

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 2017 This Form is Open to Public Inspection

Part I Annual Report Identification Information	
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>	
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 <u>DIVERSIFIED MEMBERS CREDIT UNION EMPLOYEES RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>04/01/1964</u>
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) <u>DIVERSIFIED MEMBERS CREDIT UNION</u> <u>1480 E. JEFFERSON AVENUE</u> <u>DETROIT, MI 48207-3199</u>	2b Employer Identification Number (EIN) <u>38-0480170</u> 2c Sponsor's telephone number <u>313-568-5000</u> 2d Business code (see instructions) <u>522130</u>
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 or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report. a Sponsor's name c Plan Name	4b EIN 4d PN
5a Total number of participants at the beginning of the plan year	5a <u>90</u>
b Total number of participants at the end of the plan year	5b <u>88</u>
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) <u>35</u>
d(2) Total number of active participants at the end of the plan year	5d(2) <u>30</u>
e Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	5e <u>0</u>

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	<u>Filed with authorized/valid electronic signature.</u>	<u>06/19/2018</u>	<u>KATHIE TREMBATH</u>
	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

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

Form 5500-SF (2017)
v.170203

- 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
- If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4085742. (See instructions.)

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	16050903	16957912
b Total plan liabilities	7b		
c Net plan assets (subtract line 7b from line 7a)	7c	16050903	16957912
8 Income, Expenses, and Transfers for this Plan Year		(a) Amount	(b) Total
a Contributions received or receivable from:			
(1) Employers	8a(1)	1320000	
(2) Participants	8a(2)	53946	
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	618674	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		1992620
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	1020225	
e Certain deemed and/or corrective distributions (see instructions)	8e		
f Administrative service providers (salaries, fees, commissions)	8f	65386	
g Other expenses	8g		
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		1085611
i Net income (loss) (subtract line 8h from line 8c)	8i		907009
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:
1A
- 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		☒	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		☒	
c Was the plan covered by a fidelity bond?	10c	☒		5000000
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		☒	
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		☒	
f Has the plan failed to provide any benefit when due under the plan?	10f		☒	
g Did the plan have any participant loans? (If "Yes," enter amount as of year-end.)	10g		☒	
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? (If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)	☐ Yes ☒ No
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)	13c(2)	13c(3)
Name of plan(s):	EIN(s)	PN(s)

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 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **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 <u>DIVERSIFIED MEMBERS CREDIT UNION EMPLOYEES RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>DIVERSIFIED MEMBERS CREDIT UNION</u>	D Employer Identification Number (EIN) <u>38-0480170</u>

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 <u>01</u> Day <u>01</u> Year <u>2017</u>			
2 Assets:			
a Market value	2a	<u>16050903</u>	
b Actuarial value	2b	<u>16050903</u>	
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	<u>38</u>	<u>12257835</u>	<u>12257835</u>
b For terminated vested participants	<u>17</u>	<u>1514268</u>	<u>1514268</u>
c For active participants	<u>35</u>	<u>2887568</u>	<u>3180842</u>
d Total	<u>90</u>	<u>16659671</u>	<u>16952945</u>
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	<u>5.91 %</u>	
6 Target normal cost	6	<u>304775</u>	

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	<u>05/30/2018</u>	Date
<u>CHRISTIAN R. VEENSTRA</u>	<u>17-05668</u>	Most recent enrollment number
Type or print name of actuary	<u>616-456-9696</u>	Telephone number (including area code)
<u>WATKINS, ROSS & CO.</u>		
Firm name		
<u>200 OTTAWA, N.W., SUITE 600</u> <u>GRAND RAPIDS, MI 49503-2426</u>		
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)	0	0
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)	0	0
10 Interest on line 9 using prior year's actual return of <u>3.61</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		605042
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>6.10</u> %		36908
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		641950
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)	0	0

Part III Funding Percentages

14 Funding target attainment percentage	14	94.67%
15 Adjusted funding target attainment percentage	15	94.67%
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	91.66%
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
02/07/2017	110000	4036	08/04/2017	110000	4456
02/28/2017	110000	3955	09/05/2017	110000	4404
04/03/2017	110000	3950	10/05/2017	110000	4168
05/02/2017	110000	4355	10/30/2017	110000	4286
06/05/2017	110000	6368	12/07/2017	110000	5860
07/06/2017	110000	4212	12/31/2017	110000	3896
Totals ▶			18(b)	1320000	18(c) 53946

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	1279391

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: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age.....				22 59
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	304775	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	902042		237885
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	542660	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	542660	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1279391	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	736731	
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		

ADDITIONAL INFORMATION

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Line 26 – Schedule of Active Participant Data

EIN/PN: 38-0480170/001

Participant Age and Service Data

Age	Under 1	1 – 4	5 – 9	10 – 14	15 - 19	20 - 24	25 - 29	30 – 34	35 – 39	40 & up	Total
0 – 24											0
25 – 29		2									2
30 – 34		1	2								3
35 – 39		2	3								5
40 – 44		3									3
45 – 49		3	2	1							6
50 – 54		3	1	1			1	2			8
55 – 59		2	1	1							4
60 – 64		2					1				3
65 – 69											0
70 & Up			1								1

ACTUARIAL COST METHODS AND ASSUMPTIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Schedule of Actuarial Assumptions and Methods

EIN/PN: 38-0480170/001

Traditional Unit Credit Cost Method - The actuarial cost method used to calculate the minimum required contribution is the traditional unit credit cost method. The normal cost is the sum of all the individual normal costs for each participant. The individual normal cost is the present value of the benefit expected to be earned during the year being valued. For non-active participants, the normal cost is zero. The actuarial accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is the present value of the accrued benefit as of the valuation date. The unfunded liability is equal to the actuarial accrued liability less the valuation assets, and is referred to as the “shortfall”.

Projected Unit Credit Cost Method - The projected unit credit cost method is used for computing pension liabilities used in FASB ASC 715 pension accounting and in the calculation of the maximum deductible contribution. Under this method, the normal cost is the sum of the individual normal costs for all participants. The individual normal cost is the present value of the benefit expected to be earned during the year being valued, assuming the benefit as of the beginning of the year and as of the end of the year are calculated with final average salary. For a non-active participant, the normal cost is zero. The actuarial accrued liability is the sum of the individual accrued liabilities for all plan participants. The individual accrued liability is the present value of the accrued benefit based on service as of the valuation date, calculated using final average salary. For non-active participants, the individual accrued liability is the present value of their benefit. The unfunded liability is equal to the actuarial accrued liability less the valuation assets.

Actuarial Valuation Asset Method - The asset method is based on the Market Value of assets on the valuation date. Deposits received in the current plan year, but applied to the prior plan year, are included in plan assets discounted to the current valuation date.

ACTUARIAL COST METHODS AND ASSUMPTIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Schedule of Actuarial Assumptions and Methods

EIN/PN: 38-0480170/001

Mandated Discount Rates – Adjusted Under MAP-21 / HATFA

	Current Year	Prior Year
Segment 1 – Payments within 5 years	4.16%	4.43%
Segment 2 – Payments between 5 and 20 years	5.72%	5.91%
Segment 3 – Payments after 20 years	6.48%	6.65%
Effective Rate	5.91%	6.10%

Mandated Discount Rates – IRC §430 Unadjusted Rates

	Current Year	Prior Year
Segment 1 – Payments within 5 years	1.57%	1.41%
Segment 2 – Payments between 5 and 20 years	3.77%	3.96%
Segment 3 – Payments after 20 years	4.73%	4.97%
Effective Rate	4.09%	4.28%

Statement of Financial Accounting Standards ASC 960 Rates – Discount rates are the same as the mandated discount rates for current year as adjusted under MAP-21 / HATFA.

Salary Scale - 5% per year was assumed; salaries shown below are the salaries at age 65 expressed as a percent of the salary at sample ages as follows:

Age	Increase Rate (%)
20	899
25	704
30	552
35	432
40	339
45	265
50	208
55	163
60	128
65	100

Rationale - Experience along with the salary rate increases provided by the plan sponsor for the valuation year

Cost of Living Adjustments –2% per year (simple interest)

Rationale - retirement provisions of the plan

ACTUARIAL COST METHODS AND ASSUMPTIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Schedule of Actuarial Assumptions and Methods

EIN/PN: 38-0480170/001

Retirement Rates – Upon either attaining age 55 with five years vesting service, or any age prior with 30 years vesting service, active participants are expected to retire according to the following schedule:

Age	Percent Retiring (%)
55	10
56	11
57	11
58	12
59	14
60	100

Rationale - The rates were chosen based on this plan's historical experience and the expectations inherent in the retirement provisions of the plan

Termination Rates – Crocker-Sarason-Straight T-2 after 5 years of service; 5 select periods (less than 1 year, 15%; 1 year, 10%; 2 years, 8%; 3 years, 7%; 4 years, 6%:

Age	Ultimate Sample Rates
20	.0544
25	.0529
30	.0507
35	.0470
40	.0350
45	.0177
50	.0040
55	.0000
60	.0000

Rationale - The rates were chosen based on this plan's historical experience, industry standards, and future expectations advised by the plan sponsor

Pre-retirement Mortality Rates – As prescribed by law, based on the RP-2000 Mortality table, adjusted for mortality improvement using Projection Scale AA (for non-annuitants, the projection is through the year of valuation with a further projection period of 15 years)

Post-retirement Mortality – As prescribed by law, based on the RP-2000 Mortality table, adjusted for mortality improvement using Projection Scale AA (for annuitants, the projection is through the year of valuation with a further projection period of 7 years)

ACTUARIAL COST METHODS AND ASSUMPTIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Schedule of Actuarial Assumptions and Methods

EIN/PN: 38-0480170/001

Rates of Disablement – Society of Actuaries study of long term disability rates, 1968-1972; sample rates are as follows:

Age	Unisex rates
20	0.0008
25	0.0008
30	0.0008
35	0.0008
40	0.0020
45	0.0027
50	0.0049
55	0.0089
60	0.0141

Rationale – Low expectation of disability is consistent with reported incidence for remaining covered lives

Post-Disablement Mortality – Post-retirement mortality with a ten year set forward was assumed in the valuation

Rationale – Low expectation of disability

Administrative Expenses – None

Rationale – Non-investment related expenses are paid by the plan sponsor

Percent Married – 87% of males and 77% of females were assumed to be married.

Rationale – Consistent with experience.

Age of Spouse - The female spouse is assumed to be 3 years younger than the male spouse.

Rationale – Consistent with experience.

Probability of Payment Form –

Annuity	100%
Lump Sum	0%

Rationale – This assumption was chosen because participants have chosen the annuity payment option upon retirement; no lump sum payment available other than a return of employee contributions for non-vested terminated participants.

Data collection:

Date and form of data – All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

ACTUARIAL COST METHODS AND ASSUMPTIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Schedule of Actuarial Assumptions and Methods

EIN/PN: 38-0480170/001

Changes in Assumptions Since Prior Valuation

Discount Rates – Changed as prescribed by law

Mortality Rates – Changed as prescribed by law

Other – None

Form 5500-SFDepartment of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Short Form Annual Return/Report of Small Employee
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- ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information**1a** Name of plan

DIVERSIFIED MEMBERS CREDIT UNION EMPLOYEES RETIREMENT PLAN

1b Three-digit
plan number
(PN) ▶

001

1c Effective date of plan
04/01/1964**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)

DIVERSIFIED MEMBERS CREDIT UNION

2b Employer Identification Number
(EIN) 38-0480170**2c** Sponsor's telephone number
313-568-5000**2d** Business code (see instructions)
522130

1480 E. JEFFERSON AVENUE

DETROIT

MI

48207-3199

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 or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report.**a** Sponsor's name**c** Plan Name**4b** EIN**4d** PN**5a** Total number of participants at the beginning of the plan year**5a**

90

b Total number of participants at the end of the plan year**5b**

88

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)**

35

d(2) Total number of active participants at the end of the plan year**5d(2)**

30

e Number of participants who 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	<i>Kathie Trembath</i>	<u>6/19/18</u>	KATHIE TREMBATH
	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

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

Form 5500-SF (2017)
v 170203

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <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 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

► **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 DIVERSIFIED MEMBERS CREDIT UNION EMPLOYEES RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF DIVERSIFIED MEMBERS CREDIT UNION	D Employer Identification Number (EIN) 38-0480170	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500		

Part I Basic Information			
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2017</u>		
2	Assets:		
	a Market value.....	2a	16,050,903
	b Actuarial value	2b	16,050,903
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target
	a For retired participants and beneficiaries receiving payment	38	12,257,835
	b For terminated vested participants	17	1,514,268
	c For active participants	35	2,887,568
	d Total	90	16,659,671
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	5.91%
6	Target normal cost	6	304,775

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 CHRISTIAN R. VEENSTRA Type or print name of actuary WATKINS, ROSS & CO. Firm name 200 OTTAWA, N.W., SUITE 600 GRAND RAPIDS MI 49503-2426 Address of the firm	<u>5-30-2017</u> Date 1705668 Most recent enrollment number 616-456-9696 Telephone number (including area code)
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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).....	0	0
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).....	0	0
10 Interest on line 9 using prior year's actual return of <u>3.61%</u>	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		605,042
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>6.10%</u>		36,908
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.....		641,950
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).....	0	0

Part III Funding Percentages

14 Funding target attainment percentage	14	94.67%
15 Adjusted funding target attainment percentage.....	15	94.67%
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	91.66%
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
02/07/2017	110,000	4,036			
02/28/2017	110,000	3,955			
04/03/2017	110,000	3,950			
05/02/2017	110,000	4,355			
06/05/2017	110,000	6,368			
07/06/2017	110,000	4,212			
08/04/2017	110,000	4,456			
09/05/2017	110,000	4,404			
10/05/2017	110,000	4,168			
10/30/2017	110,000	4,286			
12/07/2017	110,000	5,860			
12/31/2017	110,000	3,896			
Totals ►			18(b)	1,320,000	18(c) 53,946

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	1,279,391

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: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 % ☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 0
22 Weighted average retirement age			22 59
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 304,775
b Excess assets, if applicable, but not greater than line 31a			31b 0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		902,042	237,885
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)....			34 542,660
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)			36 542,660
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)			37 1,279,391
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a 736,731
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

Diversified Members Credit Union Employees Retirement Plan
EIN/PN: 38-0480170/001

Attachment to Schedule SB, line 22 - Description of Weighted Average Retirement Age

Age	Rate	Weight	Weighted Age
55	.1	.1	5.50
56	.11	$(1 - .1) * .11$	5.54
57	.11	$(1 - .1)(1 - .11) * .11$	5.02
58	.12	$(1 - .1)(1 - .11)(1 - .11) * .12$	4.96
59	.14	$(1 - .1)(1 - .11)(1 - .11)(1 - .12) * .14$	5.18
60	1	$(1 - .1)(1 - .11)(1 - .11)(1 - .12)(1 - .14) * 1$	32.37
			58.58
		Rounded to nearest whole age =	59

SUMMARY OF PLAN PROVISIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Summary of Plan Provisions

EIN/PN: 38-0480170/001

Plan name Diversified Members Credit Union Employees Retirement Plan

Plan documents:

Drafted by Edward C. Hammond, Clark Hill PLC

Latest determination letter October 12, 2016

Plan effective date April 1, 1964

Most recent amendment effective date (execution date) First Amendment effective March 1, 2016, except as otherwise indicated (March 7, 2016)

Eligibility provisions:

Participation Prior to January 1, 2007, employment with the company. Prior to February 10, 2015, one (1) year of service with 1,000 or more hours of service. On and after February 10, 2015 age 21 requirement was added. Employees hired after February 9, 2015 are not allowed to participate.

Normal retirement Age 60 with 5 years of vesting service

Unreduced early retirement 30 years of vesting service

Reduced early retirement Age 55 with 5 years of vesting service, or 25 years of service at any age

Late retirement Retirement after normal retirement age

Vesting schedule 100% after 5 years of vested service; mandatory contributions plus earnings thereon shall at all times be 100% vested

Disability Termination of employment by reason of total and permanent disability before attaining age 60 but after completing 10 or more years of vesting service

Pre-retirement death:

Annuity to surviving spouse Death after becoming eligible for a non-forfeitable benefit

SUMMARY OF PLAN PROVISIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Summary of Plan Provisions

EIN/PN: 38-0480170/001

Post-retirement death:

Lump sum

Death prior to receiving return of contributions

Benefit amounts:

Normal retirement:

1.42% of Final Average Compensation multiplied by Benefit Accrual Service plus the actuarial equivalent benefit provided by the Participant's Accumulated Employee contributions

Minimum benefit

1.8% of Final Average Compensation multiplied by Benefit Accrual Service for employees who were Participants prior to January 1, 1989

Maximum benefit

IRC Section 415 limits

Reduced early retirement

Deferred normal retirement pension reduced by $\frac{1}{2}$ of 1% (.005) for each month in the period between the early retirement date and the normal retirement date

Late retirement

Greater of (1) actual defined benefit formula computation and (2) actuarial equivalent of the normal retirement benefit

Vested termination

Accrued benefit payable at normal retirement date

Disability

Accrued normal retirement benefit payable immediately

Pre-retirement death:

Annuity to spouse

100% of the benefit that would have been payable to the participant at the participant's early retirement age under the Joint and 100% Survivor form of payment, had the participant terminated employment the date before death occurred

Post-retirement death:

Lump sum

A single sum equal to the Participant's remaining Accumulated Employee Contributions

SUMMARY OF PLAN PROVISIONS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Part V – Summary of Plan Provisions

EIN/PN: 38-0480170/001

Definitions:

Accrued benefit	An amount equal to the normal retirement benefit calculated using the final average compensation and benefit accrual service at the date of determination
Actuarial equivalence:	
General	Unisex blend of 80% male rates and 20% female rates from the 1971 Group Annuity Mortality Table projected to 1984 with 7% annual interest
Accumulated employee contributions	Total of amounts contributed to the plan with interest thereon as determined by the Administrative Committee
Employee contributions	3% of employee gross compensation per aggregate period; after January 1, 2008, 0% of employee aggregate compensation upon attainment of 30 years of service
Final average compensation	Monthly average of a Participant's total compensations during the period of sixty (60) consecutive months in which the Participant's compensations were highest
Entry dates	Date of employment. Effective January 1, 2007, January 1 or July 1 coincident with or next following eligibility
Benefit accrual service	1.0 year if worked at least 1,000 hours; actual hours divided by 1,000, rounded to nearest 1/12, in year of hire, year of retirement and year of death
Unreduced payment form	Single-Life annuity
Optional payment forms	Contingent annuitant
Changes since prior valuation	Employee contributions are 3% of gross compensation (including bonuses)

Other qualified retirement plans:

Plan Name	Plan Number	Status
Diversified Members Credit Union 401(k) Plan	002	Active

DEVELOPMENT OF RESULTS

Diversified Members Credit Union Employees Retirement Plan
Schedule SB, Line 32 – Schedule of Amortization Bases

EIN/PN: 38-0480170/001

Shortfall Amortization Charge

MAP-21 Funding

Date Established	Present Value of Remaining Balance (\$)	Remaining Period (Years)	Amortization Installment (\$)
01/01/2014	485,213	4	128,817
01/01/2015	850,489	5	184,238
01/01/2016	(180,849)	6	(33,656)
01/01/2017	<u>(252,811)</u>	7	<u>(41,514)</u>
TOTAL	902,042		237,885

PPA Funding

Date Established	Present Value of Remaining Balance (\$)	Remaining Period (Years)	Amortization Installment (\$)
01/01/2014	503,443	4	128,817
01/01/2015	893,147	5	184,238
01/01/2016	(191,128)	6	(33,656)
01/01/2017	<u>3,614,481</u>	7	<u>557,812</u>
TOTAL	4,819,943		837,211