

The Surplus Line Association of California Retirement Income Plan

EXHIBIT : PLAN TERMINATION ANALYSIS - SEPTEMBER 1, 2021

Plan Termination Analysis as of September 1, 2021

	Scenario I Lump Sums	Scenario II Annuitized	Scenario III Historical Take-Rates Optimistic	Scenario IV Historical Take-Rates Age / Benefit Weighted	Scenario V Historical Take-Rates -10%																		
September 1, 2021 Projected Value of Assets:																							
Market Value at February 28, 2021:	\$5,350,903	\$5,350,903	\$5,350,903	\$5,350,903	\$5,350,903																		
Employer Contribution Receivables:	\$0	\$0	\$0	\$0	\$0																		
Estimated 3.00% Annual Return on Investments:	\$79,576	\$79,576	\$79,576	\$79,576	\$79,576																		
Estimated Benefit Payments/Expenses:	(\$171,010)	(\$171,010)	(\$171,010)	(\$171,010)	(\$171,010)																		
Benefit Corrections*:	\$96,385	\$96,385	\$96,385	\$96,385	\$96,385																		
Market Value of Assets as of September 1, 2021:	\$5,356,000	\$5,356,000	\$5,356,000	\$5,356,000	\$5,356,000																		
September 1, 2021 Projected Termination Liability:																							
Active Participant Liability: <i>count</i>	22	\$2,502,752	\$3,536,000	\$2,709,000	\$2,864,000																		
Vested Terminated Participant Liability:	9	\$533,646	\$607,000	\$548,000	\$556,000																		
Retiree Participant Liability:	13	\$4,969,554	\$5,081,000	\$5,025,000	\$5,036,000																		
September 1, 2021 Projected Termination Liability:	44	\$8,005,952	\$9,224,000	\$8,282,000	\$8,456,000																		
September 1, 2021 Projected Termination Excess/(Under)funding (CASH):	(\$2,649,952)	(\$3,868,000)	(\$2,926,000)	(\$3,100,000)	(\$3,223,000)																		
<i>Plan Termination Funding Percentage</i>	<i>66.90%</i>	<i>58.07%</i>	<i>64.67%</i>	<i>63.34%</i>	<i>62.43%</i>																		
Estimated Net Periodic Benefit Cost for 2021:																							
Estimated Settlement Expense as of September 1, 2021:	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000																		
Total Estimated Expenses for 2021 (ACCOUNTING):	\$2,661,000	\$3,879,000	\$2,937,000	\$3,111,000	\$3,234,000																		
Interest Rate Assumption:																							
<i>Effective Interest Rate:</i>	0.54% / 2.38% / 3.28%	2.30%	Blended	Blended	Blended																		
	2.80%	2.30%	2.69%	2.62%	2.56%																		
Mortality Assumption:																							
	2021 Applicable Mortality for Lump Sums (Gender Neutral)	Pri-2012 Table with generational MP-2020 improvements (Gender Specific)	Blended	Blended	Blended																		
Distribution Assumption:																							
	100% Lump Sum	100% Annuity	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><u>Actives</u></td></tr> <tr><td style="text-align: center;">80% Lump Sum / 20% Annuity</td></tr> <tr><td style="text-align: center;"><u>Vested Terms</u></td></tr> <tr><td style="text-align: center;">80% Lump Sum / 20% Annuity</td></tr> <tr><td style="text-align: center;"><u>Retirees</u></td></tr> <tr><td style="text-align: center;">50% Lump Sum / 50% Annuity</td></tr> </table>	<u>Actives</u>	80% Lump Sum / 20% Annuity	<u>Vested Terms</u>	80% Lump Sum / 20% Annuity	<u>Retirees</u>	50% Lump Sum / 50% Annuity	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><u>Actives</u></td></tr> <tr><td style="text-align: center;">65% Lump Sum / 35% Annuity</td></tr> <tr><td style="text-align: center;"><u>Vested Terms</u></td></tr> <tr><td style="text-align: center;">70% Lump Sum / 30% Annuity</td></tr> <tr><td style="text-align: center;"><u>Retirees</u></td></tr> <tr><td style="text-align: center;">40% Lump Sum / 60% Annuity</td></tr> </table>	<u>Actives</u>	65% Lump Sum / 35% Annuity	<u>Vested Terms</u>	70% Lump Sum / 30% Annuity	<u>Retirees</u>	40% Lump Sum / 60% Annuity	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><u>Actives</u></td></tr> <tr><td style="text-align: center;">55% Lump Sum / 45% Annuity</td></tr> <tr><td style="text-align: center;"><u>Vested Terms</u></td></tr> <tr><td style="text-align: center;">60% Lump Sum / 40% Annuity</td></tr> <tr><td style="text-align: center;"><u>Retirees</u></td></tr> <tr><td style="text-align: center;">30% Lump Sum / 70% Annuity</td></tr> </table>	<u>Actives</u>	55% Lump Sum / 45% Annuity	<u>Vested Terms</u>	60% Lump Sum / 40% Annuity	<u>Retirees</u>	30% Lump Sum / 70% Annuity
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September 1, 2021 Projected Costs:	Lump Sum Payments:	\$8,005,952	\$0	\$4,914,000	\$3,988,000	\$3,188,000																	
	Group Annuity Premium:	\$0	\$9,224,000	\$3,368,000	\$4,468,000	\$5,391,000																	
Range of Underfunding if Group Annuity Contract Premium is 10% MORE/LESS than expected:	\$2,649,952	\$2,946,000	\$2,589,000	\$2,653,000	\$2,684,000																		
		\$4,790,000	\$3,263,000	\$3,547,000	\$3,762,000																		
Estimated Value of QJSA Subsidy Included:	\$144,000	\$193,000	\$154,000	\$161,000	\$166,000																		

* **Benefit Corrections include a net amount of \$156,545 owed to the Plan from prior distributions minus the estimated amount due to Menandro Alvarez for missed payments.**

- Assumptions:**
- The applicable interest rates for determining lump sum distributions in the Plan Year beginning December 1, 2020 are the October 2020 interest rates presented above.
 - The estimated cost of annuities excludes fees and/or commissions for advisors to purchase the annuities.
 - **The actual cost of annuities for all participants will ultimately be determined by the insurance carrier selected by the Plan Sponsor.**
 - The estimated accounting expense is based on the Net Periodic Benefit Cost for 2021 of \$29,688, prorated for the period prior to the Plan's settlement of liabilities and assumes all settlement for lump sums paid in 2020 occurs in the FYE 2021.
 - Assumed active and terminated participants are married to spouses 4 years younger, if actual data is not available. Actual liability will be based on actual marital status.