

Universidad del Sagrado Corazón Pension Plan

**Actuarial Valuation Report
as of July 1, 2017**

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December 8, 2017

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December 8, 2017

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To the Pension Plan Administrative Committee:

This report presents the results of the actuarial valuation of the Universidad del Sagrado Corazón Pension Plan (the “**Pension Plan**” or the “**Plan**”) as of July 1, 2017. The purpose of this report is to provide a summary of the funded status of the Plan as of July 1, 2017, to determine the minimum required contribution amount for the plan year and fiscal year ending June 30, 2018 under the Employee Retirement Income Security Act of 1974 (**ERISA**), to provide expense information under the Accounting Standards Codification No. 715 (ASC 715), and other accounting information under the Accounting Standards Codification No. 960 (ASC 960).

Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions. Universidad del Sagrado Corazón may make a copy of this report available to auditors of the Pension Plan or the Plan sponsor. However, distribution to others outside Universidad del Sagrado Corazón without prior consent of HR Consultants (SA), LLC (“**HRCSA**”) is strictly prohibited.

Summary and Discussion of Valuation Results

The table below presents a summary of the minimum cash contributions required by ERISA and pension expense for the plan year and fiscal year that begin on July 1 and end June 30.

<u>Plan Year</u>	2016/2017	2017/2018
Minimum Cash Contribution (BOY)	\$ 324,989¹	\$ 461,282
Pension Expense / (Income)	\$ 1,219,529	\$ 738,019

In order to avoid any funding deficiencies, we strongly advise that the contribution is effected on or before the date presented in TABLE XI², page 18 of this report, and that you contact us well in advance of the March 15, 2019 contribution deadline to make sure the value of the discounted cash contributions attributable to this Plan year meet the ERISA minimum funding requirements.

¹ Differs from actuarial report dated 09/30/2016, due to change in Plan related expenses paid by plan assets, as provided by the plan sponsor.

² Actual contributions for 2017/2018 plan year do not reflect the penalty impact for late quarterly contributions.



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For this year, the Plan's Minimum Required Contribution (MRC) increased from \$324,989 to \$461,282 due mostly to a reduction in the effective interest from 6.01% to 5.80%. For the 2017/2018 fiscal year, the pension expense decreased from \$1,219,529 to \$738,019 mainly due to a favorable return on market value of assets.

Plan Amendments and Other Changes Affecting the Financial Status of the Plan

There were no Plan amendments or changes that affected the financial status of the Plan during the prior year.

Data, Valuation Assets, Actuarial Cost Method and Assumptions

HRCSA performed the actuarial valuation using participant data supplied by the Plan Administrator and financial data supplied by the Plan's trustee and Plan Administrator. HRCSA did not audit the data, although they were reviewed for reasonableness and consistency with the prior year's data. The actuarial cost method employed to determine the Funding Targets and Target Normal Costs is the Accrued Benefit Funding Method, as required by the Pension Protection Act. Furthermore, PPA mandates that in order to determine these actuarial liabilities, a specific set of mortality tables as well as a particular set of interest rates (based on high quality corporate bonds) be employed. In addition, for poorly funded ("At-Risk") plans, certain retirement assumptions are also mandated.

This report does not take into account any changes in US equity prices, and large fluctuations in bond yields, that have occurred after the valuation date. Had these events occurred, different economic assumptions (e.g. discount rate, expected asset return, etc.) may have been used which could have significantly changed the funding and accounting results contained in this report. A summary of the assumptions and methods and the Plan provisions reflected in the valuation are presented in Table XIX and Table XX, respectively.

Benefit Restrictions

Under PPA, a plan is subject to benefit restrictions if the Adjusted Target Attainment Percentage (known as AFTAP, a ratio of Plan assets to liabilities, currently at 91.77%) falls below certain thresholds. Based on the current valuation and funding regulations, the Plan is not subject to benefit restrictions during the 2017/2018 Plan year.

Contents of the Report

Information for the company's auditors pursuant to ASC 715 can be found in Table II and information pursuant to ASC 960 can be found in Table IIa. Details of all liability calculations, including the development of the minimum required contribution, are shown in Tables III through XI. Asset information is shown in Tables XII through XIV. In particular, Table XII provides a breakdown of the fund assets by investment type and a reconciliation of the total value of Plan assets, and Tables XIII and



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XIV provide a historical record of the growth, contributions, expenditures and annual yields of the assets. Tables XV through XVIII provide a variety of useful information concerning the participant population. Table XIX sets forth all of the actuarial assumptions and methods that were used to perform the valuation, and Table XX sets forth the Plan provisions that have been used in determining the liabilities presented in this report.

Actuarial Status of the Plan

Based on the census data and other financial information received, it is my opinion that the Plan's funding is proceeding in accordance with the requirements of ERISA and its regulations. The actuarial assumptions used to determine the Plan's minimum cash contribution requirements (other than interest, mortality, and expected asset returns for averaging purposes, which are prescribed by Law) were selected by me and are, to the best of my knowledge, individually and in the aggregate, reasonable and in combination represent my best estimate of anticipated experience under the Plan. The economic and demographic assumptions used for financial accounting purposes were chosen by the Plan sponsor.

I certify that this report was prepared under my supervision and that I am an Enrolled Actuary under ERISA, qualified to render the actuarial opinion contained herein.

Respectfully submitted,

Héctor D. Gaitán, FCA, ASA, EA
Consulting Actuary
Enrolled Actuary No. 17-04646

Enclosures

SUMMARY OF VALUATION RESULTS

TABLE I

	As of July 1, 2016	As of July 1, 2017
1. Number of Participants		
a. Active Participants	191	180
b. Terminated Vested Participants	190	183
c. Retired Participants		
i. Non-disabled	212	223
ii. Disabled on LTD	0	0
iii. Beneficiaries	7	6
iv. Sub-total	219	229
d. Total Participants	600	592
2. Annual Valuation Compensation	\$6,801,232	\$6,330,785
3. Annual Expected Benefit Payments	\$2,327,565	\$2,437,861
4. Funding Results Based on Interest Rate(s)	4.43%, 5.91%, 6.65%	4.16%, 5.72%, 6.48%
a. Target Normal Cost	\$122,884	\$114,394
b. Funding Shortfall		
i. Funding Target	\$33,847,398	\$34,703,228
ii. Actuarial Value of Assets	\$32,620,839	\$31,994,683
iii. Funding Balances (Carryover plus Prefunding)	\$660	\$145,654
iv. Funding Shortfall: (i) - [(ii) - (iii)], not less than 0	\$1,227,219	\$2,854,199
5. Adjusted Funding Target Attainment Percentage (AFTAP)	96.37%	91.77%
6. Assets		
a. Market Value of Plan Assets (adjusted for accruals)	\$29,882,006	\$31,973,452
b. Actuarial Value of Plan Assets (two-year annual average)	\$32,620,839	\$31,994,683
c. Market-related Value (ASC 715)	\$29,882,006	\$31,973,452
7. Contribution Range	07/16-06/17 Plan Year	07/17-06/18 Plan Year
a. Minimum Required Contribution (BOY)*	\$324,989	\$461,282
b. Actual Cash Contribution	\$488,337	Not Available
8. Net Periodic Pension Cost / (Income) (ASC 715)	\$1,219,529	\$738,019

* Net of Offset for Funding Balances.

ACCOUNTING INFORMATION (ASC 715)

TABLE II

A. Summary of Benefit Obligations for Pension Expense (Based on July 1, 2016 valuation results)

	As of July 1, 2016	Disclosed as of June 30, 2017
1. Actuarial Present Value of Benefit Obligations		
a. Accumulated benefit obligation	(\$41,542,359)	(\$41,290,574)
b. Effect of projected compensation	\$0	\$0
c. Projected benefit obligation	(\$41,542,359)	(\$41,290,574)
2. Fair Value of Plan Assets*	\$29,882,006	\$31,973,452
3. Funded Status	(\$11,660,353)	(\$9,317,122)
4. Unrecognized net transition oblig./ (asset)	\$0	\$0
5. Unrecognized prior service cost	\$0	\$0
6. Unrecognized net (gain)/loss	\$16,402,109	\$13,327,686
7. Total items not yet recognized as NPPC	\$16,402,109	\$13,327,686
8. Amount Recognized	(\$11,937,750)	(\$9,317,122)
9. Amount Recognized in Unrestricted Net Assets		\$13,327,686
10. Change in Unrestricted Net Assets for Current Period		(\$3,351,820)
11. Discount Rate	4.00%	4.00% **
12. Salary Increase	N/A	N/A

B. Determination of the Net Periodic Pension Cost

	Fiscal Year 07/16-06/17
1. Service cost	\$0
2. Interest cost	\$1,615,143
3. Expected return on plan assets	(\$2,297,458)
4. Net amortization and deferral	
a. Amort. of unrec. net transition obligation/(asset)	0
b. Amortization of unrecognized prior service cost	\$0
c. Amortization of unrecognized net (gain)/loss	\$1,901,844
d. Other events***	\$0
e. Sub-total	\$1,901,844
5. Net periodic pension cost/(income)	\$1,219,529

* As provided by the Plan Sponsor, reflects \$531,884 in addition to the Fair Value of assets provided by the Trustee.

** As elected by the Plan Sponsor.

ACCOUNTING INFORMATION (ASC 715)
TABLE II
 (continued)

C. Summary of Benefit Obligations for Pension Expense
 (Based on July 1, 2017 valuation results)

	As of July 1, 2017	Projected to June 30, 2018
1. Actuarial Present Value of Benefit Obligations		
a. Accumulated benefit obligation	(\$41,446,035)	(\$40,617,258)
b. Effect of projected compensation	\$0	\$0
c. Projected benefit obligation	(\$41,446,035)	(\$40,617,258)
2. Fair Value of Plan Assets*	\$31,973,452	\$32,249,958
3. Funded Status	(\$9,472,583)	(\$8,367,300)
4. Unrecognized net transition oblig./ (asset)	\$0	\$0
5. Unrecognized prior service cost	\$0	\$0
6. Unrecognized net (gain)/loss	\$13,483,147	\$11,884,081
7. Total items not yet recogized as NPPC	\$13,483,147	\$11,884,081
8. Amount Recognized	(\$9,317,122)	(\$8,367,300)
9. Amount Recognized in Unrestricted Net Assets		\$11,884,081
10. Change in Unrestricted Net Assets for Current Period		(\$1,443,605)
11. Discount Rate	4.00%	4.00%
12. Salary Increase	N/A	N/A

D. Determination of the Net Periodic Pension Cost

	Fiscal Year 07/17-06/18
1. Service cost	\$0
2. Interest cost	\$1,609,084
3. Expected return on plan assets	(\$2,470,131)
4. Net amortization and deferral	
a. Amort. of unrec. net transition obligation/(asset)	\$0
b. Amortization of unrecognized prior service cost	\$0
c. Amortization of unrecognized net (gain)/loss	\$1,599,066
d. Other events	\$0
e. Sub-total	\$1,599,066
5. Net periodic pension cost/(income)	\$738,019

* As provided by the Plan Sponsor, reflects \$300,407 in additional assets not included in the Fair Value of assets provided by the Trustee.

ACCOUNTING INFORMATION (ASC 715)

TABLE II

(continued)

E. Amount recognized as of July 1, 2017

1. Amount recognized at beginning of previous year	(\$11,937,750)
2. Net periodic pension cost for previous year	(\$1,219,529)
3. SFAS 88 recognized gain/(loss) for previous year	\$0
4. Change in unrestricted net assets for previous year	\$3,351,820
5. Actual contributions for previous year	<u>\$488,337</u>
6. Amount recognized at beginning of year	(\$9,317,122)

F. Amortization of the (Gain) or Loss

1. Projected benefit obligation at beginning of year	(\$41,446,035)
2. Fair value of assets at beginning of year	<u>\$31,973,452</u>
3. Funded status	(\$9,472,583)
4. (Accrued) or prepaid pension cost	(\$9,317,122)
5. New Amendment	\$0
6. Unrecognized net (Gain) or Loss @ 6/30/2017	<u>\$13,327,686</u>
7. Unrecognized net (Gain) or Loss @ 7/1/2017 = (4) - (3) + (5) + (6)	\$13,483,147
8. (Gain) or Loss subject to amortization	\$13,483,147
9. Greater of the absolute value of (1) or (2)	\$41,446,035
10. Corridor = 10% of (9)	\$4,144,604
11. Amount subject to amortization = Excess of (8) over (10)	\$9,338,543
12. Average future service	5.84
13. Amortization amount = (10) / (11)	\$1,599,066

G. Assumptions

	Fiscal Year 07/16-06/17	Fiscal Year 07/17-06/18
1. Discount rate for Expense	4.00% *	4.00% *
2. Expected rate of return on assets	8.00% *	8.00% *
3. Salary increase assumption	N/A	N/A
4. Expected benefit payments	\$2,327,565	\$2,437,861
5. Expected contribution	\$0 **	\$244,236
6. Contribution assumed payable	January 1	January 1
7. Average remaining service	6.44	5.84
8. Measurement date	June 30, 2017	June 30, 2018
9. Discount rate used for year end disclosure	4.00%	Not Available
10. Salary increase assumption used for year end disclosure	N/A	N/A

* As elected by the Plan Sponsor.

** As presented in actuarial report of 09/30/2016.

ACCOUNTING INFORMATION (ASC 715)
TABLE II

(continued)

H. Amortization Payments

Date Established	Original Amount	Outstanding Balance as of July 1, 2016	07/16-06/17 Amortization Payment	Outstanding Balance as of July 1, 2017	07/17-06/18 Amortization Payment	Years Remaining ***
Unrecognized net transition obligation/(asset)						
N/A	\$0	\$0	\$0	\$0	\$0	0.00
Unrecognized prior service cost						
N/A	\$0	\$0	\$0	\$0	\$0	0.00
Total	\$0	\$0	\$0	\$0	\$0	
Unrecognized net (gain)/loss						
		\$16,402,109	\$1,901,844	\$13,483,147	\$1,599,066	5.84

*** Years remaining as of July 1, 2017

ACCOUNTING INFORMATION (ASC 960)

TABLE IIa

1. Statement of Accumulated Plan Benefits* (Actuarial Present Values)

	As of July 1, 2016	As of July 1, 2017
a. Discount rate for measurement	8.00%	8.00%
b. Vested Benefits		
i. Participants currently receiving benefits	\$14,060,908	\$14,246,155
ii. Other participants	\$14,106,436	\$14,338,958
iii. Sub-total	\$28,167,344	\$28,585,113
c. Non-vested Benefits	\$179,597	\$118,638
d. Total Accumulated Plan Benefits	\$28,346,941	\$28,703,751
e. Market Value of Assets (including receivables)	\$29,882,006	\$31,973,452

2. Statement of Change in Accumulated Plan Benefits

a. Actuarial Present Value as of July 1, 2016	\$28,346,941
b. Increase (Decrease) During the Plan Year due to	
i. Interest	\$2,192,717
ii. Benefits accumulated, experience**	\$40,053
iii. Benefits paid	(\$1,875,960)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$0
vi. Net increase (decrease)	\$356,810
c. Actuarial Present Value as of July 1, 2017	\$28,703,751

3. Items Affecting Calculation of Accumulated Plan Benefits

- Plan provisions reflected in the accumulated plan benefits (see Table XX on page 29).
- Actuarial assumptions and methods used to determine present values (see Table XIX on page 26).
- Accumulated employee contributions plus interest at July 1, 2017 amounted to \$3,807,518

* Based on expected long term asset return used for ASC 715 information.

** Balancing item as specified by SFAS 35.

FUNDING BALANCES (COB and PFB)

TABLE III

	COB	PFB*	TOTAL
1. Funding Balances as of July 1 2016	\$0	\$660	\$660
2. Balances elected to satisfy 2016 minimum	\$0	\$660	\$660
3. Remaining balance [(1) - (2)]	\$0	\$0	\$0
4. Rate of return on market value, PYE 6/30/2017	11.92%	11.92%	
5. Interest [(3) * (4)]	\$0	\$0	\$0
6. Addition to PFB as of July 1 2017			
a. Prior year minimum contribution, not reflecting Funding Balances	N/A	\$325,649	
b. Discounted value of employer contributions	N/A	\$462,349	
c. Excess contributions subject to effective rate [(6)(b) - (6)(a), if positive]	N/A	\$136,700	
d. Total excess contributions [(6)(b) - {(6)(a) - (2)(TOTAL), not less than zero}, if positive]	N/A	\$137,360	
e. Excess contributions subject to market rate of return [(6)(d) - (6)(c), if positive]	N/A	\$660	
f. Prior year effective rate	N/A	6.01%	
g. Interest [{(6)(c) * (6)(f)} + {(6)(e) * (4)}]	N/A	\$8,294	
h. Total available to add to PFB [(6)(c) + (6)(e) + (6)(g)]	N/A	\$145,654	
i. Amount of excess elected to be added to PFB	N/A	\$145,654	\$145,654
7. Amount surrendered**	\$0	\$0	\$0
8. Funding Balances as of July 1 2017 [(3) + (5) + (6)(i) - (7)]	\$0	\$145,654	\$145,654

* Actual Prefunding Balance (PFB) at end of plan year may vary depending on actual timing and amount of actual cash contributions.

** The plan sponsor may elect to surrender, or may be required to surrender, all or portion of the COB/PFB in order to avoid "At-Risk Status", shortfall amortization, benefit restrictions and/or PBGC 4010 filing.

MINIMUM REQUIRED CONTRIBUTION

TABLE IV

	<u>07/16-06/17</u> <u>Plan Year</u>	<u>07/17-06/18</u> <u>Plan Year</u>
1. Target Normal Cost	\$122,884	\$114,394
2. Shortfall Amortization Installments	\$202,765	\$492,542
3. Offset for Overfunding	\$0	\$0
4. Offset for Funding Balances*	<u>(\$660)</u>	<u>(\$145,654)</u>
5. Minimum Required Contribution (MRC) at Beginning of Plan Year [(1)+(2)+(3)+(4), not less than 0]	\$324,989	\$461,282
6. Effective Interest Rate	6.01%	5.80%

** Funding balances cannot be used to offset minimum required contributions if the funded ratio for the prior plan year is less than 80%. A plan sponsor election is required in order to apply all or portion of the funding balances to offset the (MRC).*

AT-RISK STATUS CALCULATIONS
TABLE V

	<u>July 1, 2016</u>	<u>July 1, 2017</u>
1. Funding Target Attainment Percentage (FTAP) for At-Risk Determination		
a. Funding Target		
i. Using regular assumptions	\$33,847,398	\$34,703,228
ii. Using at-risk assumptions	N/A	N/A
b. Actuarial Value of Plan Assets	\$32,620,839	\$31,994,683
c. Funding Balances (COB and PFB)	\$660	\$145,654
d. Actuarial Value of Plan Assets less Funding Balances [(b) - (c)]	\$32,620,179	\$31,849,029
e. Funding Target Attainment Percentage (FTAP)		
i. Using regular assumptions [(1)(d) / (1)(a)(i)]	96.37%	91.77%
ii. Using at-risk assumptions [(1)(d) / (1)(a)(ii)]	N/A	N/A
f. Threshold Percentage		
i. Using regular assumptions	80.00%	80.00%
ii. Using at-risk assumptions	70.00%	70.00%
g. Enter "Yes" if >500 participants in Controlled Group	Yes	Yes
h. At-Risk Status for the following year ["Yes" if (e)(i)<(f)(i) and (e)(ii)<(f)(ii) and (g) = "Yes"; otherwise "No"]	No	No
2. Determination of At-Risk Phase-in Percentage and Expense Loading*		
a. At-Risk Status:		
i. Current Year	No	No
ii. First Preceding Year	No	No
iii. Second Preceding Year	No	No
iv. Third Preceding Year	No	No
v. Fourth Preceding Year	Yes	No
3. At-Risk Phase-in Percentage (20% for each consecutive year in At-Risk Status)	0.00%	0.00%
4. Applicability of Expense Loading**	No	No

* The At-Risk Funding Target is phased in for each consecutive year (including the current year) that the plan has been in At-Risk status.

** A plan's At-Risk Funding Target is subject to an expense loading if it has been in At-Risk status for at least 2 out of the last 4 plan years, excluding the current year.

FUNDING TARGETS AND TARGET NORMAL COSTS
TABLE VI

	<u>July 1, 2016</u>	<u>July 1, 2017</u>
1. Funding Target with Regular Valuation Assumptions		
a. Actives	\$14,019,457	\$14,219,394
b. Retirees and beneficiaries	\$16,457,499	\$16,816,408
c. Terminated Vested	<u>\$3,370,442</u>	<u>\$3,667,426</u>
d. Total	\$33,847,398	\$34,703,228
e. Target Normal Cost*	\$122,884	\$114,394
2. Funding Target with At-Risk Assumptions (without expense load)		
a. Actives	N/A	N/A
b. Retirees and beneficiaries	N/A	N/A
c. Terminated vested	<u>N/A</u>	<u>N/A</u>
d. Total	N/A	N/A
e. At-Risk Target Normal Cost*	N/A	N/A
3. Expense Load (if applicable)		
a. 4% of Not At-Risk Funding Target	\$0	\$0
b. \$700 per plan participant	<u>\$0</u>	<u>\$0</u>
c. Total Expense Load	\$0	\$0
d. 4% of Not At-Risk Target Normal Cost	\$0	\$0
4. Total At-Risk liabilities including Expense Load		
a. Funding Target [(2)(d)+(3)(c)]	N/A	N/A
b. Target Normal Cost [(2)(e)+(3)(d)]	N/A	N/A

* The Target Normal Cost includes expected plan expenses of \$122,884 for 2016/2017 and \$114,394 for 2017/2018 based on Plan related expenses paid by plan assets as provided by the Plan Sponsor.

DETERMINATION OF APPLICABLE FUNDING LIABILITIES

TABLE VII

	<u>July 1, 2016</u>	<u>July 1, 2017</u>
1. Liabilities with Regular Valuation Assumptions		
a. Funding Target	\$33,847,398	\$34,703,228
b. Target Normal Cost	\$122,884	\$114,394
2. At-Risk Liabilities (without expense load)		
a. Funding Target	N/A	N/A
b. Target Normal Cost	N/A	N/A
3. At-Risk Liabilities (with expense load, if applicable)		
a. Funding Target	N/A	N/A
b. Target Normal Cost	N/A	N/A
4. At-Risk Status	No	No
5. Expense Load Applicability	N/A	N/A
6. At-Risk Phase-in Percentage	N/A	N/A
7. Applicable Funding Target (<i>Reflecting Actual At-Risk Status</i>): [(1)(a) + if (4) is "Yes" then (6)*{(2)(a) or (3)(a), whichever is applicable, - (1)(a)}]	<u><u>\$33,847,398</u></u>	<u><u>\$34,703,228</u></u>
8. Applicable Target Normal Cost (<i>Reflecting Actual At-Risk Status</i>): [(1)(b) + if (4) is "Yes" then (6)*{(2)(b) or (3)(b), whichever is applicable, - (1)(b)}]	<u><u>\$122,884</u></u>	<u><u>\$114,394</u></u>

DEVELOPMENT OF FTAPs AND FUNDING SHORTFALLS

TABLE VIII

	July 1, 2016	July 1, 2017
1. Funding Target		
a. Using regular assumptions	\$33,847,398	\$34,703,228
b. Reflecting actual At-Risk Status, if applicable	\$33,847,398	\$34,703,228
2. Actuarial Value of Plan Assets	\$32,620,839	\$31,994,683
3. Funding Balances		
a. Carryover Balance (COB)	\$0	\$0
b. Prefunding Balance (PFB)	\$660	\$145,654
c. Total	\$660	\$145,654
4. Funding Target Percentage for Funding Balances Adjustment (2)/(1)(a)	96.37%	92.19%
5. Adjusted Funding Target Attainment Percentage (AFTAP) * [(2)-(3)(c)]/(1)(a)	96.37%	91.77%
6. Funding Target Attainment Percentage for Shortfall Exemption ** [(2)-(3)(b)]/(1)(b)	96.37%	91.77%
7. Funding Target Attainment Percentage to use COB/PFB to offset MRC *** [(2)-(3)(b)]/(1)(a)	96.37%	91.77%
8. Threshold for Shortfall Exemption	100.00%	100.00%
9. Funding Shortfall [(1)(b) - {(2)-(3)(c)}, not less than 0]	\$1,227,219	\$2,854,199
10. Outstanding Balance of Previously Established Shortfall Amortization Bases	\$0	\$1,089,549
11. Funding Shortfall Subject to Amortization [0 if ((2) - (3)(b)) ≥ (1), otherwise, (8)*(1)(b) - {(2)-(3)(c)} - (10)]	<u>\$1,227,219</u>	<u>\$1,764,650</u>

This is not a certification of the Plan's Adjusted Funding Target Attainment Percentage.

* For benefit restriction purposes, Valuation Assets do not have to be reduced by the Funding Balances if item (4) is greater than or equal to 100%.

** PFB subtracted from assets only if used (wholly or partially) to offset the minimum contribution.

*** Can use COB/PFB towards following year MRC if at least 80%.

SUMMARY OF SHORTFALL AMORTIZATION BASES

TABLE IX

<u>Description</u>	<u>Date Established</u>	<u>Initial Amount</u>	<u>Number of Payments Remaining</u>	<u>Shortfall Amortization Installments</u>	<u>Present Value of Remaning Payments</u>
1. Bases Previously Established	* 07/01/2011	\$4,405,661	1	\$0	\$0
2. Bases Previously Established	* 07/01/2012	(\$4,161,275)	2	\$0	\$0
3. Bases Previously Established	* 07/01/2013	\$142,606	3	\$0	\$0
4. Bases Previously Established	* 07/01/2014	(\$1,190,117)	4	\$0	\$0
5. Bases Previously Established	* 07/01/2015	\$0	5	\$0	\$0
6. Bases Previously Established	07/01/2016	<u>\$1,227,219</u>	6	<u>\$202,765</u>	<u>\$1,089,549</u>
Subtotal		\$1,227,219		\$202,765	\$1,089,549
7. Newly Established Base	07/01/2017	<u>\$1,764,650</u>	7	<u>\$289,777</u> **	<u>\$1,764,650</u>
Total		\$2,991,869		\$492,542	\$2,854,199

* All shortfall amortization bases are reduced to zero as per ERISA 303 (c)(5) and 303 (e)(5).

** Shortfall amortization factor of 6.0896932, based on interest rates of 4.16%, 5.72%, and 6.48%.

DETERMINATION OF QUARTERLY CONTRIBUTIONS

TABLE X

1. Funding Shortfall for the 2016/2017 Plan Year*	\$1,227,219
2. Required Quarterly Contribution for the 2017/2018 Plan Year	
a. 2016/2017 Minimum Contribution not reflecting COB/PFB, as of the beginning of the Plan Year	\$325,649
b. 2017/2018 Minimum Contribution not reflecting COB/PFB, as of the beginning of the Plan Year	\$606,936
c. 90% of (b)	\$546,242
d. Required annual payment [lesser of (a) or (c)]	\$325,649
e. Required 2017/2018 quarterly contribution** [25% of (d) but "N/A" if item (1)=0]	<u>\$81,412</u>
3. Funding Shortfall for the 2017/2018 Plan Year	\$2,854,199
4. Preliminary Quarterly Contributions for the 2018/2019 Plan Year	
a. 2017/2018 Minimum Contribution not reflecting COB/PFB, as of the beginning of the Plan Year	\$606,936
b. Preliminary 2018/2019 Quarterly Contribution [25% of (a) but "N/A" if item (3)=0]	<u>\$151,734</u>

* The Plan is exempt from quarterly contributions if the Funding Shortfall for the prior year is zero.

** If the funded ratio for the previous plan year is 80% or greater the required quarterly contribution may be offset by the Funding Balance in some circumstances (depending on the timing of employer contributions attributable to the previous plan year).

SUMMARY OF EMPLOYER CONTRIBUTIONS

TABLE XI

<u>Date</u>	<u>Actual Contributions Amount</u>	<u>Discounted Contributions @ July 1</u>
1. For the 07/15-06/16 Plan Year		
	<i>Effective Rate @ BOPY =</i>	6.22%
October 15, 2015	\$99,143	\$97,425
January 16, 2016	\$39,932	\$38,643
April 15, 2016	\$39,932	\$38,074
July 15, 2016	\$0	\$0
March 15, 2017	\$0	\$0
Total	\$179,007	\$174,142
2. Quarterlies for the 07/16-06/17 Plan Year		
	<i>Effective Rate @ BOPY =</i>	6.01%
October 15, 2016	\$0	\$0
January 15, 2017	\$0	\$0
April 15, 2017	\$0	\$0
* June 8, 2017	\$488,337	\$462,349
March 15, 2018	\$0	\$0
Total	\$488,337	\$462,349
3. Contributions Made/Expected Quarterlies for the 07/17-06/18 Plan Year		
	<i>Effective Rate @ BOPY =</i>	5.80%
<i>Amount Due</i> October 15, 2017	\$81,412	\$80,090 **
January 15, 2018	\$81,412	\$78,960 **
April 15, 2018	\$81,412	\$77,870
July 15, 2018	\$81,412	\$76,783
March 15, 2019	\$162,462	\$147,579
Total	\$488,110	\$461,282
4. Preliminary Quarterlies for the 07/18-06/19 Plan Year		
October 15, 2018	\$151,734	N/A
January 15, 2019	\$151,734	N/A
April 15, 2019	\$151,734	N/A
July 15, 2019	\$151,734	N/A

* As requested by the Plan Sponsor, PBGC premium reimbursements were attributed as 2016 / 2017 employer contributions.

** These quarterly contributions may be postponed to January 31, 2018 due to Hurricane Irma and Maria Relief.

MARKET & ACTUARIAL VALUE OF PLAN ASSETS

TABLE XII

	As of July 1, 2016		As of July 1, 2017	
1. Market Value of Assets				
		%		%
a. Cash and cash equivalents	\$1,429,883	4.79%	\$19,940,260	62.37%
b. Government securities	\$0	0.00%	\$0	0.00%
c. Corporate bonds and debentures	\$0	0.00%	\$0	0.00%
d. Equities	\$18,380,937	61.51%	\$2,460,481	7.70%
e. Mutual funds	\$3,215,352	10.76%	\$2,566,237	8.03%
f. Fixed income securities	\$6,855,834	22.94%	\$6,939,055	21.70%
g. Real estate	\$0	0.00%	\$0	0.00%
h. Mortgages/loans	\$0	0.00%	\$0	0.00%
i. Prepaid expenses	\$0	0.00%	\$0	0.00%
j. Accrued interest income	\$0	0.00%	\$67,419	0.21%
k. Market value of assets*	\$29,882,006	100.00%	\$31,973,452	100.00%
l. Employer contribution receivable	\$0		\$0	
m. Other payable	\$0		\$0	
n. Total market value of assets	\$29,882,006		\$31,973,452	
2. Total Value of Assets	\$29,882,006		\$31,973,452	**
(reflecting discounted receivables)				
3. Actuarial Value of Plan Assets	\$32,620,839		\$31,994,683	***
4. Reconciliation of Total Market Value of Assets				
a. Total Value of Assets as of July 1 2016			\$29,882,006	
b. Income:				
Employer contribution	\$488,337			
Realized appreciation	\$4,799,546			
Investment earnings	\$324,457			
Unrealized appreciation/(depreciation)	(\$1,299,063)			
Adjustments****	(\$231,477)			
			\$4,081,800	
c. Disbursement:				
Benefit payments	\$1,875,960			
Expenses*****	\$114,394			
PBGC	\$0			
			\$1,990,354	
d. Total Value of Assets as of July 12017			\$31,973,452	

* As provided by the Plan Sponsor, reflects \$531,884 and \$300,407 in assets for the 2015/2016 and 2016/2017 fiscal years, respectively, in addition to the Fair Value of assets provided by the Trustee.

** Market Value of Assets [item (k)] plus receivables [item (l)] discounted to the valuation date minus payables [item (m)].

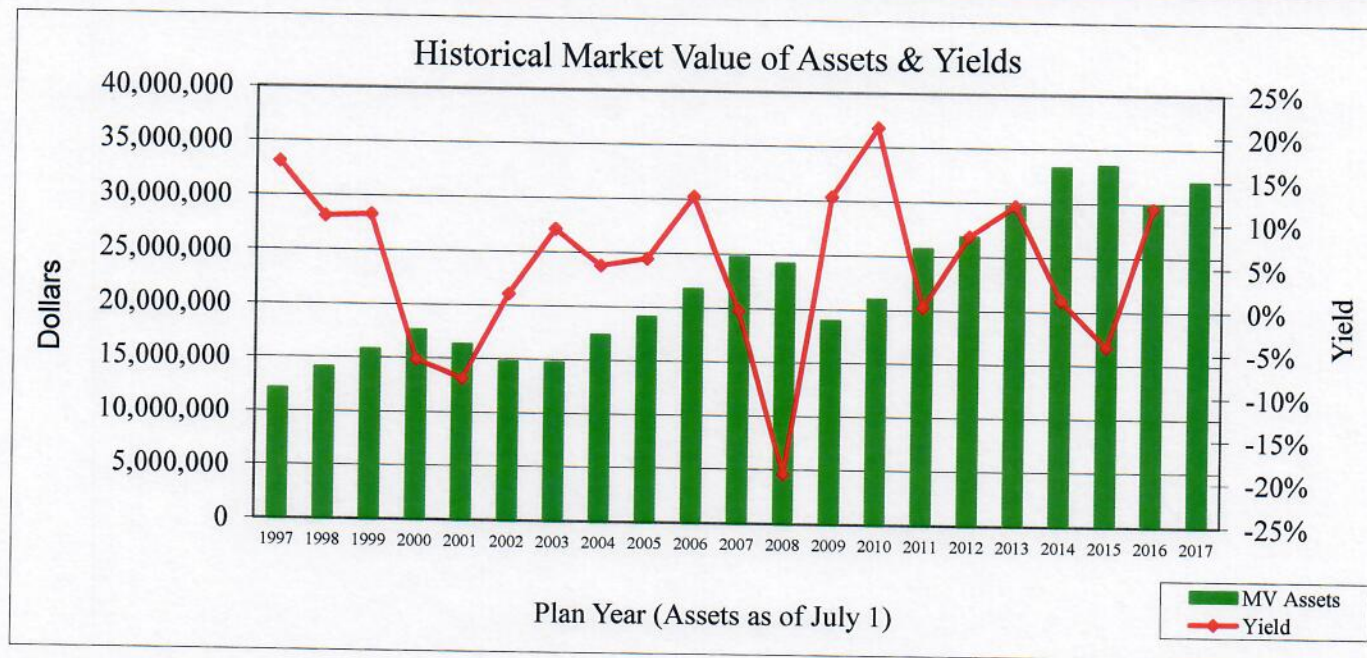
*** Two-year annual average of fair market value of assets, as provided under ERISA §303(g)(3)(B).

**** As provided by the Plan Sponsor, reflects (\$231,477) change in assets not included in the Fair Value of assets provided by the Trustee.

***** Plan related expenses paid by plan assets as provided by the Plan Sponsor.

HISTORICAL ASSET INFORMATION

TABLE XIII

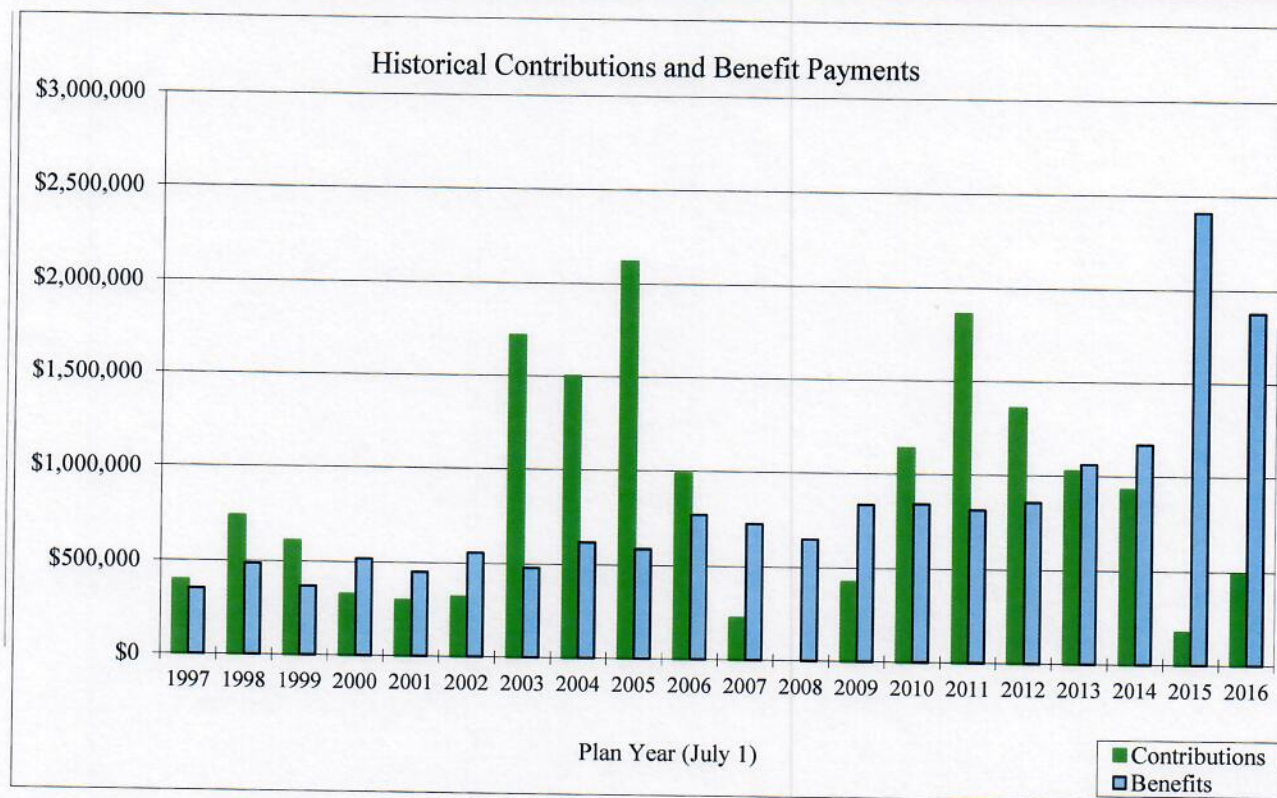


Plan Year	Market Value as of July 1*	Actuarial Value as of July 1*	Benefit Payments	Total Contributions*	Market Value Yield	Actuarial Value Yield
1997	\$12,034,751	\$12,034,751	\$353,340	\$396,730	16.38%	16.38%
1998	\$14,053,577	\$14,053,577	\$487,438	\$739,361	10.14%	10.14%
1999	\$15,743,367	\$15,743,367	\$371,580	\$606,787	10.35%	10.35%
2000	\$17,619,440	\$17,619,440	\$516,922	\$329,165	-6.41%	-6.41%
2001	\$16,308,208	\$16,308,208	\$450,003	\$300,113	-8.58%	-8.58%
2002	\$14,765,931	\$14,765,931	\$555,206	\$322,428	1.37%	1.37%
2003	\$14,733,702	\$14,733,702	\$478,892	\$1,717,805	8.92%	8.92%
2004	\$17,342,623	\$17,342,623	\$617,108	\$1,501,800	4.76%	4.76%
2005	\$19,074,735	\$19,074,735	\$585,078	\$2,120,947	5.66%	5.66%
2006	\$21,733,395	\$21,733,395	\$769,890	\$990,139	12.82%	12.82%
2007	\$24,755,052	\$24,755,052	\$726,903	\$229,181	-0.26%	-0.26%
2008	\$24,192,630	\$24,192,630	\$647,553	\$0	-19.22%	-11.28%
2009	\$18,957,382	\$20,853,120	\$835,354	\$425,052	12.98%	7.25%
2010	\$20,981,193	\$21,939,294	\$842,474	\$1,140,588	20.96%	3.98%
2011	\$25,709,037	\$23,117,476	\$813,547	\$1,861,293	0.32%	9.74%
2012	\$26,840,010	\$26,467,685	\$858,794	\$1,361,518	8.62%	9.78%
2013	\$29,679,364	\$29,582,791	\$1,060,171	\$1,027,276	12.14%	7.08%
2014	\$33,247,895	\$31,642,302	\$1,169,855	\$931,897	1.29%	7.28%
2015	\$33,437,636	\$33,699,100	\$2,409,560	\$179,007	-4.10%	3.54%
2016	\$29,882,006	\$32,620,839	\$1,875,960	\$488,337	11.92%	2.39%
2017	\$31,973,452	\$31,994,683				

* Including contribution receivable and employee contributions make up.

** Calculated assuming all cash flows occur in the middle of the year.

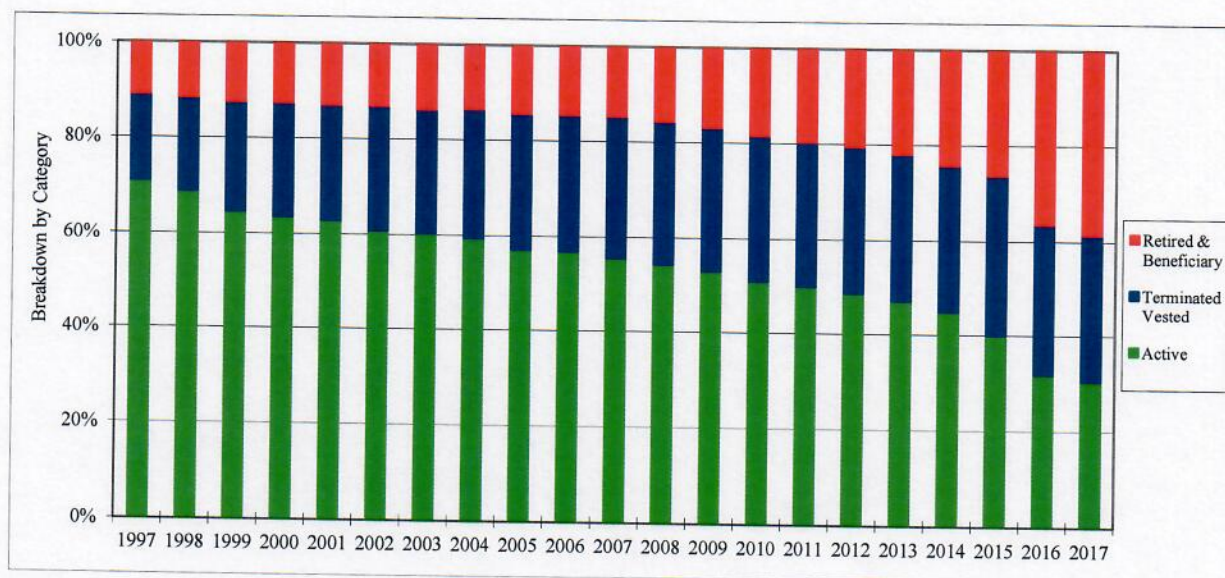
HISTORICAL CONTRIBUTIONS, BENEFIT PAYMENTS & EXPENSES TABLE XIV



<u>Plan Year</u>	<u>Actual Contribution</u>	<u>Benefits</u>
1997	\$396,730	\$353,340
1998	\$739,361	\$487,438
1999	\$606,787	\$371,580
2000	\$329,165	\$516,922
2001	\$300,113	\$450,003
2002	\$322,428	\$555,206
2003	\$1,717,805	\$478,892
2004	\$1,501,800	\$617,108
2005	\$2,120,947	\$585,078
2006	\$990,139	\$769,890
2007	\$229,181	\$726,903
2008	\$0	\$647,553
2009	\$425,052	\$835,354
2010	\$1,140,588	\$842,474
2011	\$1,861,293	\$813,547
2012	\$1,361,518	\$858,794
2013	\$1,027,276	\$1,060,171
2014	\$931,897	\$1,169,855
2015	\$179,007	\$2,409,560
2016	\$488,337	\$1,875,960

SUMMARY OF PARTICIPANT DATA

TABLE XV



	As of July 1, 2016	As of July 1, 2017
1. Active Participants		
a. Actively employed		
i. Fully vested	191	180
ii. Non-vested	0	0
b. Sub-total	191	180
2. Terminated Vested Participants		
a. Former Employees	190	183
b. Beneficiaries	0	0
c. Sub-total	190	183
3. Retired Participants		
a. Non-disabled	212	223
b. Disabled on LTD	0	0
c. Beneficiaries	7 *	6 *
d. Sub-total	219	229
4. Total Participants	600	592
5 Active Statistics		
a. Average Age	55.76	56.86
b. Average Service from Hire	24.82	25.96

* Includes 2 beneficiaries as of 7/1/2016 and 1 as of 7/1/2017, awaiting payment of deceased participant's contributions plus interest.

DATA RECONCILIATION

TABLE XVI

	<u>Active</u>	<u>LTD</u>	<u>Terminated Vested</u>	<u>Retirees/ Beneficiaries</u>	<u>Total</u>
1. Number of participants as of July 1, 2016	191	0	190	219	600
2. Change in status during the plan year:					
a. Actives who retired	(4)			4	
b. Vested benefits now payable			(12)	12	
c. Return to service					
d. Successions				1	1
e. LTD now retired					
3. No longer participating due to:					
a. Death				(5)	(5)
b. Withdrawal (non-vested)					
c. Withdrawal (vested)	(5)		5		
d. Annuity/Lump Sum Payment	(2)			(2)	(4)
e. Corrections to data					
4. New participant due to:					
a. New hires					
b. Rehire					
c. Omitted last year					
5. Number of participants as of July 1, 2017	180	0	183	229	592

AGE-SERVICE TABLE

TABLE XVII

EIN: 66-0207156; PN: 001

Schedule of Active Participant Data

(Distribution of Active Participants as of July 1, 2017 by Age and Service Groups)

Attained Age	Completed Years of Credited Service										Total
	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 Avg. Pay											0
25 to 29 Avg. Pay											0
30 to 34 Avg. Pay											0
35 to 39 Avg. Pay				9	2						11
40 to 44 Avg. Pay				2	3	3					8
Avg. Pay				4	5	6					15
50 to 54 Avg. Pay				6	4	4	12	5			31
55 to 59 Avg. Pay				5		4	15	14	5		43
60 to 64 Avg. Pay				5	6	3	10	10	12		46
65 to 69 Avg. Pay				1	2		5	4	4	3	19
70 & up Avg. Pay						1	2	2	1	1	7
Total Avg. Pay	0	0	0	32	22	21	44	35	22	4	180

Note: This schedule is included for informational purposes only. The PBGC has notified Plan Sponsor of ERISA Title IV inapplicability to this plan.

AGE-SERVICE TABLE (ALL ACTIVE PARTICIPANTS)

TABLE XVIII

(Distribution of Active Participants as of July 1, 2017 by Age and Service Groups)

Attained Age	Completed Years of Credited Service										Total
	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	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	9	2	0	0	0	0	0	11
Avg. Pay	0	0	0	21,857	20,808	0	0	0	0	0	21,666
40 to 44	0	0	0	2	3	3	0	0	0	0	8
Avg. Pay	0	0	0	28,818	22,704	26,736	0	0	0	0	25,745
45 to 49	0	0	0	4	5	6	0	0	0	0	15
Avg. Pay	0	0	0	23,199	34,409	21,726	0	0	0	0	26,346
50 to 54	0	0	0	6	4	4	12	5	0	0	31
Avg. Pay	0	0	0	27,402	30,843	32,928	31,083	25,946	0	0	29,749
55 to 59	0	0	0	5	0	4	15	14	5	0	43
Avg. Pay	0	0	0	28,950	0	37,605	38,990	32,544	31,260	0	34,696
60 to 64	0	0	0	5	6	3	10	10	12	0	46
Avg. Pay	0	0	0	36,773	31,862	41,988	46,116	38,808	41,927	0	40,291
65 to 69	0	0	0	1	2	0	5	4	4	3	19
Avg. Pay	0	0	0	16,188	29,982	0	52,738	48,717	51,504	44,716	46,046
70 & up	0	0	0	0	0	1	2	2	1	1	7
Avg. Pay	0	0	0	0	0	44,808	49,848	50,658	55,920	47,172	49,845
Total	0	0	0	32	22	21	44	35	22	4	180
Avg. Pay	0	0	0	26,761	29,831	31,594	40,509	36,275	41,880	45,330	35,171

SUMMARY OF ACTUARIAL ASSUMPTIONS

TABLE XIX

A. For Funding Purposes:

1. Actuarial Cost Method

Accrued Benefit Actuarial Cost Method, a method under which the actuarial accrued liability is equal to the present value of benefits accrued to the valuation date. The normal cost is equal to the difference in the actuarial accrued liability at the end of the plan year and the actuarial liability at the beginning of the plan year.

2. Decrements

- **Mortality :**

- **Pre / Post Retirement and Disabled Mortality**

RP-2000 Mortality Table, projected from the valuation date 7 years for annuitants and 15 years for non-annuitants using Scale AA (male and female), as prescribed by IRS Notice 2013-49.

- **Permanent Withdrawal from Active Status**

Representative values of the assumed annual rates of withdrawal among members in active service are set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	8.00 %	30	7.32 %	40	5.35 %	50	3.21 %
25	7.80 %	35	6.41 %	45	4.33 %	55	0.00 %

- **Retirement**

For regular early retirement, values of the assumed annual rates of retirement are set forth in the following table:

Age	Rate	Age	Rate	Age	Rate
55-59	1.0 %	62	5.0 %	64	2.0 %
60-61	2.0 %	63	2.0 %	65	100.0 %

For unreduced early retirement, values of the assumed annual rates of retirement are set forth in the following table:

Age	Rate	Age	Rate	Age	Rate
55-59	5.0 %	62	25.0 %	64	20.0 %
60-61	5.0 %	63	20.0 %	65	100.0 %

SUMMARY OF ACTUARIAL ASSUMPTIONS

TABLE XIX

(continued)

- **Disability Rates**

Representative values of the assumed annual rates of retirement are set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
25	.10%	35	.13%	45	.22%	55	.71%
30	.11%	40	.16%	50	.35%	60	1.26%

3. Interest Rates

- **For Funding Liabilities**

In accordance with the requirements of the PPA and funding regulations, the employer elected the 3-tier segment rates (which reflect HATFA), as follows:

— First Segment Rate	4.16%
— Second Segment Rate	5.72%
— Third Segment Rate	6.48%
— Effective Interest Rate (BOY):	5.80%

- **For ASC 960 Liabilities**

8.00% per annum*

4. Assets

In accordance with the requirements of PPA, the employer elected the two-year annual average of fair market value of assets, as provided under ERISA § 303(g)(3)(B).

5. Plan Expenses

Expected plan expenses are included in determination of the Target Normal Cost. Plan expenses are assumed to be similar to those in the previous plan year.

6. Marriage Assumption

For purposes of the pre-retirement spouse's benefit it is assumed that 80% of the participants will be married with wives being three years younger than their husbands.

*As elected by the Plan Sponsor.

SUMMARY OF ACTUARIAL ASSUMPTIONS

TABLE XIX

(continued)

B. For ASC 715 Purposes:

Assumptions as set forth in Section A above, with the following exceptions:

1. Actuarial Cost Method

Projected Unit Credit.

2. Interest Rate

4.00% per annum.*

3. Return on Assets

The expected return on assets pursuant to ASC 715 is 8.00% per annum.*

4. Assets

The market-related value of assets is equal to fair market value minus amounts payable and excluding accrued contributions.

* As elected by the Plan Sponsor.

SUMMARY OF PLAN PROVISIONS

TABLE XX

Effective Date:

March 1, 1977. Amended effective October 31, 2006 to freeze all benefit accruals. Last amended effective January 1, 2011 to comply with the Internal Revenue Code for a New Puerto Rico.

Plan Year:

July 1 to June 30.

Eligibility for Participation:

All Employees who are not covered by a collective bargaining agreement and make the required contributions become Participants after completion of 1,000 hours during the 12 month period preceding the first or any subsequent Anniversary Date following employment. No new employee will become a participant after October 31, 2006.

Employee Contributions:

Participants must contribute 1% of the first \$4,800 of Compensation, 3% of the next \$9,600 of Compensation and 4% of Compensation in excess of \$14,400 beginning on their date of participation in the Plan. The Plan Sponsor provides the remaining funds needed to cover the costs of the benefits and administration of the Plan. No employee contributions will be permitted effective October 31, 2006.

Active Service:

All years of continuous service with the Employer from the date of employment to the date of termination.

Credited Service:

All years and completed months of service, excluding any period during which the Participant did not receive Compensation. No additional Credited Service will be granted after October 31, 2006.

Normal Retirement Date:

The later of the Participant's attainment of age 65 or his completion of five (5) Years of Service.

SUMMARY OF PLAN PROVISIONS

TABLE XX

(continued)

Compensation:

Basic Salary of the Participant, excluding bonuses and other fluctuating emoluments. Compensation earned after October 31, 2006 shall not be considered for purposes of determining the Accrued Benefit.

Average Final Compensation:

The Compensation of a participant averaged over the highest consecutive 5 out of the final 10 calendar years of employment. Calendar years during which a Participant incurred a Period of Severance shall not be recognized if using Compensation of the period of service prior to the severance would provide a higher average.

Normal Retirement Benefit:

1.95% of the Average Final Compensation multiplied by Credited Service (to a maximum of 20 years). Effective October 31, 2006, no further accrual of benefits will be permitted under the Plan.

Early Retirement Benefit:

A Participant becomes eligible for an early retirement benefit after attainment of age 55 and completion of 5 Years of Service. The early retirement benefit is computed as the Normal Retirement Benefit with the Average Final Compensation and Credited Service as of the date of Early Retirement. A subsidized benefit can commence immediately by reducing the afore-mentioned benefit by 5/12% for each of the first 60 months and 5/24% for each month thereafter by which the benefit commencement date precedes the Normal Retirement Date.

Unreduced early retirement benefits are available for Participants that elect early retirement after attainment of age 55 with completion of 25 Years of Service.

Vesting:

Participants are fully vested in their accrued benefits on completion of 5 Years of Service. Participants with less than 5 Years of Service have no vested rights under the Plan and are entitled solely to a refund of their contributions with interest.

Vested Deferred Benefit:

A benefit deferred to the Normal Retirement Date computed as the Normal Retirement Benefit but based on the Average Final Compensation and Years of Credited Service as of the date of termination. Participants that terminate with a Vested Deferred Benefit may elect earlier commencement of a reduced benefit beginning on or after age 55 (reduced in the same fashion as the Early Retirement Benefit).

SUMMARY OF PLAN PROVISIONS

TABLE XX

(continued)

Disability Retirement Date:

A participant shall be eligible for disability retirement after completion of 5 Years of Service and disabled for at least 6 months. Effective October 31, 2006, no additional accrual of benefits will be permitted for purposes of a Disability Benefit.

Disability Benefit:

A benefit deferred to the Normal Retirement Date computed as the Normal Retirement Benefit but based on Average Final Compensation and Years of Credited Service as of the date of disability. If benefits commence prior to the Participant's age 55, the benefit to be received will be the actuarially equivalent benefit of a benefit payable starting at age 55.

Death Benefits:

For Participants who are at or over the earliest retirement age:

The surviving spouse will receive an immediate life annuity equal to $\frac{1}{2}$ of the joint and 50% survivor actuarial equivalent of the Participant's early retirement benefit. If unmarried, the Participant's contributions with interest are refunded to the designated beneficiary.

For Vested Participants who have not yet reached the earliest retirement age:

The surviving spouse will be entitled to receive a life annuity equal to $\frac{1}{2}$ of the joint and 50% survivor actuarial equivalent of the participant's vested accrued benefit at the time of death with commencement of payments at the earliest date the deceased Participant could have commence benefits had he lived. If unmarried, the Participant's contributions with interest are refunded to the designated beneficiary.

Forms of Benefit Payments:

Unless specified by the participant or by law, all benefits to single participants will be paid in the form of a life annuity. Benefits are payable to married participants in the form of a joint and 50% survivor annuity actuarially equivalent to the life annuity. Total benefits paid out must equal or exceed a Participant's contributions.