Form 5500-SF

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Short Form Annual Return/Report of Small Employee Benefit Plan

This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500-SF.**

OMB Nos. 1210-0110
1210-0089

2014

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 10/01/2014 and ending 09/30/2015

A This return/report is for:
- [X] a single-employer plan
- [ ] a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions)
- [ ] a one-participant plan
- [ ] a foreign plan

B This return/report is
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PREFERRED COMPOUNDING CORP. UNION PENSION PLAN

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 10/01/1970

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
PREFERRED COMPOUNDING CORP. D.B.A. PREFERRED COMPOUNDING

1020 LAMBERT STREET
BARBERTON, OH 44203

2b Employer Identification Number (EIN) 27-0013235

2c Sponsor's telephone number 330-798-4937

2d Business code (see instructions) 326200

3a Plan administrator's name and address [ ] Same as Plan Sponsor.
PREFERRED COMPOUNDING CORP.
1020 LAMBERT STREET
BARBERTON, OH 44203

3b Administrator's EIN 27-0013235

3c Administrator's telephone number 330-798-4937

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report.
a Sponsor's name

4b EIN

4c PN

5a Total number of participants at the beginning of the plan year	**5a**	73
b Total number of participants at the end of the plan year	**5b**	70
c Number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	**5c**	
d(1) Total number of active participants at the beginning of the plan year	**5d(1)**	17
d(2) Total number of active participants at the end of the plan year	**5d(2)**	20
e Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**5e**	0

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/14/2016	STEVE HUETTNER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)

Preparer's telephone number (optional)

6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) ..... [X] Yes [ ] No

b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions)..... [X] Yes [ ] No

If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.

c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... [X] Yes [ ] No [ ] Not determined

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	1439030	1342927
b Total plan liabilities	7b	0	0
c Net plan assets (subtract line 7b from line 7a)	7c	1439030	1342927
8 Income, Expenses, and Transfers for this Plan Year		**(a) Amount**	**(b) Total**
a Contributions received or receivable from: (1) Employers	8a(1)	0	
(2) Participants	8a(2)	0	
(3) Others (including rollovers)	8a(3)	0	
b Other income (loss)	8b	-24896	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		-24896
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	63697	
e Certain deemed and/or corrective distributions (see instructions)	8e	0	
f Administrative service providers (salaries, fees, commissions)	8f	7510	
g Other expenses	8g	0	
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		71207
i Net income (loss) (subtract line 8h from line 8c)	8i		-96103
j Transfers to (from) the plan (see instructions)	8j	0	

Part IV Plan Characteristics

9a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1B

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

10 During the plan year:		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X	
c Was the plan covered by a fidelity bond?	10c	X		1000000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service, or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X	
f Has the plan failed to provide any benefit when due under the plan?	10f		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)	10g		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h			
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i			

Part VI Pension Funding Compliance

11 Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and line 11a below)..... [X] Yes [ ] No

11a Enter the unpaid minimum required contribution for current year from Schedule SB (Form 5500) line 39 ..... **11a** 0

12 Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? .. [ ] Yes [X] No

(If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)

a If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. ..... Month _____ Day _____ Year _____

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b Enter the minimum required contribution for this plan year	**12b**	
c Enter the amount contributed by the employer to the plan for this plan year	**12c**	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	**12d**	
e Will the minimum funding amount reported on line 12d be met by the funding deadline?		☐ Yes ☐ No ☐ N/A

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year?		☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year	**13a**	
b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☐ Yes ☒ No

c If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	**13c(2)** EIN(s)	**13c(3)** PN(s)

Part VIII Trust Information (optional)

14a Name of trust	**14b** Trust's EIN

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2014

This Form is Open to Public Inspection

For calendar plan year 2014 or fiscal plan year beginning 10/01/2014 and ending 09/30/2015

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
PREFERRED COMPOUNDING CORP. UNION PENSION PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
PREFERRED COMPOUNDING CORP. D.B.A. PREFERRED COMPOUNDING

D Employer Identification Number (EIN)
27-0013235

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [X] 100 or fewer [ ] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 10 Day 01 Year 2014

2 Assets:

a Market value	**2a**	1439030
b Actuarial value	**2b**	1439030

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	27	568285	568285
b For terminated vested participants	29	440441	440441
c For active participants	17	356181	356181
d Total	73	1364907	1364907

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	6.46%
6 Target normal cost	**6**	2274

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary

06/21/2016
Date

JAMES W. BUDAI, ASA, EA, MAAA
Type or print name of actuary

14-07634
Most recent enrollment number

CBIZ RETIREMENT PLAN SERVICES
Firm name

614-793-2577
Telephone number (including area code)

5040 FRANTZ ROAD
SUITE 300
DUBLIN, OH 43016
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	973	285
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	973	285
10	Interest on line 9 using prior year's actual return of 8.37%	81	24
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.31 %		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	1054	309

Part III Funding Percentages

14	Funding target attainment percentage	14	105.33 %
15	Adjusted funding target attainment percentage	15	105.43 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	104.53 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
4.99 %	6.32 %	6.99 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	1
22 Weighted average retirement age	**22**	61

23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	2274
b Excess assets, if applicable, but not greater than line 31a	**31b**	2274

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE SB ATTACHMENT

Line 26 - Schedule of Active Participant Data

Plan Name: Preferred Compounding Corp. Union Pension Plan
EIN/PN: 27-0013235/003
Valuation Date: October 1, 2014

Compensation is show below only for cells where the counts are greater than 20.

	Years of Credited Service													
Att. Age:	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 to 29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 to 49	-	-	-	-	-	-	-	-	1	1	-	-	-	2
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 to 54	-	-	-	-	-	-	-	-	2	1	-	-	-	3
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 to 59	-	-	-	-	-	-	-	-	-	1	-	8	-	9
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60 to 64	-	-	-	-	-	-	-	-	-	-	-	3	-	3
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65 to 69	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70 & Up	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	3	3	-	11	-	17
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ACTUARIAL ASSUMPTIONS

Valuation Census Date

Census data was provided by the Plan Sponsor as of October 01, 2014. We have reviewed the data for consistency and have no reason to doubt its substantial accuracy.

Valuation Interest Rates

IRS-Prescribed Three-Segment Rates, for the month prior to the valuation (Sep).

	24-Month Segment Rates	
	Unadjusted	Limited to 25 Year Corridor
Segment I:	1.15%	4.99%
Segment II:	4.06%	6.32%
Segment III:	5.15%	6.99%

The Effective Interest Rate (EIR) is the single rate of interest which, if used to determine the funding target, would equal the funding target determined using the plan sponsor's above elected discount rates. The EIR is used to discount contributions for minimum funding requirements and to accumulate excess contributions to the end of the year.

The effective rate for the 2014 Plan Year was 6.46%. For the prior Plan year, this rate was 6.31%.

Mortality Table Elected

IRS Prescribed Optional Combined Mortality for Males and Females (1.430(h)(3)-1) for the current Plan Year.

ASC 960 Assumptions

ASC 960 Present Values of Accrued Benefits used a discount rate of 8.75% and assumed mortality was the IRS Prescribed Optional Combined Mortality for Males and Females (1.430(h)(3)-1) for the current Plan Year.

The Mortality assumption was updated with one year of mortality to match the annual change to IRS valuation assumption.

The selection of ASC 960 rates is the Plan Sponsor's view of the long-term rate of return on assets based on the actual trust assets. This rate was selected by the Plan Sponsor.

Expected Return on Assets

N/A for funding calculation purposes - A smoothing method is not used to calculate the Actuarial Value of Assets, therefore the Expected Return on Assets is not used for funding calculations.

ACTUARIAL ASSUMPTIONS

Expenses

Administrative expenses were assumed to equal actual expenses in the prior year. Under this assumption, expenses of $2,274 were included in the Normal Cost.

Salary Scale

None. Plan accruals are Frozen.

Taxable Wage Base Increases

None.

Inflation

None.

Withdrawal

None assumed for active participants.

All current active participants have met the service requirements for early retirement. As a result, and due to the small number of active participants and the frozen status of the plan, active participants are assumed to remain active until early retirement eligibility age.

Retirement Rates

Rates are based on age. Below is a table of representative rates.

Age	Rates
55	0.17
56	0.06
57	0.06
58	0.06
59	0.06
60	0.06
61	0.06
62	0.28
63	0.28
64	0.28
65	1

The retirement rates used for the valuation are representative of the average of the actual number of participants commencing benefits compared to the number of active participants eligible for early retirement at each eligible age.

ACTUARIAL ASSUMPTIONS

Disability Incidence

1987 Commissioner's Group Disability Table Male Below is a table of representative rates.

Age	Rates
20	0.000780
25	0.000850
30	0.000970
35	0.001210
40	0.001690
45	0.002800
50	0.005150
55	0.009690
60	0.014820

These rates have been used historically, but a formal analysis of actual experience has not been completed.

Disability Mortality

IRS Prescribed Optional Combined Mortality for Males and Females (1.430(h)(3)-1) for the current Plan Year Below is a table of representative rates.

Age	Rates (M)	Rates (F)
30	0.000384	0.000197
40	0.000855	0.000455
50	0.001371	0.001050
60	0.004625	0.004480
70	0.015913	0.014781
80	0.052121	0.039587

Benefit Commencement Age

Future retirements - Based on retirement rates
Current deferred vested - Age 65
Future deferred vested - N/A
Future deaths - Age 65
Future disabilities - Age 65

Marriage

80% of Males and 50% of Females are assumed to be married. Females are assumed to be 3 years younger than males.

Form of Payment

The Normal Form defined in the Plan, which is a Straight Life Annuity with 5 Years Certain

Changes in non-required assumptions since the prior valuation

None.

ACTUARIAL METHODS

Minimum Funding Cost Method

The actuarial cost method used to determine the liabilities for minimum funding calculations is the Traditional Unit Credit method. The objective under this method is to fund each participant's benefits under the plan as they accrue. Under this cost method, the actuarial accrued liability is the sum of the individual accrued liabilities for all participants and the normal cost is the sum of the individual normal costs for each participant. The individual accrued liability for a participant is the present value of the accrued benefit as of the valuation date taking into account service and/or pay as of the valuation date. The individual normal cost for a participant is the present value of the benefit expected to accrue in the plan year being valued.

If a plan is frozen, there is no normal cost attributable to benefit accruals.

Maximum deductible contribution method

The actuarial cost method used to determine the liabilities for maximum deductible calculations is the Projected Unit Credit method. The objective under this method is to fund each participant's benefits under the plan as they accrue, taking into consideration expected future compensation increases. Under this cost method, the actuarial accrued liability is the sum of the individual accrued liabilities for all participants and the normal cost is the sum of the individual normal costs for all participant. The individual accrued liability for a participant is the sum of 1) the present value of the accrued benefit earned as of the valuation date taking into account service and/or pay as of the valuation date; plus 2) the present value of the accrued benefit expected to be earned because of any expected future compensation increases.

The individual normal cost for a participant is the sum of the present value of the benefit expected to accrue in the plan year being valued taking into account any expected future compensation increases.

ACTUARIAL METHODS

Asset Method

We used financial data submitted by the trustee as of the valuation date without further audit. This information was not be verified by a plan's actuary. We have reviewed the information for internal consistency, and we have no reason to doubt is substantial accuracy.

Assets are equal to their Fair Market Value plus receivable contributions.

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

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OMB No. 1210-0110

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▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
Preferred Compounding Corp. Union Pension Plan

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
Preferred Compounding Corp. d.b.a. Preferred Compounding

D Employer Identification Number (EIN)
27-0013235

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [X] 100 or fewer [ ] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 10 Day 01 Year 2014

2 Assets:

a Market value	2a	1,439,030
b Actuarial value	2b	1,439,030

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	27	568,285	568,285
b For terminated vested participants	29	440,441	440,441
c For active participants	17	356,181	356,181
d Total	73	1,364,907	1,364,907

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	6.46%
6 Target normal cost	6	2,274

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE JAMES W. BUDAI, ASA, EA, MAAA JWB 6/21/16 — 06/21/2016

Signature of actuary — Date

JAMES W. BUDAI, ASA, EA, MAAA — 1407634

Type or print name of actuary — Most recent enrollment number

CBIZ RETIREMENT PLAN SERVICES — 614-793-2577

Firm name — Telephone number (including area code)

5040 FRANTZ ROAD
SUITE 300
DUBLIN OH 43016

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	973	285
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	973	285
10	Interest on line 9 using prior year's actual return of 8.37%	81	24
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.31%		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	1,054	309

Part III Funding Percentages

14	Funding target attainment percentage	14	105.33%
15	Adjusted funding target attainment percentage	15	105.43%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	104.53%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
4.99%	6.32%	6.99%	☐ N/A, full yield curve used

b Applicable month (enter code)	21b	1
22 Weighted average retirement age	22	61

23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment		☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):		
a Target normal cost (line 6)	31a	2,274
b Excess assets, if applicable, but not greater than line 31a	31b	2,274

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40 Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	42	
43 Excess installment acceleration amount to be carried over to future plan years	43	

SCHEDULE SB ATTACHMENT

Line 19 - Discounted Employer Contributions

Plan Name: Preferred Compounding Corp. Union Pension Plan
EIN/PN: 27-0013235/003
Valuation Date: October 1, 2014

Total Contributed: **$-** **Total Discounted to Valuation Date:** **$-**

Date	Amount	Plan Year Beginning	Effective Rate of Interest	Amount Discounted	Penalty Rate of Interest	Additional Amount Discounted	Present Value on Date of Valuation

SCHEDULE SB ATTACHMENT
Line 22 - Description of Weighted Average Retirement Age

Plan Name: Preferred Rubber Compounding Corp. Union Employees Pension Retirement Plan
EIN/PN: 27-0013235/003
Valuation Date: October 1, 2014

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement and then computing the average retirement age for the table, as shown in the following exhibit:

(A)	(B)	(C)	(D)	(E)
Retirement age	Retirement Percent	Lx	Number of employees expected to retire (B) x (C)	(A) x (D)
55	0.17	100	17.00	935.00
56	0.06	83	4.98	278.88
57	0.06	78	4.68	266.76
58	0.06	73	4.40	255.20
59	0.06	69	4.14	244.26
60	0.06	65	3.89	233.40
61	0.06	61	3.65	222.65
62	0.28	57	16.03	993.86
63	0.28	41	11.54	727.02
64	0.28	30	8.31	531.84
65	1.00	21	21.38	1,389.70
Total			100.00	6,078.57
Average				60.79

SUMMARY of PLAN BENEFITS

Plan Sponsor	Preferred Compounding Corp.
Plan Name	Preferred Compounding Corp. Union Pension Plan
Plan Effective Date	January 1, 1970. The plan was last restated effective October 1, 2011. Most recently amended January 1, 2014
Plan Year	October 1 – September 30
Status of the Plan	The plan is currently frozen to new entrants and no further benefit accruals are granted.
Eligibility Requirements	Eligible Employees are hourly paid Employees of the Employer and are employed in the bargaining unit represented by the Union. The Plan was frozen to new Participants as of January 1, 1995. No Eligible Employees will become eligible to participate in the Plan after January 1, 1995.
Vesting	100% vesting upon earning 5 Years of Vesting Service.
Accrued Benefit Formula	The monthly normal retirement benefit is equal to the participant's monthly accrued benefit as of December 31, 1994, which is $18.50 multiplied by years of service up to December 31, 1994. Accrued benefits were frozen as of December, 31, 1994.
Credited Service	A twelve month period of time, beginning on the date that the participant commenced participation in the Plan, during which the participant was employed by the Company. No additional service will be credited after December 31, 1994 for benefit purposes.
Vesting Service	A twelve month period of time, beginning on the date that the participant commenced participation in the Plan, during which the participant was employed by the Company.
Normal Retirement Age	Upon attainment of age 65.
Early Retirement	Eligibility: Upon attainment of age 55 and completion of 10 Years of Service. Benefit: The accrued benefit is reduced 4/10 of 1% for each month preceding Normal Retirement Date.
Disability Retirement	Eligibility: Upon earning 10 Years of Service, and becoming disabled as determined by a physician.

Benefit: (1) Until the participant is eligible for SSDI, the greater of $410 or $20.50 multiplied by years of service up to 12/31/1994; (2) after the participant is eligible for SSDI, a monthly amount equal to the participant's accrued benefit.

Pre-Retirement Death

Eligibility: Upon earning 5 Years of Service.

Benefit: The spouse is eligible for 50% of the benefit that would have been payable, if the Participant had live to Early Retirement Eligibility and elected a 50% Qualified Joint and Survivor Annuity. The benefit is payable upon the Participant's Early Retirement Eligibility date.

Normal Form of Payment

Unless otherwise elected, the benefit payable a participant who has been married at least one year is an actuarially equivalent 50% Joint and Survivor benefit. For unmarried participants, the Normal Form is a Straight Life Annuity with 5 Years Certain and Continuous.

Optional Forms

Benefits may be elected from:

- 50%, 75% and 100% Joint and Survivor
- 5, 10, 15 and 20 Year Certain and Continuous
- Straight Life Annuity

Optional Form Conversion Factors

Optional forms of benefit are calculated as actuarially equivalent to the normal form of payment using the following assumptions:

- Interest rate – 7%
- Mortality - 1971 TPF&C Forecast Mortality

Maximum benefits

Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2014, the limit is 210,000.

Changes in Plan Provisions since the prior valuation

The Plan Name was changed to Preferred Compounding Corp. Union Pension Plan. Prior to January 1, 2014, the Plan Name was Preferred Compounding Corp. Union Employees Pension Retirement Plan.