

**ANNUAL FUNDING NOTICE  
FOR  
MOODY BIBLE INSTITUTE PENSION PLAN  
(EIN 36-2167792, PN 001)**

**Introduction**

This notice includes important information about the funding status of your pension plan (the “Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2015 and ending December 31, 2015 (“Plan Year”).

**How Well Funded Is Your Plan**

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the “funding target attainment percentage.” The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

<b>Funding Target Attainment Percentage</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>
1. Valuation Date	January 1, 2015	January 1, 2014	January 1, 2013
2. Plan Assets			
a. Total Plan Assets	\$63,572,941	\$58,253,163	\$53,843,482
b. Funding Standard Carryover Balance	\$1,443,913	\$1,327,370	\$1,257,932
c. Prefunding Balance	\$3,543,632	\$1,987,677	\$651,703
d. Net Plan Assets (a) - (b) - (c) = (d)	\$58,585,396	\$54,938,116	\$51,933,847
3. Plan Liabilities	\$59,146,522	\$56,291,247	\$54,989,211
<b>4. Funding Target Attainment Percentage (2d)/(3)</b>	<b>99.05%</b>	<b>97.59%</b>	<b>94.44%</b>

**Plan Assets and Credit Balances**

The chart above shows certain “credit balances” called the Funding Standard Carryover Balance and Prefunding Balance. A plan might have a credit balance, for example, if in a prior year an employer contributed money to the plan above the minimum level required by law. Generally, an employer may credit the excess money toward the minimum level of contributions required by law that it must make in future years. Plans must subtract these credit balances from Total Plan Assets to calculate their Funding Target Attainment Percentage.

### **Plan Liabilities**

Plan Liabilities in line 3 of the chart above is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan.

### **Year-End Assets and Liabilities**

The asset values in the chart above are measured as of the first day of the Plan Year. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. As of December 31, 2015, the fair market value of the Plan's assets was \$59,973,825. On this same date, the Plan's estimated liabilities, determined using market rates, were \$75,187,000. The estimated liabilities are different from those shown on page 1 because they are calculated as of the end of the year and are based on PBGC end-of-year assumptions mandated for purposes of this notice (effective interest rate 4.40%).

### **Participant Information**

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 1,232. Of this number, 278 were current employees, 477 were retired and receiving benefits, and 477 were retired or no longer working for the employer and have a right to future benefits.

### **Funding & Investment Policies**

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The plan sponsor will contribute each year at least the minimum required contributions under ERISA which, over time, is expected to fully fund the benefits earned under the plan. Each year, the plan sponsor also considers making additional discretionary contributions.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is:

*The most recent version of the MBI Investment Policy as revised on February 20, 2006 states the purpose and background for the Plan, who is responsible for the plan assets, and the performance objectives and evaluation measures to be followed. The policy states that the assets in the plan are to be managed in the best interest of the Plan participants and are subject to the provisions of ERISA. The Investment Committee of the Board has fiduciary responsibility for the Plan assets. The Committee has delegated day to day responsibility to the Employee Benefit Investment Committee (EBIC) and the Employee Benefit Administrative Committee (EBAC) based on a resolution passed by the Board of Directors on October 25<sup>th</sup>, 2005.*

*The Plan has a long term time horizon and the asset allocation strategy is set based on a time horizon in excess of 100 years. A total return approach shall be employed with an expected average annual return of 6.50%. An asset allocation approach is to be selected that uses statistical modeling and historic correlation statistics to build an "efficient" portfolio that maximizes the expected return for a given level of risk.*

*Northern Trust is the current Trustee of the Plan assets and is responsible for recommending investment funds to implement the asset allocation strategy. They are also responsible for setting a custom benchmark which represents a percentage-weighted blend of investment indexes for the major assets classes selected for the Plan. The three year moving average of the Plan's total return should meet the benchmark return.*

Under the investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

<b><u>Asset Allocations</u></b>	<b><u>Percentage</u></b>
Stocks	46%
Investment grade debt instruments	39%
High-yield debt instruments	0%
Real estate	7%
Other	8%

### **Events Having a Material Effect on Assets or Liabilities**

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. For the plan year beginning on January 1, 2016 and ending on December 31, 2016, the Plan expects the following events to have such an effect: the plan was amended to freeze benefit accruals for Grandfathered Participants and Disabled Grandfathered Participants as of January 1, 2016.

### **Right to Request a Copy of the Annual Report**

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

### **Summary of Rules Governing Termination of Single-Employer Plans**

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end a plan in a "standard termination" but only after showing the PBGC that such plan has enough money to pay all benefits owed to participants. Under a standard termination, a plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC's guarantee ends upon the purchase of an annuity or payment of the lump-sum. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state's law.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

### **Benefit Payments Guaranteed by the PBGC**

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2016, the maximum guarantee is \$5,011 per month, or \$60,136 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65 reflecting the fact that younger retirees are expected to receive more monthly pension checks over their lifetimes. Similarly, the maximum guarantee is higher for an individual who starts receiving benefits from PBGC after age 65. The maximum guarantee by age can be found on PBGC's website, [www.pbgc.gov](http://www.pbgc.gov). The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which include:

- Pension benefits at normal retirement age;
- Most early retirement benefits;
- Annuity benefits for survivors of plan participants; and
- Disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the "General FAQs about PBGC" on PBGC's website at [www.pbgc.gov/generalfaqs](http://www.pbgc.gov/generalfaqs). Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

**Where to Get More Information**

For more information about this notice, you may contact the plan administrator:

Peter Miller  
Benefits Manager  
Moody Bible Institute  
820 North LaSalle Blvd.  
Chicago, IL 60610  
peter.miller@moody.edu  
(312)329-4297

For identification purposes, the official plan number is 001 and the plan sponsor's name is Moody Bible Institute and employer identification number or "EIN" is 36-2167792.

**Supplement to Annual Funding Notice of  
Moody Bible Institute Pension Plan (Plan) for  
Plan Year Beginning January 1, 2015 and Ending December 31, 2015 (Plan Year)**

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act and the Highway and Transportation Funding Act of 2014. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The “Information Table” compares the impact of using interest rates based on the 25-year average (the “adjusted interest rates”) and interest rates based on a two-year average on the Plan’s: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage is a measure of how well the plan is funded on a particular date. The funding shortfall is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

<b>Information Table</b>						
	<b>2015</b>		<b>2014</b>		<b>2013</b>	
	<b>With Adjusted Interest Rates</b>	<b>Without Adjusted Interest Rates</b>	<b>With Adjusted Interest Rates</b>	<b>Without Adjusted Interest Rates</b>	<b>With Adjusted Interest Rates</b>	<b>Without Adjusted Interest Rates</b>
<b>Effective Interest Rate for Plan Liabilities</b>	6.30%	4.41%	6.51%	4.41%	6.34%	4.99%
<b>Funding Target Attainment Percentage</b>	99.05%	79.07%	97.59%	75.53%	94.44%	80.13%
<b>Funding Shortfall</b>	\$561,126	\$15,509,551	\$1,353,131	\$17,795,653	\$3,055,364	\$12,875,258
<b>Minimum Required Contribution</b>	\$1,880,947	\$4,311,592	\$1,984,748	\$4,736,266	\$1,992,226	\$3,709,473