NMU GREAT LAKES
PENSION FUND

Actuarial Valuation and Review as of June 30, 2013

Segal Consulting
333 WEST 34TH STREET NEW YORK, NY 10001-2402
T 212.251.5000 www.segalco.com

April 14, 2014

Board of Trustees
NMU Great Lakes Pension Fund
c/o Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152-9451

Trustees:

We are pleased to submit our Actuarial Valuation and Review of the Pension Fund as of June 30, 2013.

The census information upon which our calculations were based was prepared by Joseph M. Sears and his staff and the financial information by Michael D. Sisk & Company, PC, CPAs. Their assistance is gratefully acknowledged.

We look forward to reviewing this report with you at your next meeting and to answering any questions you may have.

Sincerely,

THE SEGAL COMPANY

By:

David Shock
Senior Vice President

Rosana V. Egan, FCA, MAAA, EA
Senior Vice President and Actuary

cc: Fund Administrator
Fund Counsel
Fund Auditor
Fund Investment Consultant

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I. SUMMARY

The NMU Great Lakes Pension Plan terminated by mass withdrawal of all remaining contributing employers on June 30, 1994 (which is the mass withdrawal valuation date).

In order to pay for the Plan's unfunded vested benefits, initial withdrawal liability was calculated and assessed against each former contributing employer to the Pension Fund having such liability, utilizing the statutory presumptive formula provided in the Multiemployer Pension Plan Amendments Act of 1980 (MPPAA).

The second component of mass withdrawal liability (*i.e.*, redetermination liability) was determined as not applicable, in accordance with ERISA and the final regulations issued by the Pension Benefit Guaranty Corporation (PBGC) implementing the mass withdrawal provisions of MPPAA.

The final component of mass withdrawal liability (*i.e.*, reallocation liability) was computed to be $315,300 in accordance with ERISA and regulations issued by the PBGC.

ERISA Section 4281 requires annual actuarial valuations following a mass withdrawal in a multiemployer fund to determine whether assets, including claims for withdrawal liability owed to the Fund, are enough to meet the value of "nonforfeitable" benefits and to determine whether a plan is solvent (*i.e.*, able to pay benefits when due during the year).

The highlights of our actuarial valuation of the Fund as of June 30, 2013 are presented in the next section. Sections III, IV and V review in more detail the updated participant data provided by the Fund Administrator and the Fund's financial experience during 2013 provided by the Fund Auditor. Sections VI and VII detail the status of the Fund as required by ERISA.

II. HIGHLIGHTS

- As of June 30, 2013, a total of 28 non-retired participants were eligible for immediate or deferred vested benefits and 122 pensioners and survivor beneficiaries were receiving payments. In addition, there were seven pensioners whose benefits were in suspended status as of June 30, 2013.

- The Fund paid $259,334 in benefit payments in fiscal 2013, an increase of 1.7% from 2012.

- The market value of assets continues to decline from $1,083,314 as of June 30, 2012 to $822,482 as of June 30, 2013. The annual rate of return on a market value basis for the year amounted to 4.52% which represents an investment gain for the year.

- As of June 30, 2013, the present value of accrued vested benefits totaled $2,872,728, including the administrative expense loading charge which exceeds the value of the Fund's net assets at market value of $822,482. Since the value of benefits exceeds assets, benefits subject to reduction shall be discontinued to the extent necessary to ensure that assets are sufficient to cover non-forfeitable benefits. All interpretations as to benefit reductions must be reviewed by Fund Counsel.

- The Plan continues to be solvent and it is anticipated that the Plan will be able to pay benefits through at least the next two years which is through the same year as reported last year.

III. NON-RETIRED VESTED PARTICIPANTS

Updated data on non-retired vested participants was furnished by the Fund Administrator as of June 30, 2013.

During the year ended June 30, 2013, three participants retired and two were reported as deceased. As of June 30, 2013, a total of 28 participants were eligible for immediate or deferred vested benefits, compared to 33 at the end of the prior year.

Table 1 summarizes the non-retired participants with vested rights to a pension as of June 30, 2013, by age and average accrued monthly benefits as of June 30, 1994 (date of plan termination), payable at normal retirement age of 65. For 2013, the average age of the non-retired vested participants is 67.0 compared to 66.0 as of June 30, 2012 and the average accrued monthly benefit payable at Normal Retirement Age is $146 compared to $158 in the prior year.

Table 1

All Non-Retired Vested Employees as of June 30, 2013

Age as of June 30, 2013	Number	Average accrued monthly benefits
50 – 54	2	$115
55 - 59	7	97
60 - 64	6	133
65 - 69	4	119
70 and over	9	212
Total	28	$146

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IV. PENSIONERS AND BENEFICIARIES

During the year ended June 30, 2013, three non-disabled pensions were awarded and there were two newly suspended pensioners. The number of pensioners, suspensions and beneficiaries who were reported as deceased amounted to 16. In addition, there was one new beneficiary, who was receiving benefits as of June 30, 2013.

As of June 30, 2013, 122 pensioners and beneficiaries were receiving benefit payments and seven were in suspended status, compared to 135 pensioners and beneficiaries receiving benefits and six in suspended status at the end of the prior year.

Benefits to pensioners and beneficiaries receiving payments at June 30, 2013, totaled $20,007 per month. The pensioners and beneficiaries as of June 30, 2012 were then receiving $21,519 per month.

The average age of the pensioners and beneficiaries was age 78.5 at June 30, 2013. The average monthly pension (after reduction for any optional form of payment) was $164.

Tables 2 and 3 present additional information about the pensioners and beneficiaries in payment status.

Table 2

Pensions in Payment Status on June 30, 2013
by Type and by Age

Age as of June 30, 2013	Total	Type of Pension	
		Non-disability	Disability
Total	122	116	6
Under 60	2	2	- -
60 - 64	2	2	- -
65	3	3	- -
66	4	4	- -
67	4	4	- -
68	3	3	- -
69	3	3	- -
70 - 74	16	14	2
75 – 79	29	27	2
80 – 84	23	21	2
85 – 89	27	27	- -
90 and over	6	6	- -

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Table 3

Pensions in Payment Status on June 30, 2013
by Type and by Monthly Amount

Monthly Amount	Total	Type of Pension	
		Non-Disability	Disability
Total	122	116	6
Less than $50	36	36	--
$ 50 - 99	18	17	1
100 - 149	13	12	1
150 - 199	16	14	2
200 - 249	12	11	1
250 - 299	6	6	- -
300 - 349	6	6	- -
350 - 399	1	1	- -
400 - 449	6	6	- -
450 - 499	3	3	- -
500 - 549	2	1	1
650 - 699	2	2	- -
800 and over	1	1	- -

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V. INCOME, EXPENSES AND FUND DEVELOPMENT

Income

The Fund had net investment income in 2013 of $41,730 (after deduction of investment fees of $11,277) compared to net investment income of $49,804 in the prior year. Investment income for fiscal 2013 included interest earnings, net appreciation in fair value of investments and miscellaneous income.

Expenses

The Fund's administration expenses in 2013 totaled $43,228, compared to $40,753 in 2012.
Benefit payments in 2013 were $259,334 compared to $254,925 in 2012.
Tables 4 and 5 summarize the income and expenses of the Fund.

Fund Development

As of June 30, 2013, the Fund's net assets at market value totaled $822,482 compared to net assets of $1,083,314 as of June 30, 2012, a decrease of $260,832. Table 6 provides more details on the Fund's assets.

Investment Experience

As mentioned above, the Fund had net investment income in 2013 of $41,730 and in 2012 of $49,804 which represented an annual rate of return of 4.52% and 4.25% respectively. Table 7 details the Fund's investment experience over the past ten years.

Table 4

Summary Statement of Income and Expenses for Year Ended June 30

	2013	2012
Investment income:		
Interest	$22	$115
Miscellaneous income	684	0
Net appreciation in fair value of investment	52,301	61,811
Total investment income	$53,007	$61,926
Less: Investment expenses	-11,277	-12,122
Net investment income	$41,730	$49,804
Less: Administration expenses	-43,228	-40,753
Total income available for benefit payments	-$1,498	$9,051
Less: Pension benefit payments	-259,334	-254,925
Reduction in reserve for Future benefits	-$260,832	-$245,874

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Table 5

Administration Expenses for Year Ended June 30

Expense	2013	2012
Actuarial fees	$15,000	$15,000
Contract administrator's fee	14,856	11,712
Insurance	5,982	5,989
Audit fees	5,038	5,329
Legal fees	1,481	2,175
Office expenses	871	548
Total	$43,228	$40,753

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Table 6

Assets as of June 30
at Market Value

Assets at Market Value	2013		2012	
Investments:				
Collective investment funds ...	$475,234		$725,490	
Money market funds	342,101		332,624	
Total investments		$817,335		$1,058,114
Prepaid expenses.......................		6,698		28,526
Total assets................................		$824,033		$1,086,640
Less: Accounts payable		-1,551		-3,326
Net assets at market value.........		$822,482		$1,083,314

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Table 7

Rates of Return
Including All Changes in Market Values
2004 - 2013

Year Ended June 30:	Average Value of Assets	Net Dividend and Interest Income		Change in Market Value of Assets*		Total Investment Return	Total Annual Rate of Return
		Amount	Annual Rate of Return	Amount	Annual Rate of Return		
2004.....................	$3,218,408	$(26,870)	(0.83)%	$194,604	6.05%	$167,734	5.21%
2005.....................	2,978,139	(21,700)	(0.73)	176,445	5.92	154,745	5.20
2006.....................	2,752,014	(11,139)	(0.40)	92,526	3.36	81,387	2.96
2007.....................	2,458,340	(3,114)	(0.13)	270,391	11.00	267,277	10.87
2008.....................	2,401,974	(6,859)	(0.29)	(31,164)	(1.30)	(38,023)	(1.58)
2009.....................	2,028,338	(11,227)	(0.55)	(167,069)	(8.24)	(178,296)	(8.79)
2010.....................	1,508,799	(13,834)	(0.92)	169,880	11.26	156,046	10.34
2011.....................	1,343,543	(13,048)	(0.97)	143,765	10.70	130,717	9.73
2012.....................	1,172,425	(12,007)	(1.02)	61,811	5.27	49,804	4.25
2013.....................	923,029	(10,571)	(1.15)	52,301	5.67	41,730	4.52
Total	$20,785,009	($130,369)		$963,490		$833,121	
				5 year average return: 10 year average return:			2.9% 4.0%

* Includes realized gains and losses.
Note: Detail figures may not add to totals shown due to rounding.
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VI. PRESENT VALUE OF ACCRUED VESTED BENEFITS

ERISA Section 4281(b) requires the Trustees to determine annually whether the value of nonforfeitable benefits exceeds the value of Fund assets including claims for withdrawal liability owed the Fund. When the value of benefits does exceed the value of assets, the Plan must be amended to reduce benefits to the extent necessary to ensure that the plan's assets are sufficient to discharge, when due, all of the plan's obligations with respect to nonforfeitable benefits.

Nonforfeitable benefits, on the basis of the definition in Section 4001(a)(8) of ERISA include all benefits in pay status as of June 30, 2013 and for future retirees, all vested pension benefits accrued as of June 30, 1994 (date of plan termination) payable at earliest eligible retirement age.

Plan Benefits

Plan benefits considered "forfeitable" (and, therefore, not valued) include the disability retirement benefit for non-retired participants.

Benefits are computed in accordance with the terms and provisions of the Plan on the date the participant left employment of the participating Employer. At June 30, 1994 (date of plan termination), the monthly amount of the Normal Pension of a participant retiring on or after August 1, 1988 was as follows:

Years of Pension Credit	Monthly Amount
15	$300.00
16	320.00
17	340.00
18	360.00
19	380.00
20	400.00
21	420.00
22	440.00
23	460.00
24	480.00
25 or more	500.00*

* Plus $30 per month for each year of credit that is earned in excess of 25 years of pension credit after having attained age 55, to a maximum addition of $300.

Actuarial Assumptions

We have determined the values in accordance with Pension Benefit Guaranty Corporation (PBGC) Regulation Part 4281, Subpart B - Valuation of Plan Benefits and Plan Assets Following Mass Withdrawal. The interest rates, mortality tables, and loading assumptions are set forth in that regulation. For a valuation in June 2013, the interest rate to be used is 2.50% for the first 20 years and 3.20% for years after. The mortality table for healthy participants is the 1994 Group Annuity Mortality Basic Table projected from 1994 to the calendar year in which the valuation date occurs plus ten years using Scale AA. In accordance with the PBGC regulation, we have determined the administrative expense loading charge to be $54,491 as of June 30, 2013.

In accordance with the PBGC regulation, we have assumed that benefit payments for all non-retired vested participants will commence at the earliest eligible retirement age. Benefits are reduced, where appropriate, by the following early retirement adjustment factors as adopted by the Trustees:

Attained Age	**Early Retirement Factor**
55	0.5000
56	0.5333
57	0.5667
58	0.6000
59	0.6333
60	0.6667
61	0.7333
62	0.8000
63	0.8667
64	0.9333

Liabilities

On the basis set forth above, the Fund's present value of accrued vested benefits as of June 30, 2013 is shown below.

Participant Group	Number of Participants	Present Value of Accrued Vested Benefits
Non-retired participants	28	$535,105
Pensioners and survivor beneficiaries (including seven pensioners in suspended status)	129	2,283,132
Administrative expense loading	- -	54,491
Total	157	$2,872,728

The Fund's present value of accrued vested benefits as of June 30, 2013 including the expense loading totaled $2,872,728, a decrease from $3,071,631 one year earlier. The market value of assets as of June 30, 2013 amounted to $822,482.

Therefore, the value of nonforfeitable benefits exceeds the value of Fund assets by $2,050,246.

When the value of benefits exceeds the value of assets, benefits subject to reduction shall be discontinued to the extent necessary to ensure that the plan's assets are sufficient to discharge, when due, all of the plan's obligations with respect to non-forfeitable benefits.

Due to the complexity and ambiguity in the law and regulations, all interpretations as to benefit reductions must be reviewed by Fund Counsel.

We discuss plan solvency in the next section.

VII. PLAN SOLVENCY

PBGC Regulation Part 4041 A, Subpart C - Powers and Duties of Plan Sponsor of Plan Terminated by Mass Withdrawal - requires an annual determination of the plan's solvency, that is, whether a plan is able to pay benefits when due during the year. When a Fund becomes insolvent, benefits in excess of the "insolvency benefit level," which is the greater of the "resource benefit level" or the guaranteed benefit level, should be suspended. Guaranteed benefits, under ERISA Section 4022A, are a monthly amount of \$11 plus 75% of the accrual rate in excess of \$11 up to a maximum of \$33 per year of service. This Fund's guaranteed benefit would be \$17.75 per month per year of service for the first 25 years of pension credit.

If all employees currently eligible to retire do retire in the year ending June 30, 2014, benefit payments for the year would total \$278,461. Assets totaling \$822,482 as of June 30, 2013 will be sufficient to pay these anticipated benefits.

Table 8 illustrates the flow of the Fund's assets under the following conditions:

A) Expenses will increase 1.5% per year from \$45,000 for the year ending June 30, 2014.

B) Mortality will follow PBGC's published rates;

C) Investment income will be received at the PBGC's June 2013 published rates as indicated in Section VI of this report with no other market adjustments;

D) Retirement is assumed to occur at the earliest eligible retirement age; and

E) Benefits have not been reduced or suspended.

As Table 8 indicates, based on the above assumptions, it is anticipated that the Plan's assets will be sufficient to pay benefits through the year ending June 30, 2015, but be depleted sometime in the year July 1, 2015 through June 30, 2016.

Table 8

Projected Assets
Over the Next 10 Years

Year Ended June 30:	Administrative Expenses	Benefit Payments	Investment Income	Assets
2013				$822,482
2014	$45,000	$278,461	$16,276	515,297
2015	45,675	263,010	8,797	215,409
2016	46,360	250,313	1,464	(79,800)
2017	47,056	235,006	(5,717)	(367,579)
2018	47,761	220,523	(12,723)	(648,586)
2019	48,478	206,901	(19,572)	(923,537)
2020	49,205	192,118	(26,254)	(1,191,114)
2021	49,943	179,904	(32,786)	(1,453,747)
2022	50,692	166,427	(39,178)	(1,710,044)
2023	51,453	153,968	(45,426)	(1,960,891)

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