

MATERION Corp
Form 11-K
June 28, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 11-K

(Mark One)

☑ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-15885

MATERION CORPORATION
RETIREMENT SAVINGS PLAN
(Full Title of the Plan)

MATERION CORPORATION
6070 Parkland Blvd.
Mayfield Heights, OH 44124

(Name of issuer of the securities held
pursuant to the plan and the address
of its principal executive office.)

Materion Corporation Retirement Savings Plan

Required Information

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Report of Independent Registered Public Accounting Firm

To the Compensation Committee and Governance and Organization Committee of Materion Corporation and the Materion Corporation Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of Materion Corporation Retirement Savings Plan as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Materion Corporation Retirement Savings Plan at December 31, 2015 and 2014, and the changes in its net assets available for benefits for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of Materion Corporation Retirement Savings Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

June 28, 2016

Materion Corporation Retirement Savings Plan
Statements of Net Assets Available for Benefits

	December 31	
	2015	2014
Assets		
Investments	\$227,535,783	\$239,242,245
Receivables:		
Employer contributions	1,576,813	1,277,520
Participant contributions	350,743	360,341
Notes receivable from participants	5,597,172	5,399,683
Total receivables	7,524,728	7,037,544
Pending sales	8	127,055
Total Assets	235,060,519	246,406,844
Net assets available for benefits	\$235,060,519	\$246,406,844

See accompanying notes to financial statements.

Materion Corporation Retirement Savings Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2015

Additions

Net investment income:

Net depreciation in fair value of investments \$(10,410,220)

Interest and dividends 8,340,147

Total investment loss (2,070,073)

Interest income on notes receivable from participants 41,658

Contributions:

Participants 11,064,542

Employer 3,404,572

Catch-up 487,275

Rollover 608,717

15,565,106

Total additions 13,536,691

Deductions

Benefit payments 24,883,016

Total deductions 24,883,016

Net decrease (11,346,325)

Net assets available for benefits:

Beginning of year 246,406,844

End of year \$235,060,519

See accompanying notes to financial statements.

Materion Corporation Retirement Savings Plan
Notes to Financial Statements
December 31, 2015 and 2014
and Year Ended December 31, 2015

Note A - Description of the Plan

The following description of the Materion Corporation Retirement Savings Plan (the "Plan") provides only general information. Materion Corporation (the "Company") is the plan sponsor. Participants should refer to the plan document and Summary Plan Description for a more complete description of the Plan's provisions, copies of which may be attained from the plan sponsor.

General

The Plan is a defined contribution plan that covers certain eligible employees of the Company and participating employers who have adopted the Plan. (Company references include participating employers where appropriate.) The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Administrative Committee (the "Committee") is responsible for the general administration of the Plan. Fidelity Management Trust Company is the trustee and record keeper for the Plan.

Eligible participants are automatically enrolled in the Plan once they have attained 18 years of age unless they affirmatively decline to participate.

Contributions

The Plan provides for basic contributions by employees of up to 6% of their earnings through pre-tax (salary reduction), Roth or after-tax contributions. Currently, basic contributions are matched by the Company at the rate of 25% of such contributions for all participants. The rate at which such basic contributions are matched by the Company may be decreased or increased (up to a 100% rate) by action of the Company's Board of Directors.

An employee who makes basic contributions of 6% of earnings may also make supplemental contributions of up to 44% of earnings which are not matched by Company contributions and which may be made in any combination of pre-tax and/or after-tax contributions.

An employee's contributions made to the Plan on a combined pre-tax and Roth basis may not exceed certain IRS maximum amounts. The maximum amount was \$18,000 in 2015. If an employee will be 50 or older by the end of the plan year, and is making the maximum elective contribution for the year, he/she may make additional pre-tax "catch-up" contributions of up to 75% of earnings. In 2015, the maximum amount for a catch-up contribution is \$6,000.

Employees can also designate such contributions as being made on a Roth 401(k) basis under the Plan.

Currently, participants can direct, in increments of 1%, their basic, supplemental, rollover, catch-up, Company matching, and transfer contributions (as described in the Plan) to be invested in any of the fund options offered by the Plan. ("Rollover" refers to an amount that an employee rolled into our plan from a prior employer's 401(k) plan.)

Participants can also transfer amounts between fund options on each investment change date. There were no transfer contributions in 2015.

The Plan has an annual retirement contribution feature. This annual retirement contribution is made for all U.S. employees who are employed on the last day of each plan year, beginning December 31, 2012, and who are not covered under the Company's defined benefit plan, which was closed to new entrants as of May 26, 2012. The annual retirement contribution is calculated as a

Materion Corporation Retirement Savings Plan

Notes to Financial Statements - Continued

percentage of the employee's eligible compensation each year beginning on and after May 26, 2012 and is based on the following table:

Age Plus Points Service	Contribution Percentage
Under 35	1.5%
35.00-49.99	2.5%
50.00-64.99	3.5%
65.00 and over	4.5%

The age and service are calculated as of the last day of each plan year.

Vesting

All employee and Company matching contributions are fully vested at all times. All employees hired prior to May 26, 2012 who are eligible to receive the annual retirement contribution are fully vested in this contribution at all times. All employees hired on and after May 26, 2012 will be fully vested in the annual retirement contribution after 3 years of continuous service with the Company.

Forfeitures go into a separate plan forfeiture account at Fidelity during the year. After the account has reached a reasonable balance, it is used to reduce the company match wired to Fidelity on a bi-weekly payroll by the Company's direction. Forfeited amounts applied were \$49,315 and \$12,962 and in 2015 and 2014, respectively.

Participant Accounts

Each participant's account is credited with the participant's contributions and the Company's matching contributions and allocations of plan earnings, and is charged with an allocation of administrative expenses. Plan earnings are allocated based on the participant's share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant Loans

A participant may borrow funds from his/her account, provided such loan is secured by 50% of the value of the participant's account, immediately prior to the loan and evidenced by a promissory note executed by the participant; however, a loan may not be drawn from the participant's annual retirement contributions.

Participants may borrow from their accounts with a minimum loan amount of \$500 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from 1-5 years or up to 15 years for the purchase of a principal residence. The \$50,000 limit is reduced by the participant's highest outstanding loan balance during the preceding 12-month period. A participant may not have more than one loan outstanding at any point in time. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates at the date of issuance as determined monthly by the plan administrator. Principal and interest is paid ratably through bi-weekly, or weekly (as applicable) payroll deductions over not more than five years, except for loans to purchase a principal residence. If a participant terminates employment with the Company, they may continue to make loan payments through a pre authorized check agreement. If the loan is not repaid, it will automatically be treated as a distribution to the participant after one full calendar quarter of nonpayment.

Materion Corporation Retirement Savings Plan

Notes to Financial Statements - Continued

Payment of Benefits

At retirement, death or other termination, a participant (or his death beneficiary) is eligible to receive a distribution of all employee and Company matching and vested annual retirement contributions credited to the employee's account plus or minus any net gain or loss thereon. Prior to termination of employment, distribution of certain amounts is permitted, not including, however, annual retirement contributions.

The value of distributions and withdrawals is based on the value of a participant's vested account on the valuation date immediately preceding the date of distribution or withdrawal and is deducted from the participant's account as of such valuation date. Benefits are recorded when paid.

Distribution to a participant or a person designated by the participant as his death beneficiary is made under one or more (as applicable) of the following methods as elected by the participant (or in certain cases the death beneficiary):

i. Lump sum payment in cash;

Lump sum payment in cash, except that a participant's interest in the Company Stock Fund and the PAYSOP

ii. ("Payroll Stock Ownership Plan") contributions account will be paid in full shares of Common Stock of the Company, with any fractional shares being paid in cash; and

iii. Periodic distributions, not more frequently than monthly, of at least \$200.

Administrative Expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan's provisions. Administrative expenses paid by the Plan include recordkeeping, legal and trustee fees. Expenses relating to purchases, sales, or transfers of the Plan's investments are charged to the particular investment fund to which the expenses relate. All other administrative expenses of the Plan are paid by the Company. Expenses that are paid by the Company are excluded from these financial statements.

Company Stock Fund

The Plan invests in common stock of the Company through its Company Stock Fund. The Company has implemented a dividend pass-through election for its participants.

Investment in the Company stock fund is participant directed through Fidelity. It can occur any time a participant contacts Fidelity to invest in Company stock, or at each paycheck if a participant has elected to invest some portion of their payroll contributions in the Company stock fund.

Each participant is entitled to exercise voting rights attributable to the shares allocated to their account and has the right to instruct the trustee how to vote their shares. The trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The trustee votes any unallocated shares in the same proportion as those shares that were allocated. Participants have the same voting rights in the event of a tender or exchange offer.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event the plan terminates, participants will receive distributions as if each participant of the Plan had then terminated his employment.

Materion Corporation Retirement Savings Plan

Notes to Financial Statements - Continued

Note B - Summary of Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Investment Valuation

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note E for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold, as well as held during the year.

The Materion Corporation Retirement Plan Investment Committee is responsible for determining the Plan's valuation policies and analyzing information provided by the investment custodians and issuers that is used to determine the fair value of the

Plan's investments. The Materion Corporation Retirement Plan Investment Committee is comprised of three senior executive members of Materion and reports to the Audit Committee of the Company.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from those estimates.

New Accounting Pronouncement

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. Part I of the ASU eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part I of the ASU is not applicable to the Plan. Part II of the ASU eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. It also simplifies the

Materion Corporation Retirement Savings Plan

Notes to Financial Statements - Continued

level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III of the ASU is not applicable to the Plan. The ASU is effective for fiscal years beginning after December 15, 2015. Management has elected to adopt ASU 2015-12 early.

Note C - Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (the "IRS") dated March 10, 2014, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years before 2012.

Note D - Transactions with Related Parties and Parties-in-Interest

All legal and accounting expenses of the Plan are paid by the Company. All administrative fees are paid as noted in Note A or pursuant to the trust by the Plan.

The Plan invests in the common stock of the Company. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA. During 2015, the Plan received 5,366 shares in common stock dividends from the Company.

During 2015, the Plan had the following transactions related to shares of Materion Corporation Common Stock:

Purchases 7,091,654

Sales 6,610,661

Other than as described above, the Plan did not have any agreements or transactions with parties-in-interest.

Materion Corporation Retirement Savings Plan

Notes to Financial Statements - Continued

Note E - Fair Value Measurements

The fair value framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below.

Level 1 - Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets

- Quoted prices for identical or similar assets or liabilities in markets that are not active

- Observable inputs other than quoted prices that are used in the valuation of the asset or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

The following is a description of the valuation methods used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2015.

Materion Common Stock: The fair values of these securities are based on observable market quotations for identical assets and are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: These investments are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Money Market Funds: Valued at the NAV of shares held by the plan at year end, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

Materion Corporation Retirement Savings Plan

Notes to Financial Statements - Continued

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2015 and 2014:

Assets at Fair Value as of December 31, 2015

	Level 1	Level 2	Level 3	Total
Materion Common Stock	\$ 14,636,493	\$ —	—	—\$ 14,636,493
Mutual Funds	193,798,928	—	—	\$ 193,798,928
Money Market Funds	19,100,362	—	—	19,100,362
Total investments	\$ 227,535,783	\$ —	—	—\$ 227,535,783

Assets at Fair Value as of December 31, 2014

	Level 1	Level 2	Level 3	Total
Materion Common Stock	\$ 17,281,504	\$ —	—	—\$ 17,281,504
Mutual Funds	202,196,977	—	—	\$ 202,196,977
Money Market Funds	19,763,764	—	—	19,763,764
Total investments	\$ 239,242,245	\$ —	—	—\$ 239,242,245

Note F - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Materion Corporation Retirement Savings Plan

EIN: 34-1919973 Plan Number—003

Schedule H, Line 4i, Schedule of Assets (Held at End of Year) December 31, 2015

	Description of Investment	Current Value
Materion Corporation Common Stock*	522,731.892 shares	\$14,636,493
Mutual Funds:		
DFA U.S. Large Cap Value Fund	351,814.816 shares	10,842,933
DFA Emerging Markets Value I Fund	49,676.111 shares	1,013,393
Dodge & Cox International Stock Fund	55,999.334 shares	2,042,856
Fidelity Blue Chip Growth Fund*	478,090.597 shares	33,021,717
Fidelity Diversified International Fund K*	332,788.480 shares	11,644,269
Fidelity Freedom K 2005 Fund*	24,077.382 shares	298,078
Fidelity Freedom K 2010 Fund*	71,884.412 shares	887,054
Fidelity Freedom K 2015 Fund*	353,821.689 shares	4,528,918
Fidelity Freedom K 2020 Fund*	1,110,070.539 shares	15,008,154
Fidelity Freedom K 2025 Fund*	761,593.968 shares	10,738,475
Fidelity Freedom K 2030 Fund*	796,518.998 shares	11,414,117
Fidelity Freedom K 2035 Fund*	462,612.223 shares	6,828,156
Fidelity Freedom K 2040 Fund*	341,831.834 shares	5,055,693
Fidelity Freedom K 2045 Fund*	221,589.880 shares	3,370,382
Fidelity Freedom K 2050 Fund*	140,744.077 shares	2,157,607
Fidelity Freedom K 2055 Fund*	76,306.884 shares	866,083
Fidelity Freedom K 2060 Fund*	6,913.605 shares	68,237
Fidelity Freedom K Income Fund*	115,352.475 shares	1,310,404
Fidelity Spartan 500 Index Institutional Fund*	281,021.668 shares	20,180,166
Harbor Small Cap Value Institutional Class	111,334.630 shares	2,754,419
Morgan Stanley Institutional Fund, Inc.		
Small Company Growth Portfolio	244,330.864 shares	3,359,549
PIMCO Total Return BD Q	1,281,338.785 shares	17,925,929
Temple Global Bond R6 Fund	86,823.436 shares	1,001,074
Third Avenue Real Estate Value Fund	132,676.802 shares	3,811,804
Vanguard Balanced Index Fund Institutional	392,639.404 shares	11,472,923
Vanguard Inflation-Protected Securities Fund Institutional	225,280.502 shares	2,313,631
Vanguard Mid-Cap Index Fund Institutional	300,849.518 shares	9,882,907
		208,435,421
Money Market Funds:		
Fidelity Cash Reserves Fund*	1,323.750 shares	1,324
Fidelity Money Market Trust: Retirement Government II*	19,099,037.880 shares	19,099,038
		19,100,362
Participant loans*	Interest rates ranging from 0.25% to 6.75% with maturity dates through 2030	5,597,172
		\$233,132,955

* Party-in-interest to the Plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MATERION CORPORATION
RETIREMENT SAVINGS PLAN

Date: June 28, 2016 By: /s/ Michael C. Hasychak
Michael C. Hasychak
Vice President, Treasurer and Secretary
Materion Corporation