

## NOTE 5 — Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

	As of December 31,	
	2019	2018
Land and land improvements	\$ 1,095	\$ 1,136
Buildings and improvements	68,350	70,522
Machinery and equipment	224,312	231,619
Less: Accumulated depreciation	(188,719)	(203,876)
Property, plant and equipment, net	\$ 105,038	\$ 99,401

Depreciation expense recorded in the Consolidated Statements of Earnings includes the following:

	For the Years Ended		
	2019	2018	2017
Depreciation expense	\$ 16,849	\$ 15,697	\$ 14,071

## NOTE 6 — Retirement Plans

We have a number of noncontributory defined benefit pension plans ("pension plans") covering approximately 3% of our active employees. Pension plans covering salaried employees provide pension benefits that are based on the employees' years of service and compensation prior to retirement. Pension plans covering hourly employees generally provide benefits of stated amounts for each year of service.

We also provide post-retirement life insurance benefits for certain retired employees. Domestic employees who were hired prior to 1982 and certain former union employees are eligible for life insurance benefits upon retirement. We fund life insurance benefits through term life insurance policies and intend to continue funding all of the premiums on a pay-as-you-go basis.

We recognize the funded status of a benefit plan in our consolidated balance sheets. The funded status is measured as the difference between plan assets at fair value and the projected benefit obligation. We also recognize, as a component of other comprehensive earnings, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit/cost.

The measurement dates for the pension plans for our U.S. and non-U.S. locations were December 31, 2019, and 2018.

During 2017, we offered certain former vested employees in our U.S. pension plan a one-time option to receive a lump sum distribution of their benefits from pension plan assets. The pension plan made approximately \$23,912 in lump sum payments to settle its obligation to these participants. These settlement payments decreased the projected benefit obligation and plan assets by \$23,912, and resulted in a non-cash settlement charge of \$13,476 related to unrecognized net actuarial losses that were previously included in accumulated other comprehensive loss. The measurement date of this settlement was December 31, 2017.

In February 2020, the CTS Board of Directors authorized and empowered management to explore termination of our U.S. based pension plans at management's discretion, subject to certain conditions. Management has not yet made a final decision on whether to pursue a plan termination and the potential timing thereof.