# 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

**2020**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

**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.)

**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
THE WESTERN STATES MACHINE COMPANY PENSION PLAN

**1b** Three-digit plan number (PN) ▶ 004

**1c** Effective date of plan 08/01/1973

**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)
THE WESTERN STATES MACHINE COMPANY

625 COMMERCE CENTER DRIVE
FAIRFIELD, OH 45011

**2b** Employer Identification Number (EIN) 31-0487310

**2c** Sponsor's telephone number 513-863-4758

**2d** Business code (see instructions) 333900

**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** | 71 |
| **b** Total number of participants at the end of the plan year | **5b** | 71 |
| **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)** | 0 |
| **d(2)** Total number of active participants at the end of the plan year | **5d(2)** | 0 |
| **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. | 10/05/2021 | TODD HERSHBERGER |
| | **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 4288971. (See instructions.)

## Part III Financial Information

| 7 Plan Assets and Liabilities | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| a Total plan assets | 7a | 2888436 | 3086070 |
| b Total plan liabilities | 7b | | |
| c Net plan assets (subtract line 7b from line 7a) | 7c | 2888436 | 3086070 |
| **8** Income, Expenses, and Transfers for this Plan Year | | **(a) Amount** | **(b) Total** |
| a Contributions received or receivable from: (1) Employers | 8a(1) | 144000 | |
| (2) Participants | 8a(2) | | |
| (3) Others (including rollovers) | 8a(3) | | |
| b Other income (loss) | 8b | 368955 | |
| c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b) | 8c | | 512955 |
| d Benefits paid (including direct rollovers and insurance premiums to provide benefits) | 8d | 261157 | |
| e Certain deemed and/or corrective distributions (see instructions) | 8e | | |
| f Administrative service providers (salaries, fees, commissions) | 8f | 54164 | |
| g Other expenses | 8g | | |
| h Total expenses (add lines 8d, 8e, 8f, and 8g) | 8h | | 315321 |
| i Net income (loss) (subtract line 8h from line 8c) | 8i | | 197634 |
| 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 1I

**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 | | 500000 |
| 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 lines 11a and b below.) If this is a defined contribution pension plan, leave line 11 blank and complete line 12 below. ☒ Yes ☐ No

**a** Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 | **11a** | 0

**b** **PBGC missed contribution reporting requirements.** If the plan is covered by PBGC and the amount reported on line 11a is greater than $0, has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**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.) If this is a defined benefit pension plan, leave line 12 blank and complete line 11 above. ☐ 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)** 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

**2020**

**This Form is Open to Public Inspection**

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

▶ **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
THE WESTERN STATES MACHINE COMPANY PENSION PLAN

**B** Three-digit plan number (PN) ▶ 004

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
THE WESTERN STATES MACHINE COMPANY

**D** Employer Identification Number (EIN)
31-0487310

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

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

## Part I Basic Information

**1** Enter the valuation date: Month 01 Day 01 Year 2020

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 2885393 |
| **b** Actuarial value | **2b** | 2739192 |

**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 | 54 | 2461530 | 2461530 |
| **b** For terminated vested participants | 17 | 432135 | 432135 |
| **c** For active participants | 0 | 0 | 0 |
| **d** Total | 71 | 2893665 | 2893665 |

**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** | 5.18 % |
| **6** Target normal cost | **6** | 65000 |

**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**

09/27/2021
Signature of actuary — Date

DANIELLE WINEGARDNER, FSA, EA, MAAA — 20-08260
Type or print name of actuary — Most recent enrollment number

NYHART — 317-845-3537
Firm name — Telephone number (including area code)

8415 ALLISON POINTE BOULEVARD
SUITE 300
INDIANAPOLIS, IN 46250
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 | 25903 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | 0 | 25472 |
| 9 | Amount remaining (line 7 minus line 8) | 0 | 431 |
| 10 | Interest on line 9 using prior year's actual return of 20.92 % | 0 | 90 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| a | Present value of excess contributions (line 38a from prior year) | | 123456 |
| 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 5.32 % | | 5213 |
| b(2) | Interest on line 38b from prior year Schedule SB, using prior year's actual return | | 5329 |
| c | Total available at beginning of current plan year to add to prefunding balance | | 133998 |
| d | Portion of (c) to be added to prefunding balance | | 133998 |
| 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 | 134519 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 90.01 % |
| 15 | Adjusted funding target attainment percentage | 15 | 90.01 % |
| 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 | 81.58 % |
| 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 |
|---|---|---|---|---|---|
| 10/20/2020 | 12000 | 0 | 04/14/2021 | 12000 | 0 |
| 11/12/2020 | 12000 | 0 | 05/10/2021 | 12000 | 0 |
| 12/10/2020 | 12000 | 0 | 06/08/2021 | 12000 | 0 |
| 01/11/2021 | 12000 | 0 | 07/14/2021 | 12000 | 0 |
| 02/10/2021 | 12000 | 0 | 08/13/2021 | 12000 | 0 |
| 03/15/2021 | 12000 | 0 | 09/03/2021 | 12000 | 0 |
| | | | Totals ► 18(b) | 144000 | 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 | 135311 |

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? [ ] Yes [X] 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: | |
|---|---|---|---|
| 3.64 % | 5.21 % | 5.94 % | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 4 |
| **22** Weighted average retirement age | **22** | 65 |

**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** | 65000 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 0 |

**32** Amortization installments:

| | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 288992 | 72961 |
| **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** | 137961 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | | 97377 | 97377 |

| | | |
|---|---|---|
| **36** Additional cash requirement (line 34 minus line 35) | **36** | 40584 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | **37** | 135311 |

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

| | | |
|---|---|---|
| **a** Total (excess, if any, of line 37 over line 36) | **38a** | 94545 |
| **b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | **38b** | 94545 |
| **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

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, 2020 |
| **Participant and Asset Information Collected as of** | January 1, 2020 |
| **Retirement Rates** *(FE)* | 100% of participants are assumed to retire upon the attainment of age 65 and 5 years of service<br><br>As the plan is not large enough to have credible experience, retirement rates are based on professional judgment and expectation for the general population adjusted as necessary for the specific provisions of the plan. |
| **Mortality Rates** *(FE)* | |
| Healthy & Disabled - Prescribed | IRS 2020 Static Mortality - sex distinct RP2006 combined for annuitants and non-annuitants as provided in IRC 430(h)(3). Mortality projections are based on SO improvement Scale MP-2018 and the projection methodology described in IRS Regulation 1.430(h)(3)-1(c). The table of decrement rates is available in Revenue Notice 2018-02. |
| Lump Sum | N/A |
| ASC 960 | Pri-2012 Mortality Table projected from 2012 with the MP-2019 Generational Improvement Scale<br><br>As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends. |
| **Disability Rates** *(FE)* | None<br><br>Not Applicable |
| **Withdrawal Rates** *(FE)* | None<br><br>Not Applicable |
| **Annual Pay Increases** *(CO)* | N/A |

**Interest Rates**

| | 1st Segment (0-5 years) | 2nd Segment (5-20 years) | 3rd Segment (20+ years) |
|---|---|---|---|
| Minimum Funding and Benefit Restrictions - Prescribed *(CO)* | 3.64% | 5.21% | 5.94% |
| PBGC and Maximum Funding - Prescribed *(CO)* | 2.79% | 3.92% | 4.38% |
| ASC 960 *(CO)* | 7.00% | 7.00% | 7.00% |

All segment rates are based on the sponsor's election to use a four 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 2008.

Interest rates are prescribed by IRS regulation.
The ASC 960 interest rate is the expected long term rate of return on assets.

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

| | |
|---|---|
| Life Annuity | 100% |

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

The Target Normal Cost is increased by $65,000 to cover anticipated administrative expenses paid from the trust for the plan year beginning January 1, 2020

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

90% of Participants assumed to be married with wives assumed to be three years younger than their husbands

**Market Value of Assets**

Equal to the fair value of assets as of the valuation date, plus the discounted value of contributions (if applicable) 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 are recognized over three years, subject to a 10% corridor around the Market Value of Assets

| | |
|---|---|
| **Expected Rate of Return on Assets** (CO) | 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 as 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

**2020**

**This Form is Open to Public Inspection**

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

▶ **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
The Western States Machine Company Pension Plan

**B** Three-digit plan number (PN) ▶ 004

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
Western States Machine Company

**D** Employer Identification Number (EIN)
31-0487310

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

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

## Part I Basic Information

**1** Enter the valuation date: Month 01 Day 01 Year 2020

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | 2a | 2,885,393 |
| **b** Actuarial value | 2b | 2,739,192 |

**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 | 54 | 2,461,530 | 2,461,530 |
| **b** For terminated vested participants | 17 | 432,135 | 432,135 |
| **c** For active participants | 0 | 0 | 0 |
| **d** Total | 71 | 2,893,665 | 2,893,665 |

**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 | 5.18% |
| **6** Target normal cost | 6 | 65,000 |

**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**

Danielle Winegardner DW
Signature of actuary

09/27/2021
Date

Danielle Winegardner, FSA, EA, MAAA
Type or print name of actuary

2008260
Most recent enrollment number

Nyhart
Firm name

317-845-3537
Telephone number (including area code)

8415 Allison Pointe Boulevard
Suite 300
Indianapolis IN 46250
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 | 25,903 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | 0 | 25,472 |
| 9 | Amount remaining (line 7 minus line 8) | 0 | 431 |
| 10 | Interest on line 9 using prior year's actual return of 20.92% | 0 | 90 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | a Present value of excess contributions (line 38a from prior year) | | 123,456 |
| | 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 5.32% | | 5,213 |
| | b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return | | 5,329 |
| | c Total available at beginning of current plan year to add to prefunding balance | | 133,998 |
| | d Portion of (c) to be added to prefunding balance | | 133,998 |
| 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 | 134,519 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 90.01% |
| 15 | Adjusted funding target attainment percentage | 15 | 90.01% |
| 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 | 81.58% |
| 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 |
|---|---|---|---|---|---|
| 10/20/2020 | 12,000 | 0 | | | |
| 11/12/2020 | 12,000 | 0 | | | |
| 12/10/2020 | 12,000 | 0 | | | |
| 01/11/2021 | 12,000 | 0 | | | |
| 02/10/2021 | 12,000 | 0 | | | |
| 03/15/2021 | 12,000 | 0 | | | |
| 04/14/2021 | 12,000 | 0 | | | |
| 05/10/2021 | 12,000 | 0 | | | |
| 06/08/2021 | 12,000 | 0 | | | |
| 07/14/2021 | 12,000 | 0 | | | |
| 08/13/2021 | 12,000 | 0 | | | |
| 09/03/2021 | 12,000 | 0 | | | |
| | | | | | |
| | | | | | |
| | | | Totals ► 18(b) | 144,000 | 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 | 135,311 |

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? [ ] Yes [X] 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: | |
|---|---|---|---|
| 3.64 % | 5.21 % | 5.94% | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 4 |
| **22** Weighted average retirement age | **22** | 65 |

**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** | 65,000 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 0 |

| **32** Amortization installments: | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 288,992 | 72,961 |
| **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** | 137,961 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | | 97,377 | 97,377 |

| | | |
|---|---|---|
| **36** Additional cash requirement (line 34 minus line 35) | **36** | 40,584 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | **37** | 135,311 |

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

| | | |
|---|---|---|
| **a** Total (excess, if any, of line 37 over line 36) | **38a** | 94,545 |
| **b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | **38b** | 94,545 |
| **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: 5.18%

**Contributions for Plan Year Beginning in 2020**

| Contribution Date | Amount | Discounted Value |
|---|---|---|
| October 20, 2020 | $12,000 | $11,525 |
| November 12, 2020 | $12,000 | $11,488 |
| December 10, 2020 | $12,000 | $11,444 |
| January 11, 2021 | $12,000 | $11,394 |
| February 10, 2021 | $12,000 | $11,346 |
| March 15, 2021 | $12,000 | $11,295 |
| April 14, 2021 | $12,000 | $11,248 |
| May 10, 2021 | $12,000 | $11,208 |
| June 08, 2021 | $12,000 | $11,163 |
| July 14, 2021 | $12,000 | $11,108 |
| August 13, 2021 | $12,000 | $11,062 |
| September 03, 2021 | $12,000 | $11,030 |
| **Totals** | **144,000.00** | **135,311.00** |

## Plan Effective Date

August 1, 1973.

## Plan Status

The plan is closed to new participants and participants are not eligible to accrue further benefits

## Covered Employees

Employees of the Company who are represented by the Union at Hamilton, Ohio (Local #176 UAW), except that employees hired after June 30, 1998 are excluded from coverage.

## Eligibility for Participation

A covered employee becomes a participant upon date of hire.

## Normal Retirement Date

The first day of the month coincident with or next following the date a plan participant attains age 65 or completes five years of plan participation, if later.

## Credited Service

One year of credited service is granted for each calendar year the participant is actively employed for 39 or more weeks. If actively employed for fewer than 39 weeks, credited service is computed to the nearest tenth of a year. Prior to the Effective Date, credited service is computed in years and fractions to the nearest tenth of a year from last hire date.

## Vesting

All participants became 100% vested on June 30, 1998.

## Benefits

## Normal Retirement

Eligibility: Age 65 with 5 years of participation

Benefit

If a participant retires on or after April 1, 1995 but prior to April 1, 1996: $23.50 per month multiplied by Credited Service.
If a participant retires on or after April 1, 1996 but prior to April 1, 1997: $24.00 per month multiplied by Credited Service.
If a participant retires on or after April 1, 1997: $24.50 per month multiplied by Credited Service.

## Normal Retirement

Benefit (continued)

However, no benefits shall accrue based on Credited Service beyond June 30, 1998, except that participants who have attained age 60 by that date will continue to accrue benefits based on Credited Service until June 30, 2003.

In addition, a Supplemental Pension is payable as follows:

If an employee retires on or after June 1, 1995, he will be paid a Supplemental Pension of $8.00 per month multiplied by Credited Service not in excess of 30.
If an employee retired prior to June 1, 1995 and is listed in Supplement B of the plan document, his monthly pension benefit shall be increased by $200.00.

## Early Retirement

| | |
|---|---|
| Eligibility | Age 55 and 10 years of vesting service |
| Benefit | The benefit payable to a plan participant who retires early is the participant's normal retirement benefit as determined by the benefit formula, but using service to his early retirement date only. The benefit is reduced by ¼% for each month benefits commence early. |

## Late Retirement

| | |
|---|---|
| Eligibility | Participation continues after normal retirement date |
| Benefit | A participant who retires on a postponed retirement date will be paid a benefit calculated on the same basis as it would be if the participant had retired on his Normal Retirement Date, but on the basis of the benefit level and service in effect on the Postponed Retirement Date. |

## Death before Retirement

| | |
|---|---|
| Eligibility | 5 years of vesting service |
| Benefit | Upon the death of a participant who has completed five (5) or more years of service, a monthly benefit shall be payable to the participant's surviving spouse, if any. The amount of the benefit is 61.75% of the amount payable to the participant as if the participant had retired early on the first day of the month of death, provided the participant had been married at least one year at death. The benefit begins no earlier than the first day of the month the participant could have retired, and no later than the participant's Normal Retirement Date. |

## Disability

| | |
|---|---|
| Eligibility | 10 years of vesting service |
| Benefit | An employee who has at least ten (10) years of Credited Service and who becomes totally and permanently disabled will receive a pension equal to the benefit accrued to the date of disability in the form of a life annuity, or a reduced pension in the form of a 50% Joint & Survivor annuity. |

## Employee Contributions

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

## Payment Forms

Normal Form

The normal form of payment is a life annuity. A participant who is married at the time of retirement will automatically receive a reduced joint and 50% survivor annuity unless another form of payment is elected with the consent of the participant's spouse.

Optional Forms

Life annuity; life annuity with 120 monthly payments guaranteed; joint and survivor options with 50%, 66-2/3%, 75%, or 100% to beneficiary.

## Actuarial Equivalence

For non-decreasing annuities: Actuarial equivalence is based on 6% interest and the 71 GAM Male Mortality rates, set back 1 year for participants and set back 5 years for beneficiaries.

For accelerated forms of payment: Actuarial Equivalence will be computed using the greater of the actuarial equivalence for non-decreasing annuities or the equivalent annual benefit computed using the "PPA applicable mortality table" and the interest rate determined under Code Section 417(e)(3) for the month of December preceeding the Plan Year that contains the annuity start date

## 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 | $(208,237) | 1/1/2020 | 7 | $(33,728) |
| Shortfall | $ 263,079 | 1/1/2019 | 6 | $ 48,390 |
| Shortfall | $ 121,827 | 1/1/2018 | 5 | $ 26,138 |
| Shortfall | $ 81,051 | 1/1/2017 | 4 | $ 21,362 |
| Shortfall | $ 31,272 | 1/1/2016 | 3 | $ 10,799 |
| | $ 288,992 | | | $ 72,961 |

## 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.

To better reflect anticipated plan experience, the assumption for administrative expenses assumed to be paid from the trust was increased from $45,000 for 2019 to $65,000 for 2020.

To better reflect anticipated plan experience, the ASC 960 assumption for mortality was changed from RP-2014 Mortality Table projected from 2006 with the Scale MP-2018 Generational Improvement Scale to Pri-2012 Mortality Table projected from 2012 with the Scale MP-2019. This change resulted in a decrease in the Present Value of Accrued Benefits.

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