

Puget Sound Pilots Retirement Plan Study

Exhibit 3 - Actuarial Methods and Assumptions

Actuarial Cost Method

The cost method used was the one prescribed under current regulations for the determination of qualified plan funding requirements, Unit Credit Actuarial Cost Method.

Discount Rate for Liability Present Values

Discount rates used were those prescribed for the valuation of qualified plan liabilities for valuations performed in July, 2021. Payments during the first five years are discounted at 4.75%, payments made in the following fifteen years are discounted at 5.36%, and payments thereafter are discounted at 6.11%.

Funding (Contribution) Policy

Annual contributions are assumed to be equal to the required minimum contribution for qualified plans under current regulations.

Gains and Losses

Projections assumed that plan experience will match the valuation assumptions, generating no actuarial gains or losses.

Investment Earnings

Plan assets are assumed to earn the same interest rates used in the determination of plan liabilities and contributions.

Pilot Income Annual Increases

Pilot Income is assumed to increase at 2.00% per year.

Spouse Age

Spouse age is assumed to be pilot age minus 3 years.

Percent Married

70% of pilots are assumed to be married at death.

Number of Active Pilots

52

Retirement Base at 7/1/2022

\$393,790

Mortality

IRS prescribed tables for 2021 qualified plan funding

Disability

None assumed.

Retirement Age

Pilots are assumed to retire at ages from 60 through 70, with the following probabilities.

Age	Retirement Rates
Under 60	0%
60	5%
61	5%
62	15%
63	15%
64	17.5%
65	20%
66	25%
67	25%
68	33%
69	50%
70	100%