

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 2016 This Form is Open to Public Inspection	
Part I Annual Report Identification Information					
For calendar plan year 2016 or fiscal plan year beginning 10/01/2016 and ending 09/30/2017					
A This return/report is for:		☒ 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:		☒ 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 (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) 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.		3b Administrator's EIN			
		3c Administrator's telephone number			
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.		4b EIN			
a Sponsor's name		4c PN			
5a Total number of participants at the beginning of the plan year		5a		71	
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 (only defined contribution plans 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)		13	
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.	07/09/2018	DAVID KANTOR		
	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)				Preparer's telephone number	

- 6a** Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) ☒ 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.) ☒ 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)? ☒ 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	1411211	1478615
b Total plan liabilities	7b	0	0
c Net plan assets (subtract line 7b from line 7a)	7c	1411211	1478615
8 Income, Expenses, and Transfers for this Plan Year		(a) Amount	(b) Total
a Contributions received or receivable from:			
(1) Employers	8a(1)	12490	
(2) Participants	8a(2)	0	
(3) Others (including rollovers)	8a(3)	0	
b Other income (loss)	8b	129788	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		142278
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	72453	
e Certain deemed and/or corrective distributions (see instructions) ..	8e	0	
f Administrative service providers (salaries, fees, commissions)	8f	2421	
g Other expenses	8g	0	
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		74874
i Net income (loss) (subtract line 8h from line 8c)	8i		67404
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	N/A	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)	☒ Yes ☐ No
11a Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40	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 ☒ 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

14a Name of trust	14b Trust's EIN
14c Name of trustee or custodian	14d Trustee's or custodian's telephone number

Part IX IRS Compliance Questions

15a Is the plan a 401(k) plan? If "No," skip b.	☐ Yes ☐ No
15b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test
	☐ "Current year" ADP test ☐ N/A
16a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
16b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
17a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.	
17b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.	
18 Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	☐ Yes ☐ No
19 Was any plan participant a 5% owner who had attained at least age 70 ½ during the prior plan year?	☐ Yes ☐ No

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2016</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2016 or fiscal plan year beginning 10/01/2016 and ending 09/30/2017

▶ 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: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500
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Part I	Basic Information
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1 Enter the valuation date: Month 10 Day 01 Year 2016			
2 Assets:			
a Market value	2a	1411017	
b Actuarial value	2b	1411017	
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.....	30	657074	657074
b For terminated vested participants.....	24	417122	417122
c For active participants.....	17	388011	388011
d Total.....	71	1462207	1462207
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	6.03%	
6 Target normal cost.....	6	2391	

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		07/09/2018
Signature of actuary		Date
JAMES W. BUDAI, FSA, EA, MAAA		17-07634
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)	1032	303
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)	1032	303
10	Interest on line 9 using prior year's actual return of 10.30%	106	31
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		1
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 6.24%		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		1
d	Portion of (c) to be added to prefunding balance		1
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)	1138	335

Part III Funding Percentages			
14	Funding target attainment percentage	14	96.39%
15	Adjusted funding target attainment percentage	15	96.39%
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	99.52%
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
06/13/2017	271	0			
10/10/2017	1059	0			
06/13/2018	11160	0			
Totals ►			18(b)	12490	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 11220
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
0	0	0
		(4) 4th 0

Part V	Assumptions Used to Determine Funding Target and Target Normal Cost		
21 Discount rate:			
a Segment rates:		1st segment: 4.43%	2nd segment: 5.91%
		3rd segment: 6.65%	☐ 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 2391
b Excess assets, if applicable, but not greater than line 31a			31b 0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		52663	8825
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 11216
	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 11216
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)			37 11220
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a 4
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, 2016

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

Att. Age:	Years of Credited Service													Total
	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	
Under	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 to	-	1	-	-	-	1	-	-	-	-	-	-	-	2
49	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 to	-	1	-	-	-	1	-	-	-	-	-	-	-	2
54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 to	-	-	-	1	-	-	-	6	-	-	-	-	-	7
59	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60 to	-	-	-	-	-	1	-	3	-	-	-	-	-	4
64	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70 &	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Up	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	2	-	1	-	3	-	9	-	-	-	-	-	15
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ACTUARIAL ASSUMPTIONS

Funding Discount Rates

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

	Non-Stabilized	Limited to 25-Year Corridor
Segment I:	1.52%	4.43%
Segment II:	3.80%	5.91%
Segment III:	4.79%	6.65%

The "Limited to 25 Year Corridor" rates are adjusted by the applicable maximum and applicable minimum percentages of the 25-year average segment rates, as set forth in the Highway and Transportation Funding Act of 2014 ('HATFA-14') for use in Minimum Required Contribution calculations. The IRS Maximum Deductible Limit Calculations use the rates from the "Non-Stabilized" column above.

Effective Interest Rate

The Effective Interest Rate (EIR) for the 2016 Plan Year was 6.03%. For the prior Plan year, the EIR was 6.24%.

The 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.

PBGC Variable Premium Discount Rates

The segment rates used to calculate the PBGC Variable Rate Premiums with the Standard Premium Funding Target and/or Alternative Premium Funding Target are as follows:

	Standard	Alternative
Segment I:	1.47%	1.52%
Segment II:	3.34%	3.80%
Segment III:	4.30%	4.79%

The Standard Premium Funding Target rates are based on rates for the month prior to the valuation, and the Alternative Premium Funding Target rates are based on non-stabilized funding discount rates for the current valuation.

Mortality Table Elected

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

ACTUARIAL ASSUMPTIONS (cont)

ASC 960 Assumptions

Discount Rate - 8.75%;

Mortality Table - For active participants, the RP-2014 Employee Blue Collar Mortality Table, with Generational Projection Scale MP-2015, for males and females. For Inactive participants, the RP-2014 Blue Collar Healthy Annuitant Mortality Table, with Generational Projection Scale MP-2015, for males and females.

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

Expected Return on Assets

Not applicable 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.

Expenses

Administrative expenses were assumed to equal actual expenses in the prior year. Under this assumption, expenses of \$2,391 were included in the Normal Cost.

Salary Scale

None.

Inflation

None.

Taxable Wage Base Increases

None.

Withdrawal Rates

None.

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

ACTUARIAL ASSUMPTIONS (cont)

Disability Incidence

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

Age	Rates
20	0.08%
25	0.09%
30	0.10%
35	0.12%
40	0.17%
45	0.28%
50	0.52%
55	0.97%
60	1.48%

Disability Mortality

None.

Retirement Rates

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

Age	Rates
55	17.00%
56	6.00%
57	6.00%
58	6.00%
59	6.00%
60	6.00%
61	6.00%
62	28.00%
63	28.00%
64	28.00%
65	100.00%

Spousal Assumptions

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

Benefit Commencement Age

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

ACTUARIAL ASSUMPTIONS (cont)

Form of Payment

Active retirements - Single Life Annuity with 5 years Certain
Current deferred vested - Single Life Annuity with 5 Years certain
Future deaths - 50% Joint & Survivor Annuity
Future deferred vested - Single Life Annuity with 5 Years Certain
Future disabilities - Single Life Annuity with 5 Years Certain

**Estimated Funded Status
Using Projected
Assumptions**

The liability projecting assumptions as of 2016 use the same assumptions, census, plan benefits and measurement date as the valuation, except for the following Segment Rates: , , .

The purpose of this assumption is to show what the funded status would be if segment rates were lower than current valuation interest rates. It is for illustrative purposes only and not meant to indicate actual future rates.

**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.

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.

ACTUARIAL METHODS (cont)

**Changes in methods
since the prior valuation**

None.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	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 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 10/01/2016 and ending 09/30/2017

► 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
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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
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E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500
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Part I Basic Information

1 Enter the valuation date: Month 10 Day 01 Year 2016

2 Assets:		
a Market value.....	2a	1,411,017
b Actuarial value.....	2b	1,411,017

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.....	30	657,074	657,074
b For terminated vested participants.....	24	417,122	417,122
c For active participants.....	17	388,011	388,011
d Total.....	71	1,462,207	1,462,207

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	6.03%
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6 Target normal cost.....	6	2,391
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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, FSA, EA, MAAA <div style="text-align: center;"> Signature of actuary </div>	<div style="text-align: right;"> 07/09/2018 Date </div> <div style="text-align: right;"> 1707634 Most recent enrollment number </div>
JAMES W. BUDAI, FSA, EA, MAAA <div style="text-align: center;"> Type or print name of actuary CBIZ RETIREMENT PLAN SERVICES Firm name </div>		<div style="text-align: right;"> 614-793-2577 Telephone number (including area code) </div>
5040 FRANTZ ROAD SUITE 300 DUBLIN OH 43016 <div style="text-align: center;"> Address of the firm </div>		

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 ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

(b) Prefunding balance

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	1,032	303
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).....	1,032	303
10 Interest on line 9 using prior year's actual return of <u>10.30%</u>	106	31
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		1
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 <u>6.24%</u>		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.....		1
d Portion of (c) to be added to prefunding balance.....		1
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).....	1,138	333

14	Funding target attainment percentage	14	96.39%
15	Adjusted funding target attainment percentage	15	96.39%
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	99.52%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

(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
06/13/2017		271	0				
10/10/2017		1,059	0				
06/13/2018		11,160	0				
			Totals ►	18(b)	12,490		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	11,220

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
0	0	0	0

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

21 Discount rate:			
a Segment rates:	1st segment: 4.43 %	2nd segment: 5.91 %	3rd segment: 6.65 %
			☐ 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	2,391	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance		
a Net shortfall amortization installment.....	52,663	Installment 8,825	
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	11,216	
	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	11,216	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	11,220	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	4	
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, 2016

Total Contributed: \$12,490.00

Total Discounted to Valuation Date: \$11,220.00

Date	Amount	Plan Year Beginning	Effective Rate of Interest	Amount Discounted	Penalty Rate of Interest	Additional Amount Discounted	Present Value on Date of Valuation
06/13/2017	271	10/2016	6.03%	11	11.03%	5	255
10/10/2017	1,059	10/2016	6.03%	62	11.03%	31	966
06/13/2018	11,160	10/2016	6.03%	1,056	11.03%	105	9,999

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

Plan Name: Preferred Compounding Corp. Union Pension Plan

EIN/PN: 27-0013235/003

Valuation Date: October 1, 2016

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	17.00%	10,000	1,700	93,500
56	6.00%	8,300	498	27,888
57	6.00%	7,802	468	26,683
58	6.00%	7,334	440	25,522
59	6.00%	6,894	414	24,404
60	6.00%	6,480	389	23,329
61	6.00%	6,091	365	22,294
62	28.00%	5,726	1,603	99,402
63	28.00%	4,123	1,154	72,724
64	28.00%	2,968	831	53,192
65	100.00%	2,137	2,137	138,917
Total			10,000	607,855
Average				60.79

SUMMARY of PLAN BENEFITS

Following is a summary of major plan provisions used to determine the valuation results. It should not be used in determining 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	<p>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.</p> <p>Accrued benefits were frozen as of December, 31, 1994.</p>
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	<p><u>Eligibility:</u> Upon attainment of age 55 and completion of 10 Years of Service.</p> <p><u>Benefit:</u> The accrued benefit is reduced 4/10 of 1% for each month preceding Normal Retirement Date.</p>

SUMMARY of PLAN BENEFITS (cont)

Disability Retirement	<p><u>Eligibility:</u> Upon earning 10 Years of Service, and becoming disabled as determined by a physician.</p> <p><u>Benefit:</u> (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.</p>
Pre-Retirement Death	<p><u>Eligibility:</u> Upon earning 5 Years of Service.</p> <p><u>Benefit:</u> 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.</p>
Normal Form of Payment	Unless otherwise elected, the benefit payable to 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 single life annuity with 5 years certain.
Optional Forms	<p>Benefits may be elected from:</p> <ul style="list-style-type: none">• 50%, 75% and 100% joint and survivor• 5, 10, 15 and 20 years certain and continuous• Single life annuity• Lump sum distribution if the present value of the benefit is less than \$5,000
Optional Form Conversion Factors	<p>Optional forms of benefit are calculated as actuarially equivalent to the normal form of payment using the following assumptions:</p> <p><u>Annuities:</u></p> <ul style="list-style-type: none">• Interest rate – 7%• Mortality - 1971 TPF&C Forecast Mortality <p><u>Lump Sums:</u></p> <ul style="list-style-type: none">• Interest rate – IRC Section 417(e) Applicable Interest Rates in effect for the first month prior to the first day of the Plan Year in which the distribution occurs.• Mortality – Applicable Mortality defined by IRC Section 417(e)(3)
Changes in Plan Provisions since the prior valuation	None.

SCHEDULE SB ATTACHMENT

Line 32 - Amortization Bases Used in the Valuation

Plan Name: Preferred Compounding Corp. Union Pension Plan

EIN/PN: 27-0013235/003

Valuation Date: October 1, 2016

<u>Original Valuation</u>	<u>Remaining Years</u>	<u>Amortization Type</u>	<u>Outstanding Balance</u>	<u>Current Year Amortization</u>
10/1/2016	7	7 year	47,031	7,771
10/1/2015	6	7 year	5,632	1,054

SCHEDULE SB ATTACHMENT
Line 25 - Change in Funding Method

Plan Name: Preferred Compounding Corp. Union Pension Plan

EIN/PN: 27-0013235/003

Valuation Date: October 1, 2016

The Valuation Software used to value the Plan for the current year has been changed, causing a change in the funding method. The changes meet the criteria for automatic approval specified in Announcement 2010-3.