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 10/01/2017 and ending 09/30/2018

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

Part II Basic Plan Information—enter all requested information

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

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 10/01/1970

2a Plan sponsor's name (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 [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**	70
b Total number of participants at the end of the plan year	**5b**	68
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)**	13
d(2) Total number of active participants at the end of the plan year	**5d(2)**	10
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	Filed with authorized/valid electronic signature.	07/10/2019	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

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 4134614. (See instructions.)

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	1478615	1481815
b Total plan liabilities	7b	0	
c Net plan assets (subtract line 7b from line 7a)	7c	1478615	1481815
8 Income, Expenses, and Transfers for this Plan Year		**(a) Amount**	**(b) Total**
a Contributions received or receivable from: (1) Employers	8a(1)	4888	
(2) Participants	8a(2)		
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	75877	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		80765
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	72885	
e Certain deemed and/or corrective distributions (see instructions)	8e		
f Administrative service providers (salaries, fees, commissions)	8f		
g Other expenses	8g	4680	
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		77565
i Net income (loss) (subtract line 8h from line 8c)	8i		3200
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:
1B

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

Part V Compliance Questions

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

Part VI Pension Funding Compliance

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

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 10/01/2017 and ending 09/30/2018

▶ **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
PREFERRED COMPOUNDING CORP. UNION PENSION PLAN

B Three-digit plan number (PN) ▶ 003

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

D Employer Identification Number (EIN)
27-0013235

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

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

Part I Basic Information

1 Enter the valuation date: Month 10 Day 01 Year 2017

2 Assets:

a Market value	**2a**	1478166
b Actuarial value	**2b**	1478166

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	31	696492	696492
b For terminated vested participants	26	468598	468598
c For active participants	13	316935	317396
d Total	70	1482025	1482486

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**	5.82 %
6 Target normal cost	**6**	2421

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: 07/10/2019
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)	1138	335
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)	1138	335
10	Interest on line 9 using prior year's actual return of 9.47 %	108	32
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		4
	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 6.03%		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		4
	d Portion of (c) to be added to prefunding balance		4
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)	1246	371

Part III Funding Percentages

14	Funding target attainment percentage	14	99.59%
15	Adjusted funding target attainment percentage	15	99.59%
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	96.47%
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
01/11/2018	2084	0			
04/10/2018	2804	0			
			Totals ► 18(b)	4888	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	4773

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: 4.16%	2nd segment: 5.72%	3rd segment: 6.48%	☐ 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**	2421
b Excess assets, if applicable, but not greater than line 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	5937	2144
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**	4565

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

36 Additional cash requirement (line 34 minus line 35)	**36**	4565
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	4773

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

a Total (excess, if any, of line 37 over line 36)	**38a**	208
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

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, 2017

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

	Years of Credited Service													
Att.	Under					5 to	10 to	15 to	20 to	25 to	30 to	35 to	40 &	
Age:	1	1	2	3	4	9	14	19	24	29	34	39	Up	Total
Under	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 to	-	1	-	-	-	-	-	-	-	-	-	-	-	1
49	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 to	-	1	-	-	-	-	-	-	-	-	-	-	-	1
54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 to	-	-	-	1	-	-	-	3	-	-	-	-	-	4
59	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60 to	-	-	-	-	-	1	-	6	-	-	-	-	-	7
64	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65 to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70 &	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Up	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	2	-	1	-	1	-	9	-	-	-	-	-	13
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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:	1.75%	4.16%
Segment II:	3.76%	5.72%
Segment III:	4.66%	6.48%

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 2017 Plan Year was 5.82%. For the prior Plan year, the EIR was 6.03%.

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:	1.96%	1.75%
Segment II:	3.58%	3.76%
Segment III:	4.35%	4.66%

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.

Healthy Participant Mortality

IRC Section 1.430(h)(1)-1 optional combined static annuitant and non-annuitant mortality tables for the current Plan Year. These tables are based on the RP-2000 tables projected with mortality improvement to the valuation year, plus 7 years for annuitants and plus 15 years for non-annuitants, using Projection Scale AA.

ACTUARIAL ASSUMPTIONS (cont)

Disabled Participant Mortality	Same as healthy participants.
ASC 960 Assumptions	Discount Rate - 7.00% Mortality - RP-2014 separate Blue Collar Employee and Healthy Annuitant Mortality Tables, with Generational Projection Scale MP-2017, 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 $2,421 were included in the Normal Cost.
Salary Scale	Not applicable.
Inflation	Not applicable.
Taxable Wage Base Increases	Not applicable.
Withdrawal Rates	None assumed. 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 for males. 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%

Benefit Commencement Age

Future disabled participants are assumed to commence benefits immediately upon eligibility.

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%

Benefit Commencement Age

Active retirements are assumed to commence benefits at these ages according to the rates shown.

Spousal Assumptions

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

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	All benefits are assumed to be paid in the Normal Form defined under the terms of the Plan.
Changes in non-required assumptions since the prior valuation	For ASC 960 purposes: The projection scale on the mortality tables was updated from MP-2016 to MP-2017.

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.

Changes in methods since the prior valuation

None.

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

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

OMB No. 1210-0110

2017

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For calendar plan year 2017 or fiscal plan year beginning 10/01/2017 and ending 09/30/2018

▶ **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
Preferred Compounding Corp. Union Pension Plan

B Three-digit plan number (PN) ▶ 003

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

D Employer Identification Number (EIN)
27-0013235

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

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

Part I Basic Information

1 Enter the valuation date: Month 10 Day 01 Year 2017

2 Assets:

a Market value	**2a**	1,478,166
b Actuarial value	**2b**	1,478,166

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	31	696,492	696,492
b For terminated vested participants	26	468,598	468,598
c For active participants	13	316,935	317,396
d Total	70	1,482,025	1,482,486

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**	5.82%
6 Target normal cost	**6**	2,421

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 JWB 7/10/19

Signature of actuary — Date: 07/10/2019

JAMES W. BUDAI, FSA, EA, MAAA

Type or print name of actuary

1707634

Most recent enrollment number

CBIZ RETIREMENT PLAN SERVICES

Firm name

614-793-2577

Telephone number (including area code)

5040 FRANTZ ROAD
SUITE 300
DUBLIN OH 43016

Address of the firm

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

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	1,138	335
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)	1,138	335
10	Interest on line 9 using prior year's actual return of 9.47%	108	32
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		4
	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 6.03%		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		4
	d Portion of (c) to be added to prefunding balance		4
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)	1,246	371

Part III Funding Percentages

14	Funding target attainment percentage	14	99.59%
15	Adjusted funding target attainment percentage	15	99.59%
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	96.47%
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
01/11/2018	2,084	0			
04/10/2018	2,804	0			
			Totals ► 18(b)	4,888	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	4,773

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:	
4.16 %	5.72 %	6.48%	☐ 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	2,421
b Excess assets, if applicable, but not greater than line 31a	31b	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	5,937	2,144
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	4,565

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

36 Additional cash requirement (line 34 minus line 35)	36	4,565
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	4,773
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	38a	208
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

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, 2017

Total Contributed: **$4,888.00** **Total Discounted to Valuation Date:** **$4,773.00**

Date	Amount	Plan Year Beginning	Effective Rate of Interest	Amount Discounted	Penalty Rate of Interest	Additional Amount Discounted	Present Value on Date of Valuation
01/11/2018	2,084	10/2017	5.82%	33			2,051
04/10/2018	2,804	10/2017	5.82%	82			2,722

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, 2017

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	The monthly normal retirement benefit is equal to the participant's monthly accrued benefit as of December 31, 1994, which is $18.50 multiplied by years of service up to December 31, 1994. Accrued benefits were frozen as of December, 31, 1994.
Credited Service	A twelve month period of time, beginning on the date that the participant commenced participation in the Plan, during which the participant was employed by the Company. No additional service will be credited after December 31, 1994 for benefit purposes.
Vesting Service	A twelve month period of time, beginning on the date that the participant commenced participation in the Plan, during which the participant was employed by the Company.
Normal Retirement Age	Upon attainment of age 65.
Early Retirement	Eligibility: Upon attainment of age 55 and completion of 10 Years of Service. Benefit: The accrued benefit is reduced 4/10 of 1% for each month preceding Normal Retirement Date.
Disability Retirement	Eligibility: Upon earning 10 Years of Service, and becoming disabled as determined by a physician.

SUMMARY of PLAN BENEFITS (cont)

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

Pre-Retirement Death

Eligibility: Upon earning 5 Years of Service.

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

Normal Form of Payment

Unless otherwise elected, the benefit payable 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

Benefits may be elected from:

- 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

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

Annuities:

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

Lump Sums:

- 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, 2017

Original Valuation	Remaining Years	Amortization Type	Outstanding Balance	Current Year Amortization
10/1/2017	7	7 year	(40,686)	(6,681)
10/1/2016	6	7 year	41,757	7,771
10/1/2015	5	7 year	4,866	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, 2017

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.