# 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

**2018**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

**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:
- [ ] Form 5558
- [ ] automatic extension
- [ ] DFVC program
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PONTIAC BANCORP, INC. PENSION PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 08/20/1953

**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)
PONTIAC BANCORP, INC.

300 WEST WASHINGTON ST, PO BOX 710
PONTIAC, IL 61764-0710

**2b** Employer Identification Number (EIN) 37-1111348

**2c** Sponsor's telephone number 815-844-6155

**2d** Business code (see instructions) 522110

**3a** Plan administrator's name and address [X] 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** | 104 |
| **b** Total number of participants at the end of the plan year | **5b** | 98 |
| **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)** | 81 |
| **d(2)** Total number of active participants at the end of the plan year | **5d(2)** | 78 |
| **e** Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **5e** | 2 |

**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. | 05/28/2019 | WILLIAM E. KAUFFMAN |
| | **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 |

**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

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4118458. (See instructions.)

## Part III Financial Information

| 7 Plan Assets and Liabilities | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| a Total plan assets | 7a | 7018810 | 5701119 |
| b Total plan liabilities | 7b | | |
| c Net plan assets (subtract line 7b from line 7a) | 7c | 7018810 | 5701119 |
| **8** Income, Expenses, and Transfers for this Plan Year | | **(a) Amount** | **(b) Total** |
| a Contributions received or receivable from: (1) Employers | 8a(1) | 960000 | |
| (2) Participants | 8a(2) | | |
| (3) Others (including rollovers) | 8a(3) | | |
| b Other income (loss) | 8b | -239357 | |
| c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b) | 8c | | 720643 |
| d Benefits paid (including direct rollovers and insurance premiums to provide benefits) | 8d | 2038334 | |
| e Certain deemed and/or corrective distributions (see instructions) | 8e | | |
| f Administrative service providers (salaries, fees, commissions) | 8f | | |
| g Other expenses | 8g | | |
| h Total expenses (add lines 8d, 8e, 8f, and 8g) | 8h | | 2038334 |
| i Net income (loss) (subtract line 8h from line 8c) | 8i | | -1317691 |
| j Transfers to (from) the plan (see instructions) | 8j | | |

## 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 3D

**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 | | 2000000 |
| 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 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 [X] 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 [X] 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 [X] 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) |
|---|---|---|
| | | |

# 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

**2018**

**This Form is Open to Public Inspection**

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

▶ **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
PONTIAC BANCORP, INC. PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
PONTIAC BANCORP, INC.

**D** Employer Identification Number (EIN)
37-1111348

**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 01 Day 01 Year 2018

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 7018810 |
| **b** Actuarial value | **2b** | 6636097 |

**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 | 0 | 0 | 0 |
| **b** For terminated vested participants | 23 | 1392830 | 1392830 |
| **c** For active participants | 81 | 5220301 | 5310610 |
| **d** Total | 104 | 6613131 | 6703440 |

**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** | 5.62 % |
| **6** Target normal cost | **6** | 451600 |

**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 — Date: 05/22/2019

MIKE ZUREK, EA, MAAA — Type or print name of actuary

17-05898 — Most recent enrollment number

NYHART — Firm name

847-400-9601 — Telephone number (including area code)

707 LAKE COOK ROAD, SUITE 250
DEERFIELD, IL 60015-5255

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 | 1014710 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | | |
| 9 | Amount remaining (line 7 minus line 8) | 0 | 1014710 |
| 10 | Interest on line 9 using prior year's actual return of 15.13 % | 0 | 153526 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| a | Present value of excess contributions (line 38a from prior year) | | 123683 |
| 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 5.90 % | | 7297 |
| 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 | | 130980 |
| d | Portion of (c) to be added to prefunding balance | | 130980 |
| 12 | Other reductions in balances due to elections or deemed elections | | 25871 |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 0 | 1273345 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 80.00% |
| 15 | Adjusted funding target attainment percentage | 15 | 82.70% |
| 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 | 81.00% |
| 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 |
|---|---|---|---|---|---|
| 03/15/2018 | 240000 | 0 | | | |
| 06/05/2018 | 240000 | 0 | | | |
| 08/10/2018 | 240000 | 0 | | | |
| 12/07/2018 | 240000 | 0 | | | |
| | | | | | |
| | | | | | |
| | | | Totals ► 18(b) | 960000 | 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 | 932149 |

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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: | 2nd segment: | 3rd segment: | |
|---|---|---|---|
| 3.92% | 5.52% | 6.29% | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 0 |
| **22** Weighted average retirement age | **22** | 64 |

**23** Mortality table(s) (see instructions)

| | | | | |
|---|---|---|---|---|
| Prior regulation: | ☐ Prescribed - combined | ☐ Prescribed - separate | ☐ Substitute | |
| Current regulation: | ☒ 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** | 451600 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 0 |

| **32** Amortization installments: | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 1340688 | 270616 |
| **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** | 722216 |

| | 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** | 722216 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | **37** | 932149 |

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

| | | |
|---|---|---|
| **a** Total (excess, if any, of line 37 over line 36) | **38a** | 209933 |
| **b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | **38b** | |
| **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

## Active Participant Schedule

Active participant information grouped based on age and credited service.

| Age Group | Years of Service | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Under 1 | 1 to 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 | | 6 | 2 | | | | | | | |
| 25 to 29 | | 7 | 2 | | | | | | | |
| 30 to 34 | | 3 | 3 | | 1 | | | | | |
| 35 to 39 | | | 1 | 6 | 4 | | | | | |
| 40 to 44 | | 2 | 3 | 1 | | | 1 | | | |
| 45 to 49 | | 1 | 3 | 1 | | | | | | |
| 50 to 54 | | 1 | 4 | 2 | 1 | | 1 | 1 | | |
| 55 to 59 | | 2 | 5 | 1 | | 3 | 2 | 2 | 1 | 1 |
| 60 to 64 | | | 2 | | 1 | | 1 | | | 1 |
| 65 to 69 | 1 | 1 | | | | | | | | 1 |
| 70 & up | | | 1 | | | | | | | 1 |

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law, the Internal Revenue Code and applicable regulation. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

**Valuation Date**

January 1, 2018

**Participant and Asset Information Collected as of**

January 1, 2018

**Retirement Rates** *(FE)*

| Age | Rate |
|---|---|
| 60 | 15% |
| 61 | 10% |
| 62 | 25% |
| 63 | 20% |
| 64 | 10% |
| 65 | 100% |

**Mortality Rates** *(FE)*

Healthy and Disabled - Prescribed

IRS 2018 Small Plan Static Mortality - sex distinct RP2014 with combined rates for annuitants and non-annuitants as provided in IRC 430(h)(3). Mortality is projected generationally using Scale MP-2016

Lump Sum Mortality

2018 Applicable Mortality as prescribed by IRC 417(e)

ASC 960

RP-2014 with Social Security Generational Improvement Scale from the 2017 Trustees' Report applied from 2006

**Disability Rates** *(FE)*

None

**Withdrawal Rates** *(FE)*

Sample rates as follows:

| Age | Rate |
|---|---|
| 20 | 0.079384 |
| 30 | 0.072219 |
| 40 | 0.051503 |
| 50 | 0.025616 |

**Annual Pay Increases** *(CO)*

3.0%

**Interest Rates**

| | 1st Segment (0-5 years) | 2nd Segment (5-20 years) | 3rd Segment (20+ years) |
|---|---|---|---|
| Minimum Funding and Benefit Restrictions - Prescribed *(CO)* | 3.92% | 5.52% | 6.29% |
| PBGC and Maximum Funding - Prescribed *(MD)* | 1.81% | 3.68% | 4.53% |
| ASC 960 *(CO)* | 7.50% | 7.50% | 7.50% |

All segment rates are based on the sponsor's election to use a 0 month lookback. The PBGC interest rates are based on the sponsor's election to use the Alternative calculation method. The Alternative calculation method was elected in 2010.

**Payment Form Election** *(FE)*

It is assumed that an annuity will be purchased for 50% of employees at retirement and 50% will elect a lump sum.

**Expense and/or Contingency Loading** *(FE)*

The Target Normal Cost is increased by $0 to cover anticipated administrative expenses paid from the trust for 2018

**Marital Status and Ages** *(FE)*

100% of participants assumed to be married with wives assumed to be 3 years younger than husbands

**Market Value of Assets**

Equal to the fair value of assets as of the valuation date, plus the discounted value of contributions made following the valuation date and before the date of this report for the purpose of satisfying the prior year's funding requirements

| | |
|---|---|
| **Plan Asset Valuation Method** | PPA Smoothed Value of Assets. Gains or losses on the Market Value of Assets recognized over 3 years, subject to a 10% corridor around the Market Value of Assets |
| **Expected Rate of Return on Assets** | For determination of the Plan Asset value, the expected return on assets is equal to the Effective Interest Rate |
| **Cost Method** | PPA requires the use of the Unit Credit cost method for determining the minimum required contribution and PBGC premiums. The maximum tax deductible contribution calculation includes limited Projected Unit Credit calculations as required under IRC 404(o).<br><br>ASC 960 requires the use of the Unit Credit cost method. |

*FE indicates an assumption representing an estimate of future experience*
*MD indicates an assumption representing observations of estimates inherent in market data*
*CO indicates an assumption representing a combination of an estimate of future experience and observations of market data*

# 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

**2018**

**This Form is Open to Public Inspection**

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

▶ **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
Pontiac Bancorp, Inc. Pension Plan

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
Pontiac Bancorp, Inc.

**D** Employer Identification Number (EIN)
37-1111348

**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 01 Day 01 Year 2018

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 7,018,810 |
| **b** Actuarial value | **2b** | 6,636,097 |

**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 | 0 | 0 | 0 |
| **b** For terminated vested participants | 23 | 1,392,830 | 1,392,830 |
| **c** For active participants | 81 | 5,220,301 | 5,310,610 |
| **d** Total | 104 | 6,613,131 | 6,703,440 |

**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** | 5.62% |
| **6** Target normal cost | **6** | 451,600 |

**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 — Date: 05/22/2019

Mike Zurek, EA, MAAA
Type or print name of actuary

1705898
Most recent enrollment number

Nyhart
Firm name

847-400-9601
Telephone number (including area code)

707 Lake Cook Road, Suite 250
Deerfield IL 60015-5255
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 | 1,014,710 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | | |
| 9 | Amount remaining (line 7 minus line 8) | 0 | 1,014,710 |
| 10 | Interest on line 9 using prior year's actual return of 15.13% | 0 | 153,526 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | **a** Present value of excess contributions (line 38a from prior year) | | 123,683 |
| | **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 5.90% | | 7,297 |
| | **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 | | 130,980 |
| | **d** Portion of (c) to be added to prefunding balance | | 130,980 |
| 12 | Other reductions in balances due to elections or deemed elections | | 25,871 |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 0 | 1,273,345 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 80.00% |
| 15 | Adjusted funding target attainment percentage | 15 | 82.70% |
| 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 | 81.00% |
| 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 |
|---|---|---|---|---|---|
| 03/15/2018 | 240,000 | 0 | | | |
| 06/05/2018 | 240,000 | 0 | | | |
| 08/10/2018 | 240,000 | 0 | | | |
| 12/07/2018 | 240,000 | 0 | | | |
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| | | | | | |
| | | Totals ► 18(b) | | 960,000 | 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 | 932,149 |

20 Quarterly contributions and liquidity shortfalls:

**a** Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

**b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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: | 2nd segment: | 3rd segment: | |
|---|---|---|---|
| 3.92 % | 5.52 % | 6.29% | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 0 |
| **22** Weighted average retirement age | **22** | 64 |

**23** Mortality table(s) (see instructions)

Prior regulation: ☐ Prescribed - combined ☐ Prescribed - separate ☐ Substitute

Current regulation: ☒ 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** | 451,600 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 0 |

**32** Amortization installments:

| | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 1,340,688 | 270,616 |
| **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** | 722,216 |

| | 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** | 722,216 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | **37** | 932,149 |
| **38** Present value of excess contributions for current year (see instructions) | | |
| **a** Total (excess, if any, of line 37 over line 36) | **38a** | 209,933 |
| **b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | **38b** | |
| **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

## Summary of Contributions

Below is a summary of historical contributions.

Effective Rate: 5.62%

### Contributions for Plan Year Beginning in 2018

| Contribution Date | Amount | Discounted Value |
|---|---|---|
| March 15, 2018 | $240,000 | $237,390 |
| June 05, 2018 | $240,000 | $234,492 |
| August 10, 2018 | $240,000 | $232,185 |
| December 07, 2018 | $240,000 | $228,082 |
| **Totals** | **960,000.00** | **932,149.00** |

| Age | Expected Actives at Age | Retirement Rate | Expected Retirements | Weighted Age |
|---|---|---|---|---|
| 60.00 | 48.2351 | 15.00% | 7.2353 | 434.1155 |
| 61.00 | 42.8278 | 10.00% | 4.2828 | 261.2494 |
| 62.00 | 39.3654 | 25.00% | 9.8414 | 610.1640 |
| 63.00 | 29.3351 | 20.00% | 5.8670 | 369.6217 |
| 64.00 | 23.3060 | 10.00% | 2.3306 | 149.1585 |
| 65.00 | 21.8305 | 100.00% | 21.8305 | 1,418.9816 |
| 66.00 | 1.0000 | 100.00% | 1.0000 | 66.0000 |
| 67.00 | 0.0000 | 100.00% | 0.0000 | 0.0000 |
| 68.00 | 1.0000 | 100.00% | 1.0000 | 68.0000 |
| 69.00 | 0.0000 | 100.00% | 0.0000 | 0.0000 |
| 70.00 | 0.0000 | 100.00% | 0.0000 | 0.0000 |
| 71.00 | 0.0000 | 100.00% | 0.0000 | 0.0000 |
| 72.00 | 1.0000 | 100.00% | 1.0000 | 72.0000 |
| 73.00 | 0.0000 | 100.00% | 0.0000 | 0.0000 |
| 74.00 | 0.0000 | 100.00% | 0.0000 | 0.0000 |
| 75.00 | 1.0000 | 100.00% | 1.0000 | 75.0000 |
| Total | | | 55.3875 | 3,524.2907 |

**Weighted Average Retirement Age = Weighted Age/Expected Retirements : 63.63**

*** Please note that the retirement rates are a weighted average of the rates shown in Part V for active participants eligible to retire at the age and zero for all other active participants.**

## Plan Effective Date

The plan was effective August 20, 1953

## Plan Status

The plan is open to new participants and all active participants are eligible to accrue additional benefits

## Eligibility for Participation

Each Employee is eligible to become a Participant as of the January 1 or July 1 coincident with or next following the date he:
1) completes 1,000 hours of Service; and
2) attains age 21

## Benefits

## Normal Retirement

50% of Average Monthly Compensation, reduced for service less than 25 years. Accrued benefit is determined based on a fractional rule, where the benefit based on potential service at normal retirement is multiplied by a fraction equal to actual service divided by potential service.

## Normal Retirement

| | |
|---|---|
| Eligibility | Age 65 |
| Benefit | Normal Retirement Benefit |

## Early Retirement

| | |
|---|---|
| Eligibility | Age 60 |
| Benefit | Vested Accrued Normal Retirement Benefit reduced 1/15 for each of the first five years and 1/30 for each of the next five years that Early Retirement Date precedes Normal Retirement Date. |

**Death before Retirement**

Eligibility — Five Years of Service

Benefit — Spouse receives a pre-retirement survivor annuity.

**Termination Benefit**

Eligibility — Accrued benefit is vested according to the schedule below:

| Years of Service | Vested Percentage |
|---|---|
| Less than 5 | 0% |
| 5 or More | 100% |

Benefit — Vested Accrued Retirement Benefit payable at Participant's Normal Retirement Date.

**Compensation**

W-2 compensation that is actually paid in gross income during the Plan Year, excluding reimbursement or other expense allowances, fringe benefits (cash or non-cash), moving expenses, and welfare benefits. In no event shall pensionable earnings exceed the limitation specified in Section 401(a)(17) of the Internal Revenue Code.

**Average Monthly Compensation**

Highest five consecutive Plan Years of compensation

**Year of Service**

Plan Year during which an Employee is credited with at least one thousand (1,000) Hours of Service.

**Employee Contributions**

Participants shall not be required or permitted to make contributions under the Plan

## Payment Forms

| | |
|---|---|
| Normal Form | 10-Year Certain and Life Annuity |
| Optional Forms | Single Life Annuity; 10, and 15 -Year Certain and Life Annuity; 50%, 75%, and 100% Joint and Survivor Annuity; Lump Sum |

## Actuarial Equivalence

Optional forms of payment are calculated to be equivalent to the normal form based on the 71 GAM table and 6.0% interest. For optional forms of payment other than nondecreasing life annuities payable for a period not less than the life of a participant are calculated to be equivalent to the normal form based on the Applicable Mortality Table prescribed by 417(e)(3) and the Applicable Interest Rate as of the third calendar month preceding the first day of the Plan Year.

## Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation.

## Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

## Development of Shortfall Amortization Charge

| Type of Base | Present Value of Remaining Installments | Valuation Date Established | Years Remaining | Amortization Installment |
|---|---|---|---|---|
| Shortfall | $ 508,846 | 1/1/2018 | 7 | $ 83,069 |
| Shortfall | $ 393,701 | 1/1/2017 | 6 | $ 72,892 |
| Shortfall | $ 375,744 | 1/1/2016 | 5 | $ 81,036 |
| Shortfall | $ 20,306 | 1/1/2015 | 4 | $ 5,373 |
| Shortfall | $ 131,390 | 1/1/2014 | 3 | $ 45,491 |
| Shortfall | $ (146,932) | 1/1/2013 | 2 | $ (74,878) |
| Shortfall | $ 57,633 | 1/1/2012 | 1 | $ 57,633 |
| | $ 1,340,688 | | | $ 270,616 |

## Changes since Prior Valuation and Key Notes

There have been no changes to the plan provisions since the last valuation.

The interest rates and mortality assumptions have been updated as required under the Pension Protection Act, all subsequent legislation, and associated IRS Regulations, including the changes presented by the Bipartisan Budget Act of 2015. These changes resulted in an increase in the Funding Target and the Target Normal Cost.

The retirement assumption was changed from 100% at age 65 to rates between ages 60 and 65 to better reflect anticipated retirement experience. This change results in an increase in the Funding Target and the Target Normal Cost.

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