

ACTUARIAL
VALUATION

2016

St. Clare's Hospital, Inc. Retirement Income Plan

July 2016

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IMPORTANT FACTS

This report summarizes valuation results for the St. Clare's Hospital, Inc. Retirement Income Plan based upon actuarial valuations as of January 1, 2016 and January 1, 2015.

	<u>January 1, 2016</u>	<u>January 1, 2015</u>
Cost		
• Annual Cost	\$4,776,930	\$4,048,540
Pension Plan Asset Information		
• Actuarial Value of Assets	\$33,986,836	\$36,945,393
• Market Value of Assets	\$33,986,836	\$36,945,393
Liability Information		
• Present Value of Projected Benefits	\$69,354,480	\$69,770,231
• Present Value of Accrued Benefits	\$69,354,480	\$69,770,231
Participant Information		
• Active Participant Lifecount	0	0
• Vested Terminated Participant Lifecount	794	836
• Retired Participant Lifecount	335	305
• Total Participant Lifecount	1,129	1,141

Actuarial Assumptions

The mortality Table has been changed from the RP-2014 Total Dataset w/ Scale MP-2014 Mortality Table (male/female) to the RP-2014 (adjusted to 2006) Total Dataset w/ Scale MP-2015 Mortality Table (male/female).

The expense assumption was increased from \$0 to \$38,000 for the January 1, 2016 valuation.

Pension Plan

No changes have been made to the Pension Plan Provisions.

Gain/(Loss)

Actuarial gains and losses are recognized with each valuation by routine application of the Actuarial Cost Method. Actuarial gains and losses are amortized over fifteen years.

Funding Method

No changes have been made to the Funding Method.

New Legislation

There have been no significant legislative or regulatory changes since the prior year's valuation. The Plan is a nonelecting church plan under the Internal Revenue Code and is not subject to ERISA and PPA funding requirements.

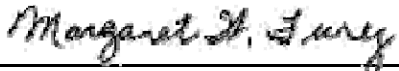
The Annual Cost for the plan year is based on amortization of the Unfunded Accrued Liability over 15 years from January 1, 2010. The amount is \$4,776,930.

This report relies on the census data submitted to us by the plan sponsor, as summarized in "Participant Data", and the retirement plan provisions as outlined in "Plan Provisions". It also relies on the plan asset information as described in "Statement of Net Assets Available for Benefits". Appropriate tests for consistency and reasonableness have been performed.

The liabilities and costs were determined using the method summarized in "Actuarial Cost Method" and the actuarial assumptions described in "Plan Assumptions". In our opinion the actuarial assumptions used in this report are reasonable and reflect our best estimate of the anticipated future experience under the plan.

The measurements reflect a single assumption scenario, however, the future is uncertain and a range of outcomes can reasonably be expected to occur. Future measurements may differ significantly from the current measurements presented in this report. Due to the limited scope of the assignment, an analysis of the potential range of future measurements was not completed.

This report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries. The undersigned credentialed actuaries meet the Qualification standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.



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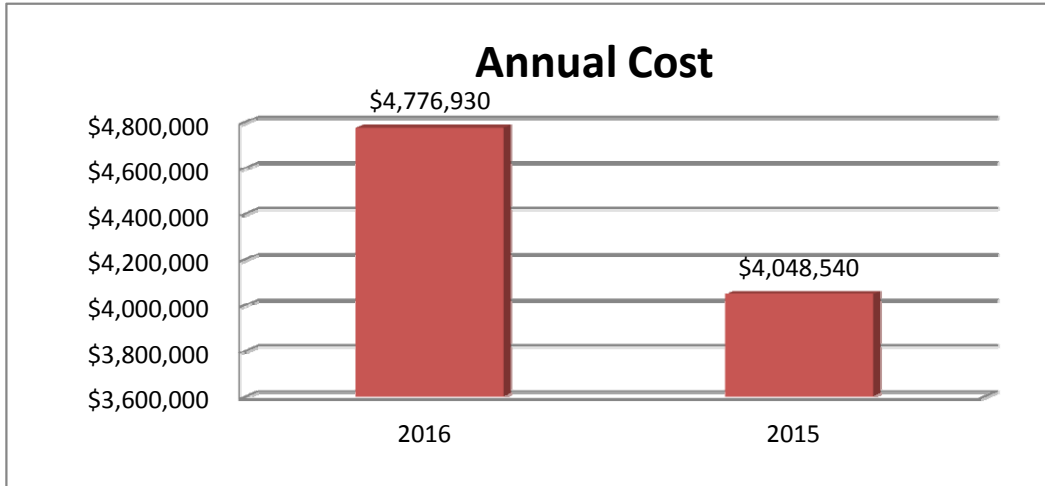
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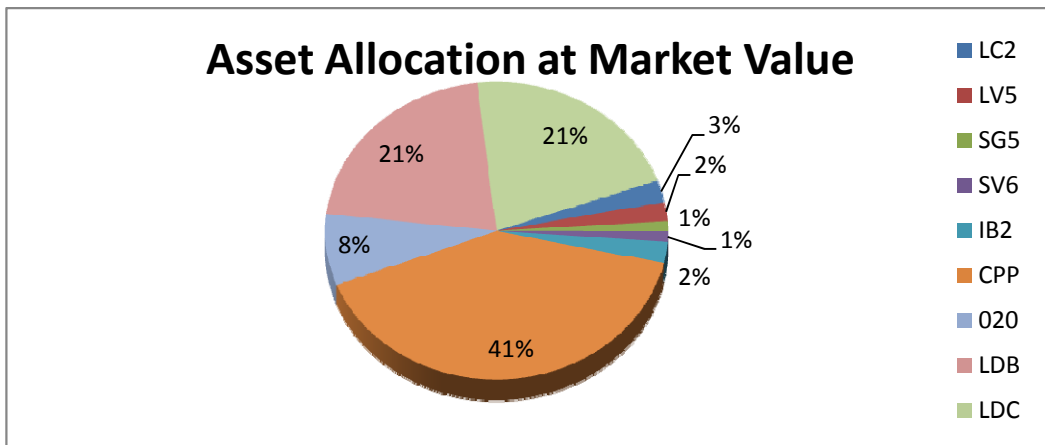
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EMPLOYER CONTRIBUTIONS AND ASSET ALLOCATION

The Annual Cost in accordance with amortization of the unfunded liability over 15 years is shown below. As a nonelecting church plan ERISA and PPA funding requirements are not applicable.



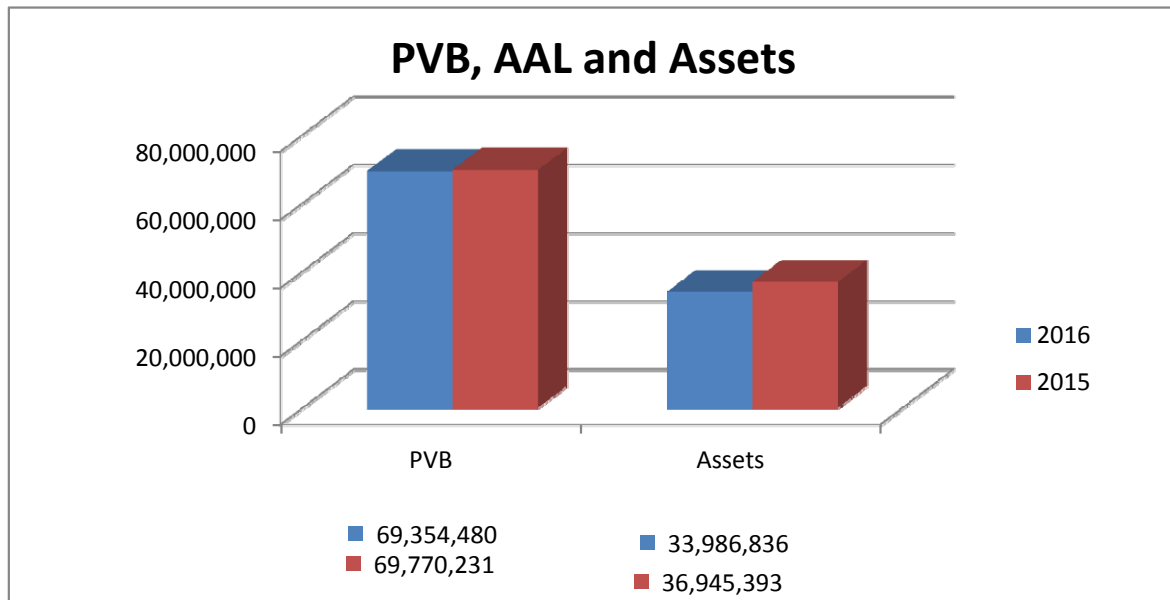
The following graph has been designed to illustrate how plan assets have been invested on the Valuation Date. For a more detailed breakdown of actual values, refer to the additional disclosure describing asset information. The Market Value of Assets on the Valuation Date is \$33,986,836.



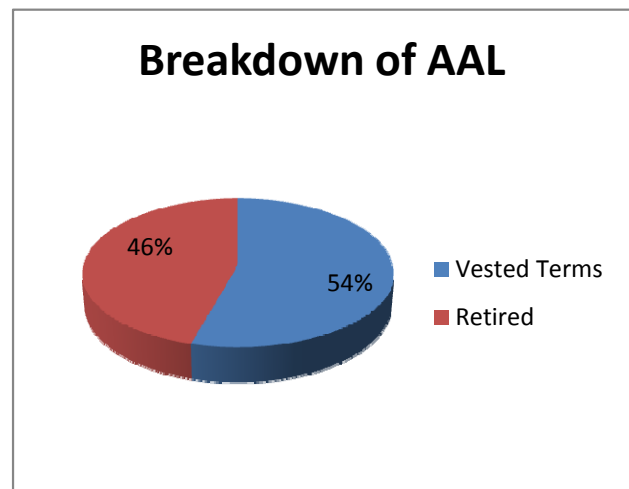
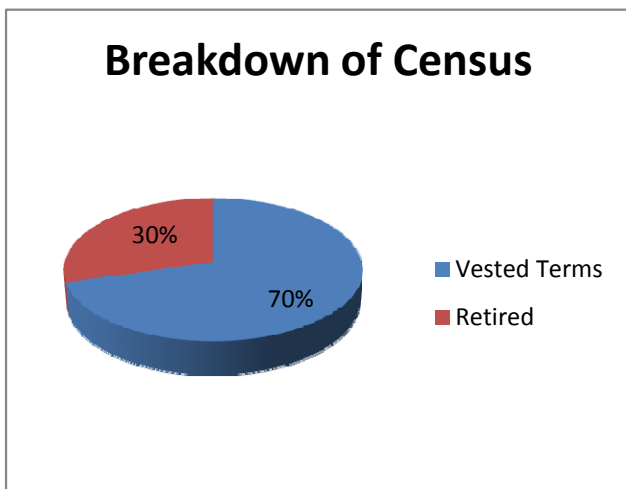
FUNDED STATUS AND LIABILITY BREAKDOWN

The funded status, on an employer contribution basis, is measured by comparing the actuarial value of Assets with the Actuarial Accrued Liability (AAL).

For each valuation, the Plan's total liability for all benefits is measured on the valuation date. This liability includes benefits which have accrued as well as benefits which are expected to accrue. This liability is called the Present Value of Benefits (PVB). The Plan's AAL is equal to the excess of this liability over the present value of future normal costs. Under any cost method, the excess of PVB over assets is funded systematically over future years through contributions.



Below is a breakdown of your Plan's census data and PVB for the current Plan Year:



STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

1. Market Value of Assets invested in insurance company Separate Accounts and Outside Assets:

Description	January 1, 2016
Large Cap Growth / JPMorgan (LC2 - Large Cap Equity)	\$804,294
Large Cap Value / LSV Asset Mgmt (LV5 - Large Cap Equity)	713,226
Small Cap Growth / Emerald (SG5 - Small Cap Equity)	381,696
Small Cap Value / Vaughan Nelson (SV6 - Small Cap Equity)	366,688
International Blend / Pictet Asset Mgmt (IB2 - International Equity)	779,638
Core Plus Bond / PIMCO Fund (CPP - Intermediate Fixed)	13,826,197
Long Duration Bond/IR&M Fund (LDB - Long Duration Fixed)	7,273,904
Pru Long Corporate Bond (LDC - Long Duration Fixed)	7,217,472
Prudential Short-Term (020 - Short Term Fixed)	2,623,722
Total Market Value	\$33,986,836

2. *Actuarial Value of Separate Account Assets and Outside Assets (see "Actuarial Cost Method" for Method of Calculation).*

\$33,986,836

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (Continued)

January 1, 2016

3.	Guaranteed Account (GA)		
	a.	At contract value as of Valuation Date:	\$0
	b.	Receivables	
		i. Investment Income	\$0
		ii. Employer Contributions	\$0
	c.	Payables	\$0
	d.	<i>Total Guaranteed Account</i>	
		3(a) + 3(b) - 3(c)	\$0
4.	Total Market Value of Assets		\$33,986,836
5.	Total Actuarial Value of Assets		\$33,986,836
6.	Rate of Return on Actuarial Value of Assets during preceding twelve month period		-1.33%

Lifecount and Data Reconciliation:

Description	Actives	Vested Terms	Inactives	Disableds	Retireds	Total
Participants on January 1, 2015	0	836	0	0	305	1,141
Data Corrections	0	(2)	0	0	(2)	(4)
Contingent Annuitant	0	1	0	0	3	4
Vested Term	0	0	0	0	0	0
Non-Vested Term	0	0	0	0	0	0
Inactive	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Retired	0	(38)	0	0	38	0
Cash Out	0	(2)	0	0	0	(2)
Death	0	(1)	0	0	(9)	(10)
Expired Payments	0	0	0	0	0	0
Participants on January 1, 2016	0	794	0	0	335	1,129

Participant Data Summary

	<u>January 1, 2016</u>	<u>January 1, 2015</u>
Average Age - Deferred Benefits	55.4	54.8
Average Age - Receiving Benefits	68.6	68.4
Average Monthly Benefit - Deferred Benefits	\$487	\$499
Average Monthly Benefit - Receiving Benefits	\$628	\$643

PENSION BENEFIT LIABILITIES

January 1, 2016

January 1, 2015

Present Value of Projected Plan Benefits at 5.00% for January 1, 2016 and 5.00% for January 1, 2015:

Actives			
Retirement Benefits		\$0	\$0
Withdrawal		0	0
Pre-retirement Spouse		0	0
Disability		0	0
Other		0	0
<i>Subtotal for Actives</i>		<u>\$0</u>	<u>\$0</u>
Inactives			
Retired Lives		\$31,684,843	\$29,688,129
Vested Terminated Participants		37,669,637	40,082,102
Disabled		0	0
Inactive Lives		0	0
<i>Subtotal for Inactives</i>		<u>\$69,354,480</u>	<u>\$69,770,231</u>
Total Present Value of Benefits		\$69,354,480	\$69,770,231

Actuarial Accrued Liability at 5.00% for January 1, 2016 and 5.00% for January 1, 2015:

Actives			
Retirement Benefits		\$0	\$0
Withdrawal		0	0
Pre-retirement Spouse		0	0
Disability		0	0
Other		0	0
<i>Subtotal for Actives</i>		<u>\$0</u>	<u>\$0</u>
Inactives (from above)		\$69,354,480	\$69,770,231
Total Actuarial Accrued Liability		\$69,354,480	\$69,770,231

The following information, together with other sections of this report, is provided to meet the disclosure requirements of Accounting Standards Codification #960. If confirmation should be requested by the Accountant, we are prepared to provide a copy of this information directly.

In order to be consistent with calculations required by the Funding Standard Account, all contribution levels are based on the assumption that payment will be made at the end of the Plan Year.

The assumptions used to calculate the pension contribution are shown in "Plan Assumptions", of this report.

ASSETS

The Net Assets Available for Benefits are shown on pages 6 and 7 of this report.

CHANGES

Changes occurring since the last valuation and their effects on cost are detailed on page 2 of this report.

BENEFITS

All benefits provided by the Plan have been considered in the calculations.

PRESENT VALUE OF ACCUMULATED PLAN BENEFITS FOR ASC #960

Actuarial Present Value of Accumulated Plan Benefits

Description:	January 1, 2016		January 1, 2015	
	Lives	Present Value	Lives	Present Value
Vested Benefits:				
Fully Vested Actives	0	\$0	0	\$0
Partially Vested Actives	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Vested Actives</i>	0	\$0	0	\$0
Retired Lives	335	\$31,684,843	305	\$29,688,129
Vested Terms	794	37,669,637	836	40,082,102
Disabled	0	0	0	0
Vested Inactive	0	0	0	0
<i>Subtotal for Non-Actives</i>		<u>\$69,354,480</u>		<u>\$69,770,231</u>
Total Present Value of Vested Benefits		\$69,354,480		\$69,770,231
Non-Vested Benefits:				
Total Present Value of Non-Vested Benefits		0		0
Total Present Value of Accumulated Plan Benefits		<u>\$69,354,480</u>		<u>\$69,770,231</u>

The actuarial assumptions used in calculating the Present Value of Accumulated Plan Benefits are described in "Plan Assumptions".

The assumed rate of investment return is 5.00% for this year and 5.00% for the prior year.

Assets and Liabilities presented in this report are based on an "ongoing plan" assumption. Therefore, the values shown in this report should not be used to represent the plan's funded status in the event of plan termination, merger, spin-off, transfer of liabilities, or settlement of benefit obligations.

Reconciliation of Present Value of Accumulated Plan Benefits

Present Value of Accumulated Plan Benefits as of January 1, 2015	\$69,770,231
Benefits Paid	(2,444,819)
Interest	3,428,137
Benefits Accumulated and Actuarial (Gain)/Loss	(356,596)
Plan Changes	0
Assumption Changes	(1,042,473)
Net Increase/(Decrease)	(415,751)
Present Value of Accumulated Plan Benefits as of January 1, 2016	\$69,354,480

I. ACTUARIAL COST METHOD

Costs have been computed in accordance with the Projected Unit Credit Actuarial Cost Method and reflect the actuarial assumptions described in "Plan Assumptions" of this report.

NORMAL COST

The Normal Cost is the Cost of benefits expected to accrue during the coming year for all Participants who are eligible for funding as of the valuation date, plus an assumption for expenses to be paid from plan assets. For the 2016 plan year, the assumed amount for plan expenses is \$38,000.

ACTUARIAL ACCRUED LIABILITY

As of the effective date of your Plan, an Actuarial Accrued Liability is established which represents the value of accrued benefits. This Actuarial Accrued Liability is offset by assets, if any, and the remainder, the Unfunded Actuarial Accrued Liability is amortized over a fixed number of years from the effective date.

Subsequent changes due to plan amendment or revised actuarial assumptions create increments of Actuarial Accrued Liability which will be amortized over a similar fixed period of years from their effective dates. Actuarial gains and losses will be recognized with each valuation and amortized over a 15-year period from January 1, 2010.

II. ASSET VALUATION METHOD

Assets have been valued in accordance with generally accepted procedures as described below.

Funds invested in the General Accounts of an insurance company. Stated contract value of funds.

Funds invested in the Separate Accounts. Market value.

The actuarial assumptions used to compute Plan costs are:

Mortality:

Male: RP-2014 (adjusted to 2006) Total Dataset w/ Scale MP2015 (male).

Female: RP-2014 (adjusted to 2006) Total Dataset w/ Scale MP2015 (female).

Termination:

None

Retirement Age:

Age 62. Participants at or beyond this age are assumed to retire immediately.

Investment Return:

5.00% per annum, compounded annually.

Estimated Expenses:

\$38,000 assumed

Survivor's Benefit:

It is assumed that husbands are 3 years older than wives and that 90% of the male Participants and 60% of the female Participants who are or will become eligible for coverage under the Survivor's Benefit will be survived by an eligible survivor.

Disability:

None

Earnings

Total compensation shown on W-2 Forms, limited to annual compensation limits as stated under IRC Section 401(a)(17). Earnings after January 31, 2006 are excluded.

Average Annual Earnings

Highest average earnings received in any five full calendar years during the last ten years before retirement date or average earnings received in the last five full calendar years before early retirement or termination of employment. Earnings after January 31, 2006 are excluded from the calculation of a Participant's Average Annual Earnings.

Service

All years of Service with the Employer from date of employment to earliest of retirement, termination of employment, or death.

Credited Service

A year of Credited Service is credited for each Plan Year in which an Employee is credited with at least 750 Hours of Service. Credited Service is not credited for Plan Years prior to the Employee's Participation in the Plan. No additional periods of Credited Service will be credited for Participants after January 31, 2006.

Form of Annuity

Unmarried Participants: Single Life Annuity.

Married Participants: 50% Qualified Joint and Survivor.

Normal Retirement Date

The first day of the month coinciding with or next following the Participant's 65th birthday, or five years of participation.

For Employees whose Annuity Starting Date occurs on or after February 25, 2008, the date the Participant attains such age as would qualify him/her for an unreduced social security retirement benefit under the Federal social security retirement system.

Participation Eligibility

Age 21 and one year of Service effective January 1, 1985. The Plan is closed to new Participants after January 31, 2006.

Benefit Formula

Effective January 1, 2004, for any Participant whose Employment Commencement Date and Employment Severance Date is prior to January 1, 2004, and who is re-employed on or after January 1, 2004, 1.5% of the Participant's Average Annual Earnings multiplied by the number of years of Credited Service prior to January 1, 2004 plus 1% of Earnings during each year the Participant accrues Service after January 1, 2004.

Effective January 1, 2004, for any Participant whose Employment Commencement Date is on or after January 1, 2004, 1% of Earnings during each year the Participant accrues Service.

Effective January 1, 2004, for those Participants whose Employment Commencement Date is prior to January 1, 2004 and whose Employment Severance Date is on or after January 1, 2009, 1.5% of the Participant's Average Annual Earnings multiplied by the number of years of Credited Service prior to January 1, 2009 plus 1% of Earnings during each Earnings Computation period on or after January 1, 2009 in which the Participant accrues Credited Service.

All Eligible Participant's benefits under this Plan shall be frozen on January 31, 2006.

Income Payable

Amount described in sections (a) or (b) below, whichever applies:

a. If Participant has a Spouse as of his retirement date and does not elect otherwise, retirement income shall be paid on the basis of Joint and Survivor form, as stipulated by ERISA, and will be the amount determined under the benefit formula multiplied by the appropriate factor.

b. If Participant either has no Spouse as of his retirement date or elects to receive his income under the Normal Form, retirement income will be the amount determined under the benefit formula.

Early Eligibility	Prior to February 25, 2008 - Age 55 with at least 10 years of Service. After February 25, 2008 - Age 62.
Early Benefit Amount	Normal retirement benefit accrued to early retirement, actuarially reduced 7.2% for the first five years and 3.6% for the next 5 years Annuity Commencement Date precedes Normal Retirement Date. However, for Participants with at least 30 years of Credited Service, no reduction will apply. After February 25, 2008, Participant's monthly early retirement benefit shall be reduced in the same manner and by the same factors as used by the Social Security Administration.
Vesting Schedule	Five years of Service equals 100% vesting. Normal Retirement Date equals 100% vesting.
Vested Benefit	Benefit accrued to date of termination.
Preretirement Spouse Benefit	
<i>A. Eligibility</i>	Eligible for early retirement, married one full year prior to death.
<i>Benefit Formula</i>	50% of the pension benefit accrued to date of death reduced by appropriate early retirement and joint-and-survivor factors.
<i>B. Eligibility</i>	Eligible for vesting but not eligible for early retirement, married one full year prior to death.
<i>Benefit Formula</i>	50% of the vested pension benefit accrued to date of death, payment deferred to no earlier than the early retirement date of the deceased Participant and reduced by the appropriate early retirement and joint-and-survivor factors.
Employee Contributions	
<i>Amount</i>	Deducted prior to January 1, 1972 in accordance with the terms of the contract in effect prior to that date.
<i>Interest Credited</i>	5% per annum up to January 1, 1988; the applicable Federal Mid-Term Rate thereafter.

Death or Termination Refund

Amount

Preretirement:

If a Participant dies before his retirement date or Normal Retirement Date, whichever is earlier, and is covered under the Preretirement Spouse Benefit, benefits will be paid in accordance with that form.

If a Participant is not covered under the Preretirement Spouse Benefit, his Beneficiary will receive a refund of his contributions with Credited Interest to the date of the Participant's death.

Postretirement:

The minimum benefits payable to a Participant (and his survivor Annuitant, if any) will be the total of the participant's Contributions with Credited Interest to the retirement date.