

Workforce and Infrastructure, July 14, 2016

Pension Funding is impacted by a variety of sources, including:

1. Fund Investment Returns
2. Retiree Life Expectancies
3. Contribution Patterns
4. Plan Demographics

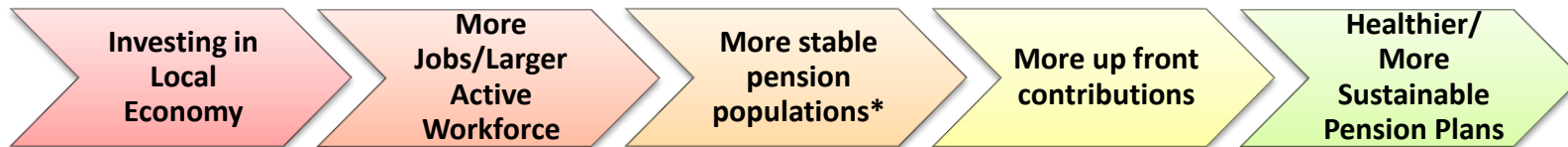
Focus today is on #3 and #4:

(3) Pay Now vs. Pay Later? Clear advantages to paying more upfront to the extent possible (EXAMPLE 1)

(4) Stable vs. Mature Plan? Mature Plans susceptible to multiple problems, including volatility (EXAMPLE 2)

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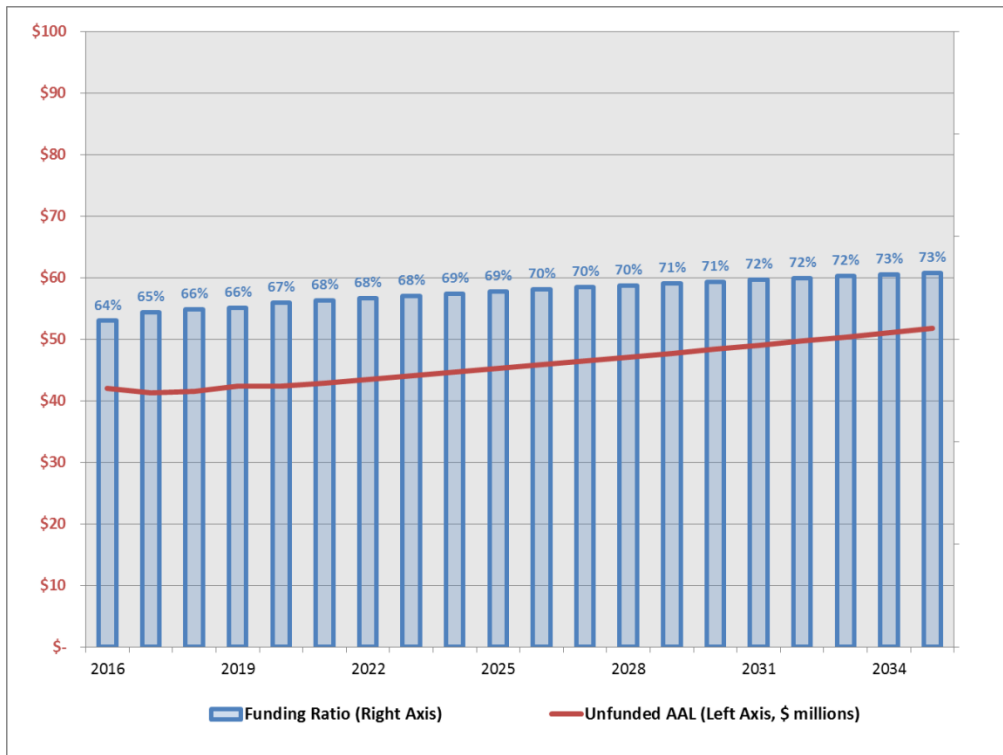
Conclusion



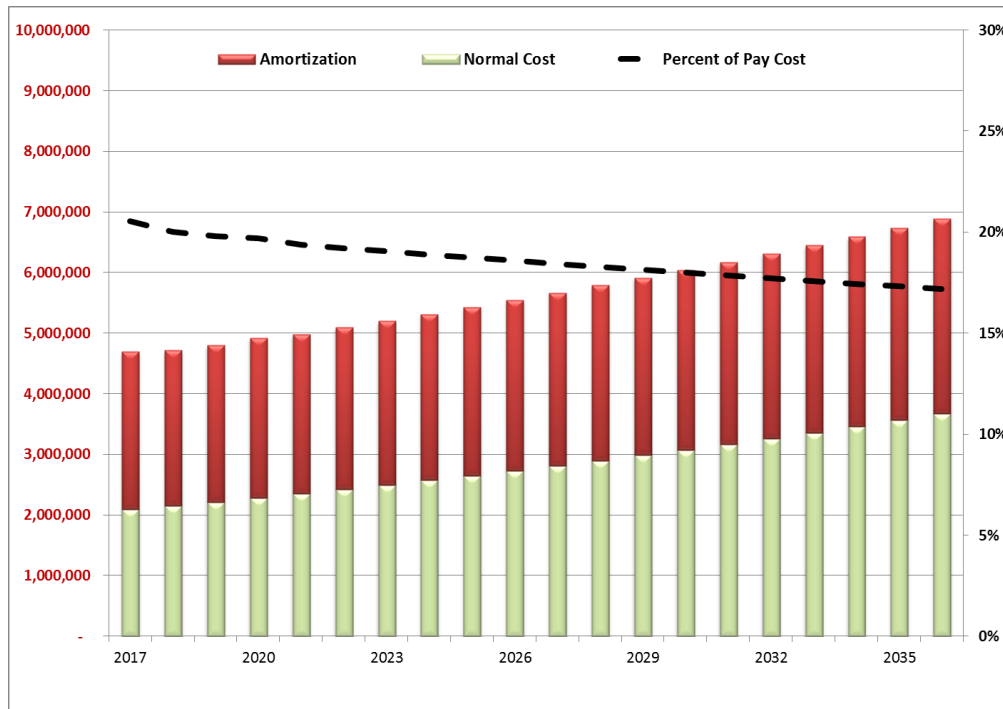
* Advantages of Stable Plan Population:

- ✓ Extends plan lifetime
- ✓ Less volatility
- ✓ Improved ability to adapt to adverse circumstances
- ✓ Improved cash flows (contributions vs. benefits paid)

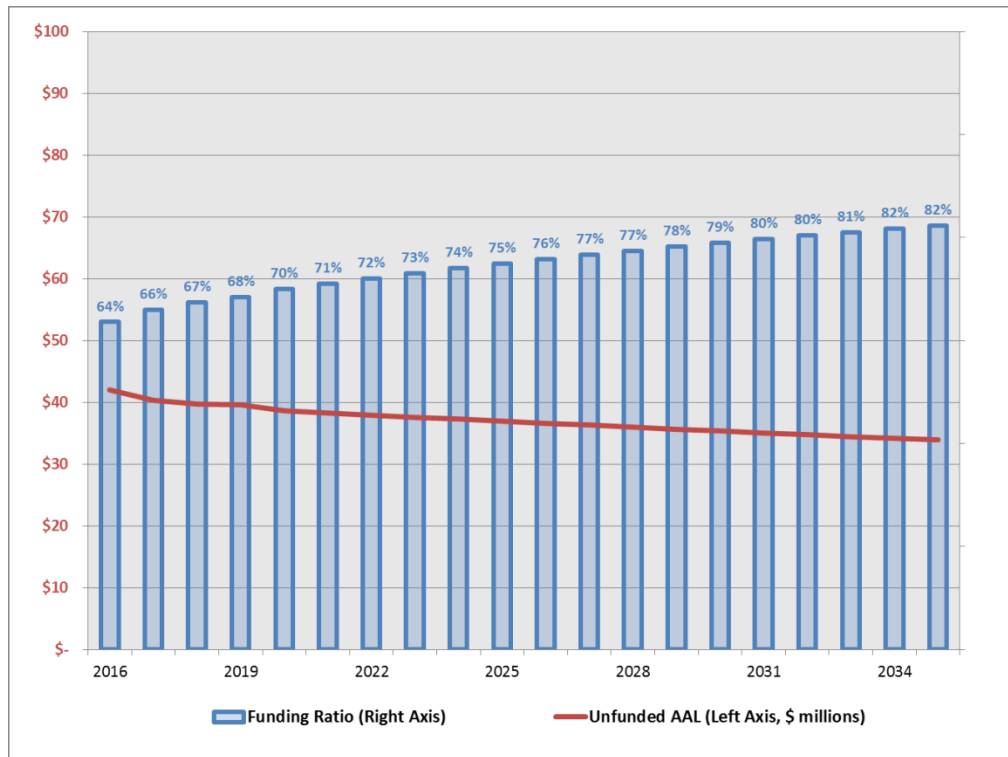
Example 1, Funding Progress, minimum costs



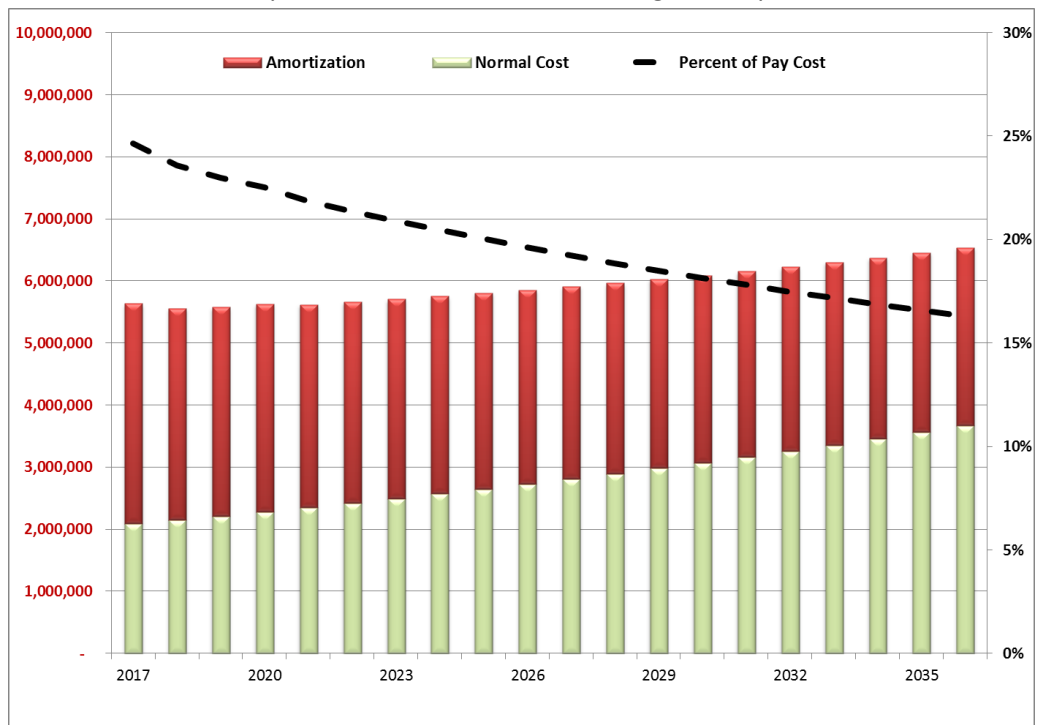
Example 1, Contributions, minimum costs



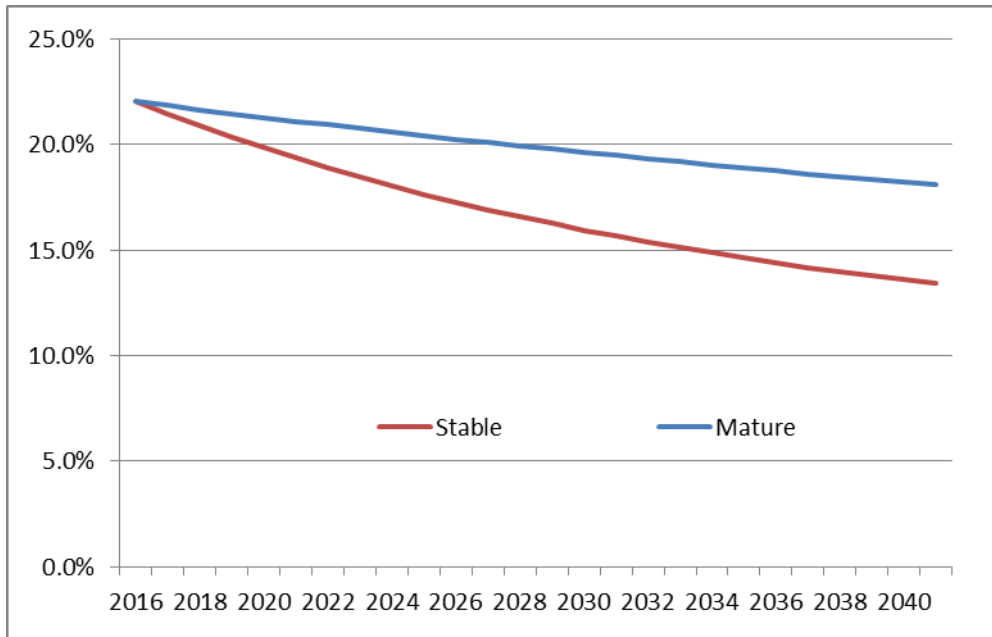
Example 1, Funding Progress, contributing more up front



Example 1, Contributions, contributing more up front



Example 2, Contribution Rates, Stable vs. Mature Plan



Example 2, Contribution Volatility, Stable vs. Mature Plan

