

## Actuarial Data

As part of its request for approval of special withdrawal liability rules, the Cultural Institutions Pension Plan (“Cultural Plan”) submitted documents containing its most recent seven years of actuarial valuation information. Plan costs for funding purposes were determined based on the frozen initial liability (FIL) cost method prior to July 1, 2009. The funding method was changed to the projected unit credit (PUC) cost method for the plan year beginning July 1, 2009. Benefits are subject to collective bargaining, and contributions are based on a percentage of the annual payroll.

The documents show that during the seven-year period from July 1, 2004 to July 1, 2010, the inactive plan population was steadily increasing. During that period, the number of retirees increased by 30.5 percent. However, the number of actives decreased by 8.6 percent. As of the end of the plan year ending June 30, 2010, annual contributions increased from \$19.8 million to \$26.2 million, and plan assets rose from \$796.5 million to \$1,014.8 million in 2008 due to a favorable average rate of investment return and decreased back down to \$830.4 million in 2010.

There was no benefit increase since January 1, 1990. The benefit was determined as 2.2% of final average salary for each year of service prior to January 1, 1990 and 2.0% of final average salary for each year of service after January 1, 1990, offset by 1.25% of the Primary Social Security Benefits as of December 31, 1989 per year of service prior to January 1, 1990. During 2010, the plan was amended to eliminate the early retirement subsidy for benefits earned after June 30, 2010; the reduction factor for early retirement will be based on an actuarial equivalent basis. PBGC notes that the Cultural Plan’s benefit level probably exceeds the maximum benefit guaranteed by PBGC under section 4022A(c) of ERISA, which is \$35.75 per month per year of service.

From 2004 – 2009, the ratio of benefit payouts to contributions remained constant. In 2004, benefit payouts were 172 percent of contributions, and in 2009 they were 171 percent of contributions. The Cultural Plan was overfunded on a market value basis from July 1, 2005 to July 1, 2008. It became underfunded by 17 percent as of July 1, 2009, as a result of the adverse investment return experience during 2008 on a market value basis. The underfunded percentage could be even higher absent the funding method change for the plan year beginning July 1, 2009. The plan was underfunded by 15 percent as of July 1, 2010.

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

**Summary of Actuarial Valuation Results, 2004-2010**

Item	Valuation date July 1						
	2010	2009	2008	2007	2006	2005	2004
Active participants	8,868	8,634	8,813	9,039	9,470	9,705	9,701
Retirees	5,658	5,399	5,183	4,993	4,782	4,548	4,336
Monthly benefit accrual rate (\$) 1/	66	--	--	--	--	--	--
Max. monthly benefit (\$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions (\$000)	26,150	26,571.0	23,459.6	21,446.5	24,724.1	22,966.2	19,774.2
Benefits (\$000)	50,806.9	45,468.9	45,475.4	44,623.8	40,129.4	36,895.2	33,977.4
Accrued liability (\$000) 2/	981,326.5	930,476.4	946,537.0	886,273.3	852,306.0	857,171.8	797,397.4
Market value of assets (\$000)	830,385.0	776,210.5	1,014,771.3	1,086,286.3	938,485.2	860,122.3	796,496.8
Credit Bal, eoy (\$000) 3/	Not avail	Not avail	130,093.1	118,921.7	111,377.7	106,798.2	105,598.5
Normal cost (\$000) 2/	28,142.8	27,840.6	16,580.3	17,662.2	23,276.2	24,561.5	14,694.0

Unfunded accrued liability (\$000)	150,941.5	154,265.9	0	0	0	0	900.6
Ratio of contributions to normal cost plus interest on UAL	0.93	0.95	1.41	1.21	1.06	0.94	1.34
Valuation interest rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Sec 432 "zone status"	4/Green	4/Green	Green	N/A	N/A	N/A	N/A

N/A means not applicable

1/ Accrual rate is based on a percentage of final average earnings. The current rate which has been in effect at least since 2004 is 2% of final average salary for each year of service. The \$66 rate is based on average salary for the year.

2/ The funding method for the plan years 2004 – 2008 was the frozen initial liability (FIL) cost method. The accrued liabilities stated above for these plan years were based on the entry age normal (EAN) cost method as required by the Form 5500 Schedule B. The normal costs stated above for these plan years were the actual normal costs determined based on the FIL method as used for the actual funding standard account. The funding method was changed to the projected unit credit (PUC) cost method for the 2009 plan year. As a result, the accrued liabilities and normal costs for the 2009 and 2010 plan years were determined based on the PUC method.

3/ According to an attachment to the plan's Form 5500 filing for 2009, the "change in funding method is the reason for the discrepancy between the amounts reported on line 9m [EOY credit balance] of the 2008 Schedule MB and line 9f [BOY credit balance] of [the] 2009 Schedule MB."

4/ For the 2009 plan year, election made to freeze zone status to prior year status pursuant to the Worker, Retirement Employer Recovery Act of 2008 ("WRERA"). Otherwise status would have been red-Critical. For the 2010 plan year, the status would have been red-Critical absent the funding method change and the election for the funding relief.