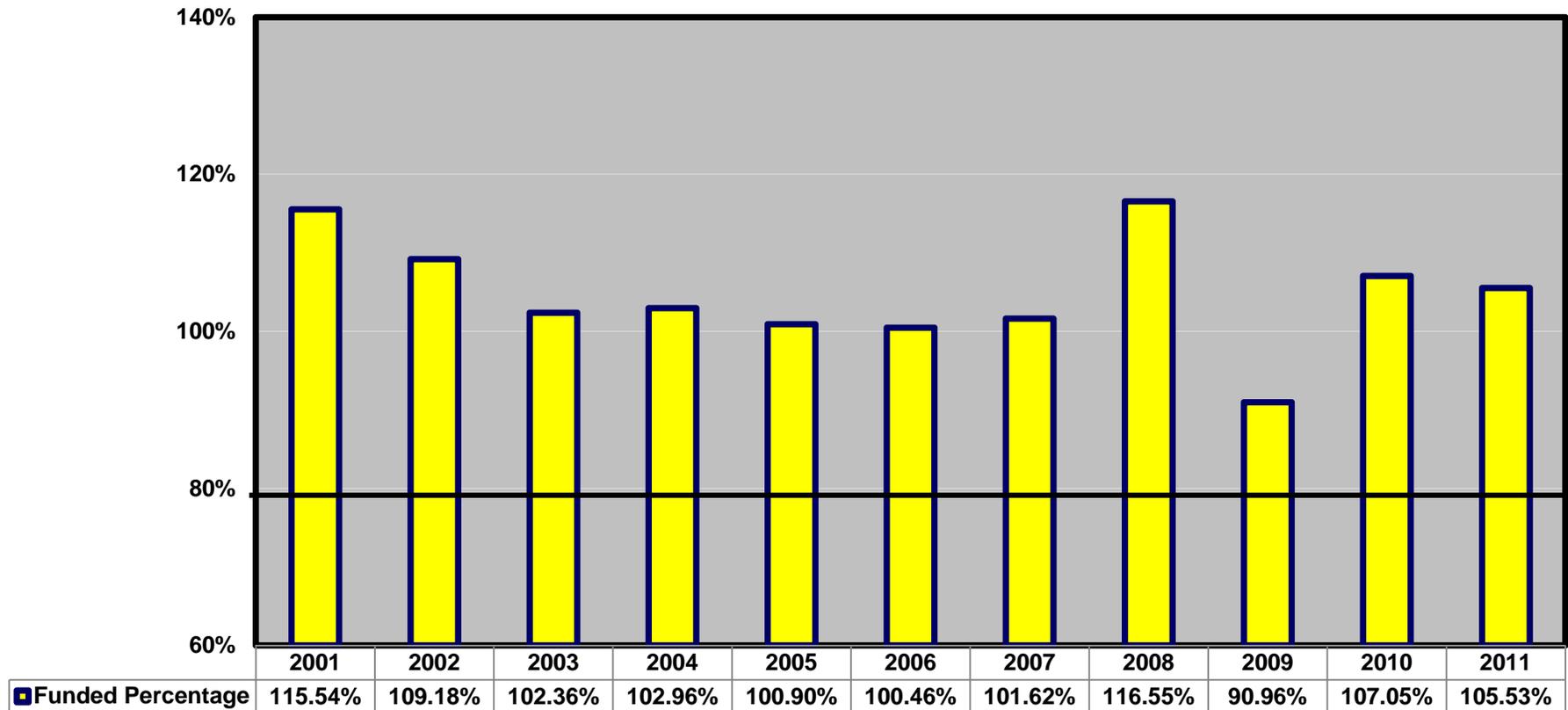
Criteria for PPA Endangered Classification

- Funding ratio less than 80%, or
- Projected minimum funding deficiency within 7 years.
- If both criteria are met, the plan is **Seriously Endangered**.

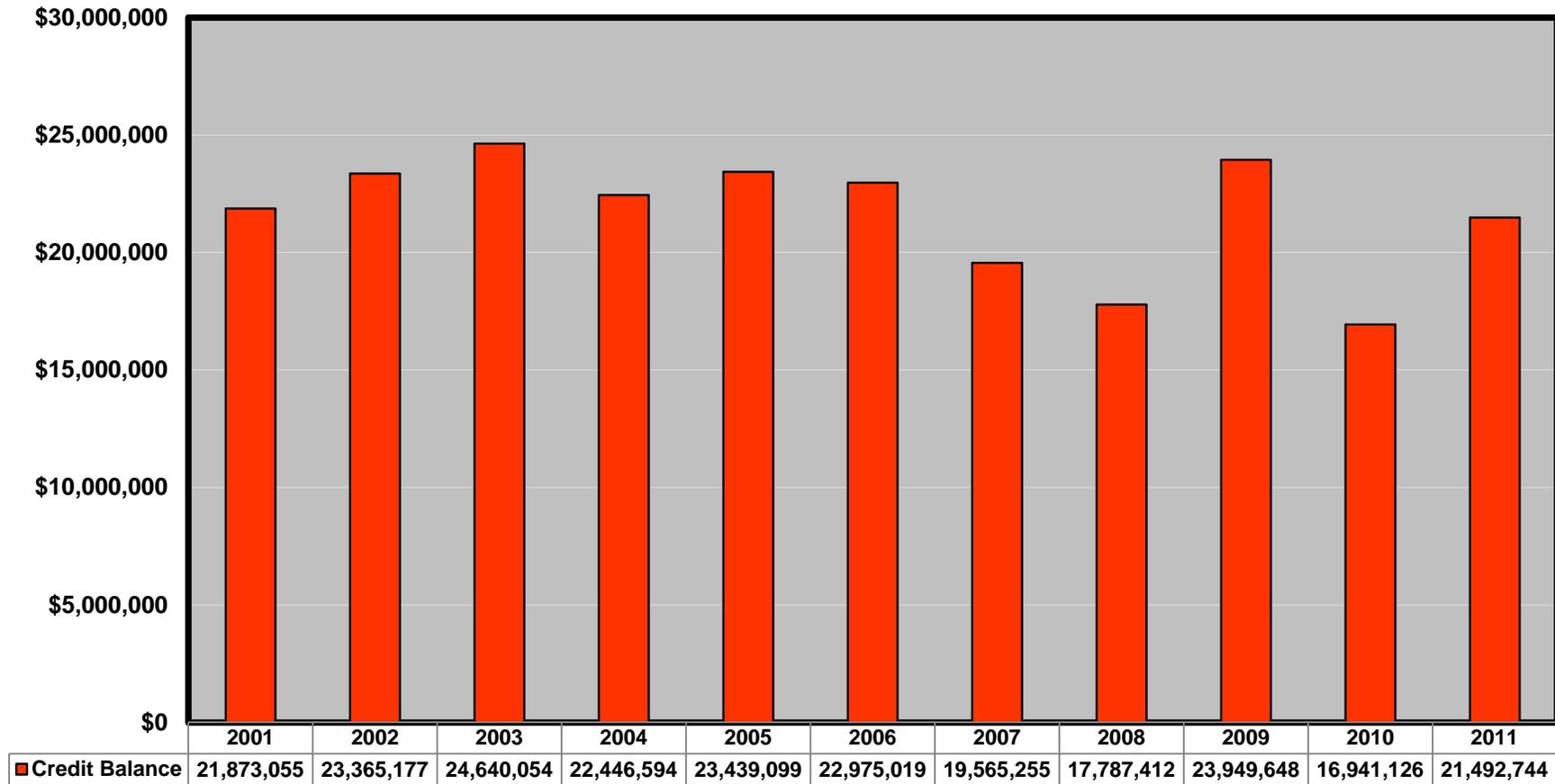
Criteria for PPA “Safe” Classification

- Any plan that is neither Critical nor Endangered.
- The NCEW Plan was “Safe” in 2008 through 2011.
- The NCEW Plan was certified as “Safe” for 2012.
 - Estimated 2012 Funding Ratio was over 80%.
 - No funding deficiency in 7 years.

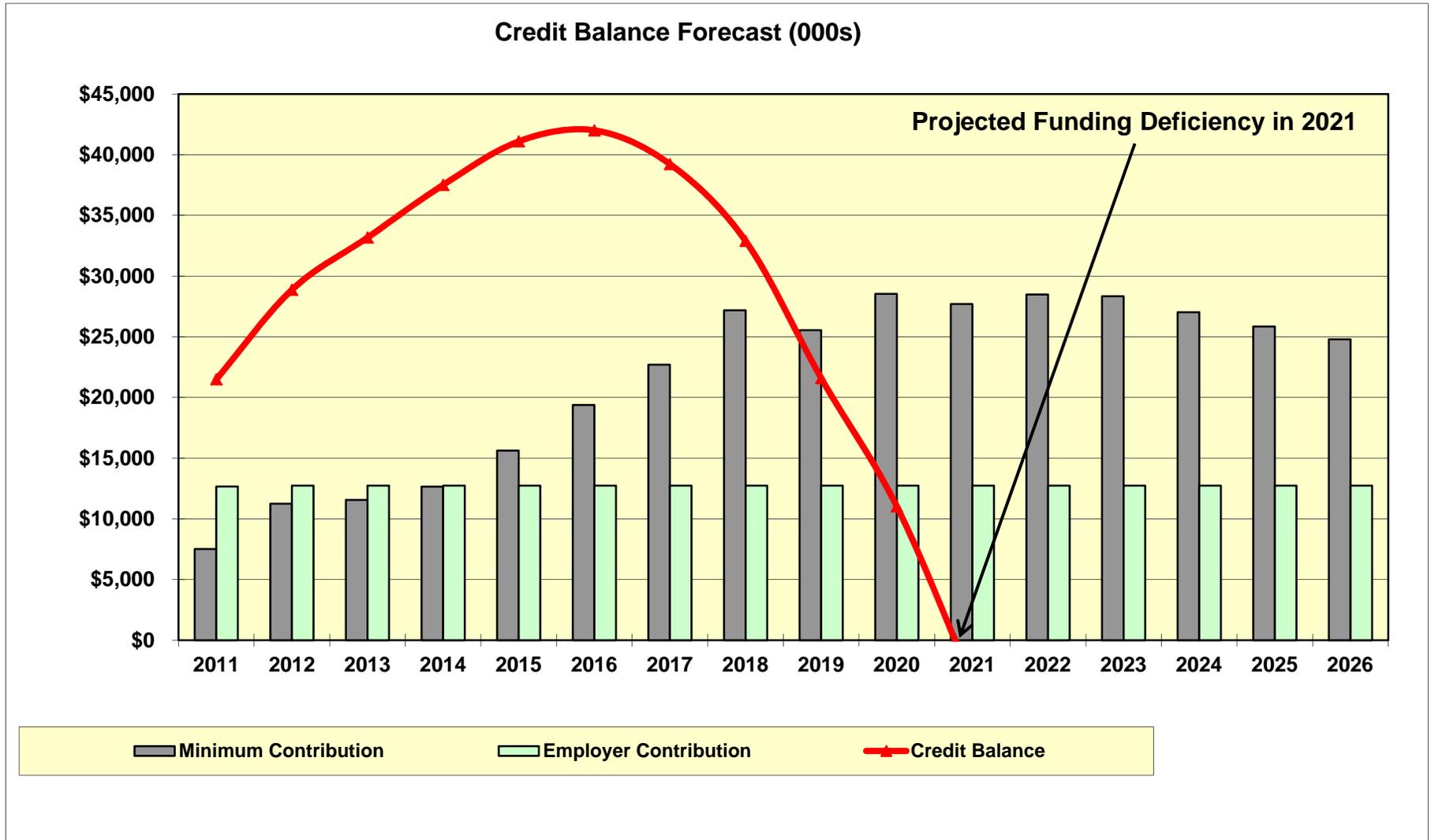
NCEW Pension Plan Funding Ratio



NCEW Pension Plan Credit Balance



NCEW Credit Balance Projection



Consequences If Plan Is Endangered

- Trustees must adopt a Funding Improvement Plan.
 - Increase contributions.
 - Decrease future benefit accruals.
- Designed to improve status over a period of time (usually 10 years).
- No benefit improvements can be implemented unless they are immediately funded.
- PPA provides specific timelines for notification, implementation, and effective date of Funding Improvement plans.

Conclusion

- The plan is “Safe” for 2012.
- Based on current projections, the plan is “Safe” for 2013.
 - What could impact this projection?
 - Investment returns.
 - Increases/decreases in hours (affects contributions).
- A projected Funding Deficiency in 2021 would create an Endangered Status classification in 2015.