

A summary of the plans' benefit obligations, funded status, and net balance sheet position is as follows:

(dollars in thousands)	2004 Union Plan	2004 Director Plans	2003 Union Plan	2003 Director Plans
Change in Benefit Obligation:				
Benefit obligation - beginning of year	\$ 4,034	\$ 5,809	\$ 3,502	\$ 4,129
Service cost	—	341	—	397
Interest on benefit obligations	243	375	249	312
Return on assets	(215)	—	(264)	—
Net amortization and deferral	132	648	106	406
Pension settlement	—	1,947	—	—
Net pension expense	160	3,311	91	1,115
Net benefit payments	(190)	(7)	(203)	(7)
Actuarial (gain) loss	157	(832)	644	572
Benefit obligation - end of year	\$ 4,161	\$ 8,281	\$ 4,034	\$ 5,809
Change in Plan Assets:				
Plan assets at fair value - beginning of year	\$ 3,346	\$ 2,420	\$ 3,078	\$ 1,214
Company contributions	216	1,580	280	1,007
Investment gain	111	71	191	310
Benefit payments and plan expenses	(190)	(106)	(203)	(111)
Plan assets at fair value - end of year	\$ 3,483	\$ 3,965	\$ 3,346	\$ 2,420
Funded Status:				
Unfunded benefit obligation	\$ (678)	\$ (4,316)	\$ (688)	\$ (3,389)
Unrecognized net loss	1,674	—	1,628	832
Net amount recognized in the balance sheet at year-end	996	(4,316)	940	(2,557)
Amount recognized in balance sheet:				
Current liabilities	\$ —	\$ (3,637)	\$ —	\$ —
Non-current liabilities	(678)	(679)	(688)	(3,389)
Accumulated other comprehensive income	1,674	—	1,628	832
Net amount recognized	\$ 996	\$ (4,316)	\$ 940	\$ (2,557)
Salary growth rate	n/a	3.50%	n/a	3.50%
Assumed discount rate	6.00%	6.25%	6.25%	6.25%
Expected return on assets	6.50%	n/a	8.50%	n/a

The company has engaged a non-affiliated third party professional investment advisor to assist the company develop investment policy and establish asset allocations. The company's overall investment objective is to provide a return, that along with company contributions, is expected to meet future benefit payments. Investment policy is established in consideration of anticipated future timing of benefit payments under the plans.

The anticipated duration of the investment and the potential for investment losses during that period are carefully weighed against the potential for appreciation when making investment decisions. The company routinely monitors the performance of investments made under the plans and reviews investment policy in consideration of changes made to the plans or expected changes in the timing of future benefit payments.