ASSOCIATED ESTATES REALTY CORP
Form 11-K
June 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

x ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF
THE SECURITIES EXCHANE ACT OF 1934

For the fiscal year ending December 31, 2014

Or

¨ TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 333-27429

THE AERC 401(K) SAVINGS PLAN AND TRUST
(Exact name of Plan)

001
Plan Number

ASSOCIATED ESTATES REALTY CORPORATION
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of Incorporation or organization)	34-1747603 (I.R.S. Employer Identification No.)
1 AEC Parkway, Richmond Hts., Ohio (Address of principal executive offices)	44143-1550 (Zip Code)

(216) 261-5000

Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
If changed since last report)

THE AERC 401(k) Savings Plan and Trust

December 31, 2014

TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm
To the Trustees, Administrator and Participants
The AERC 401(k) Savings Plan and Trust

We have audited the accompanying statements of net assets available for benefits of The AERC 401(k) Savings Plan and Trust (the "Plan") as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. 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 audit.

We conducted our audit 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. The Plan is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. Our audit 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 control over financial reporting. Accordingly, we express no such opinion. An audit 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Plan as of December 31, 2014 and 2013, and the changes in its net assets available for benefits for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying Schedule of Assets (Held at End of Year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental 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 information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental 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 supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ CohnReznick LLP
Chicago, Illinois
June 23, 2015

The AERC 401(K) Savings Plan and Trust
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Investments at fair value, participant-directed (Note D)	$ 12,941,496	$ 11,286,690
Participant notes receivable	259,921	298,067
Total assets	13,201,417	11,584,757
LIABILITIES		
Excess contributions refundable	16,614	9,070
Net assets available for benefits	$ 13,184,803	$ 11,575,687

The accompanying notes are an integral part of these financial statements.

The AERC 401(K) Savings Plan and Trust
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended December 31, 2014

Additions:		
Investment and loan interest income:		
Interest and dividends		$ 485,634
Net appreciation in fair value of investments (Note D)		606,406
Contributions:		
Employer	$ 171,708	
Participants	1,119,624	1,291,332
Total additions		2,383,372
Deductions:		
Benefits paid to participants		721,076
Expenses paid		53,180
Total deductions		774,256
Net increase		1,609,116
Net assets available for benefits:		
Beginning of year		11,575,687
End of year		$ 13,184,803

The accompanying notes are an integral part of these financial statements.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS
December 31, 2014
NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The AERC 401(K) Savings Plan and Trust (the "Plan") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to profit-sharing trusts and in accordance with the terms of the Trust Agreement. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

2. Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is 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. For further information, see Note C Fair Value Measurements.

Investment income is recorded as earned and reinvested in Plan assets. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. Federal Income Taxes

The Plan has received a favorable determination letter dated February 15, 1996 from the Internal Revenue Service ("IRS"), which classified the Plan as a qualified employee benefit plan exempt from income taxes under the Employee Retirement Income Security Act of 1974 ("ERISA"). Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Code ("IRC") and, therefore, believes the Plan is qualified, and the related trust is tax-exempt.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not 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, 2014 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. However, there are currently no audits in progress for any tax periods. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2011.

4. Participant Notes Receivable

Participant notes receivable are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent participant notes receivable are reclassified as distributions based upon the terms of the Plan document. No allowance for credit losses has been recorded as of December 31, 2014 or December 31, 2013.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of 50% of their account balances. The loans are secured by the balance in the participant's account bear interest at a rate of 4.25% and are being amortized over the terms of the loans with bi-weekly payments of principal and interest. Interest on the loans is credited to the participant's account. The loans have maturity dates equal to or less than five years (ten years if the loan funds are utilized to purchase a primary residence) from the date of the loan.

5. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and accompanying notes. Actual results could differ from those estimates.

6. Payment of Benefits

Benefits are recorded when paid.

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. 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' balances and the amounts reported in the statements of net assets available for benefits.

8. Excess Contributions Refundable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions. The Plan distributed the 2014 and 2013 excess contributions to the applicable participants prior to March 15, 2015 and 2014, respectively.

9. Participant Accounts

Each participant's account is credited with the participant's contributions and employer matching contributions, as well as allocations of the Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested balance.

10. Subsequent Events

The Plan has evaluated subsequent events through June 23, 2015, the date the financial statements were available to be issued.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE B. DESCRIPTION OF THE PLAN
The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.
The Plan, which became effective April 1, 1990, is sponsored by a controlled group of corporations. The Plan has been amended several times and restated for the purpose of modifying the benefits provided and complying with changes in applicable law. The Trustees of the Plan are responsible for oversight of the Plan.
Employees are eligible to participate in the Plan with elective deferrals after six months of service provided that they have reached the age of 21. Twelve months of service is required for a participant to receive an employer matching contribution, which has been currently set at 25% of the participant's contribution up to a maximum participant contribution of 6% of his or her gross wages. The contribution is subject to change from time to time at the discretion of the Trustees of the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 6% of eligible compensation and their contributions invested in a designated balanced fund until changed by the participant. Participants may elect to contribute up to 50% of their gross wages, and currently have the option of investing their accounts between 26 different investment options. The investment options include Associated Estates Realty Corporation ("AEC") common stock, one unallocated insurance contract, 23 mutual funds, and one pooled separate account. Participants are immediately vested in the portion of their investment account which includes participant contributions plus actual earnings thereon. Vesting in the employer matching contribution portion of their accounts is based on years of service. A participant is 100% vested after three years of credited service. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Contributions are subject to certain IRS limitations.
At December 31, 2014 and 2013, forfeited nonvested accounts totaled $64,199 and $52,690, respectively. These accounts will be applied to the Plan's administrative expenses and any excess amount will be used to reduce future employer contributions. During 2014, administrative expenses of $10,817 were paid from forfeited nonvested accounts. The Plan will be responsible for any administrative expenses that the accounts do not pay.
On termination of service, a participant may elect to receive either a lump sum amount equal to the value of his or her account, installment payments, a distribution in-kind, or any reasonable combination of the foregoing.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE C. FAIR VALUE MEASUREMENTS
GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability; and

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Mutual Funds: Valued at the daily closing price as reported by the Fund. Mutual funds held by the Plan are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Pooled Separate Accounts: The fair value of the participation units owned by the Plan is based on the net assets of the underlying pool of securities on the last business day of the Plan year as determined by Prudential Retirement Insurance & Annuity Company ("PRIAC").

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE C. FAIR VALUE MEASUREMENTS (Continued)
Guaranteed Income Fund: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (See Note E).
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 at the reporting date.
The following table sets forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2014:

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large Cap Stock-Blend	$ 2,326,311	$ —	$ —	$ 2,326,311
Large Cap Stock-Value	2,004,335	—	—	2,004,335
Balance Speciality	1,498,602	—	—	1,498,602
Large Cap Stock-Growth	937,130	—	—	937,130
Fixed Income-Intermediate Bond	857,271	—	—	857,271
International Stock Blend	387,101	—	—	387,101
Mid Cap Stock-Value	416,401	—	—	416,401
Small Cap Stock-Growth	405,024	—	—	405,024
Fixed Income-Multisector	222,811	—	—	222,811
International Stock-Emerging Markets	190,813	—	—	190,813
Small Cap Stock-Value	134,153	—	—	134,153
Mid Cap Stock-Growth	113,481	—	—	113,481
Foreign Large Growth	375,318	—	—	375,318
Specialty-Real Estate	69,773	—	—	69,773
Mid Cap Stock-Blend	83,726	—	—	83,726
Fixed Income-Government Securities	16,505	—	—	16,505
Pooled Separate Account	—	155,475	—	155,475
AEC Common Stock	1,180,463	—	—	1,180,463
Guaranteed Income Fund	—	—	1,566,803	1,566,803
Total assets at fair value	$ 11,219,218	$ 155,475	$ 1,566,803	$ 12,941,496

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE C. FAIR VALUE MEASUREMENTS (Continued)
The following table sets forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2013:

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large Cap Stock-Blend	$ 1,934,617	$ —	$ —	$ 1,934,617
Large Cap Stock-Value	1,788,420	—	—	1,788,420
Balance Speciality	1,323,778	—	—	1,323,778
Large Cap Stock-Growth	841,303	—	—	841,303
Fixed Income-Intermediate Bond	815,043	—	—	815,043
International Stock-Blend	337,139	—	—	667,139
Mid Cap Stock-Value	376,865	—	—	376,865
Small Cap Stock-Growth	346,432	—	—	346,432
Fixed Income-Multisector	202,799	—	—	202,799
International Stock-Emerging Markets	169,216	—	—	169,216
Small Cap Stock-Value	135,100	—	—	135,100
Mid Cap Stock-Growth	111,214	—	—	111,214
Specialty-Real Estate	65,068	—	—	65,068
Mid Cap Stock-Blend	53,941	—	—	53,941
Fixed Income-Government Securities	9,327	—	—	9,327
Pooled Separate Account	—	117,553	—	117,553
AEC Common Stock	710,842	—	—	710,842
Guaranteed Income Fund	—	—	1,618,033	1,618,033
Total assets at fair value	$ 9,551,104	$ 117,533	$ 1,618,033	$ 11,286,690

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE C. FAIR VALUE MEASUREMENTS (Continued)
The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2014.

	Level 3 Assets
	Year Ended December 31, 2014
	Guaranteed Income Fund
Balance, beginning of year	$1,618,033
Realized gains/(losses)	—
Unrealized gains/(losses) relating to instruments still held at the reporting date	—
Purchases	205,448
Sales	(256,678)
Balance, end of year	$1,566,803

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Rate Applied
Guaranteed income fund	$1,566,803	Discounted cash flow	Average yield earned by Plan	1.37%
			Average yield credited to participants	1.37%

12

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE D. INVESTMENTS
The Plan's investments are held by PRIAC at December 31, 2014 and 2013. The following table presents the fair value of the investments at December 31, 2014 and 2013, and separately identifies those investments that represent 5% or more of the Plan's net assets.

Description	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Investment at fair value as determined by Prudential:		
Vanguard Index Trust 500 Portfolio	$2,146,320	$1,768,062
Dodge and Cox Stock Fund	2,004,335	1,788,420
PIMCO Total Return Institutional Fund	857,271	815,043
T. Rowe Price Growth Stock	937,130	841,303
T. Rowe Price Retirement 2020	1,050,363	974,480
AEC Common Stock	1,180,463	710,842
Guaranteed Income Fund	1,566,803	1,618,033
All Other	3,198,811	2,770,507
	$12,941,496	$11,286,690

During the year ended December 31, 2014, the Plan's participant-directed investments (including investments bought, sold and held during the year) appreciated in value by $606,406 as follows:

Mutual Funds	$ 256,959
Pooled Separate Account	6,098
AEC Common Stock	343,349
	$ 606,406

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014

NOTE E. INVESTMENT CONTRACT WITH INSURANCE COMPANY

The Plan includes a guaranteed income fund, which holds a fully benefit-responsive synthetic guaranteed investment contract with PRIAC. PRIAC maintains contributions in an insurance company-issued general account evergreen group annuity spread product. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The Plan owns a promise to pay interest at crediting rates, which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity insurance contract. There are no specific securities in the general account that back the liabilities of this annuity contract. Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. The guaranteed investment contract is presented on the face of the statement of net assets available for benefits at fair value with an adjustment to contract value in arriving at net assets available for benefits. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Contract value approximates fair value at December 31, 2014 and 2013. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment contract at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan sponsor or other Plan sponsor events that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from Federal income taxes or any required prohibited transaction exemption under ERISA. The Plan administrator believes that any events which would limit the Plan's ability to transact at contract value with participants are not likely to occur. The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date. The average yield and crediting interest rates were 1.37% and 1.57% for 2014 and 2013, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than zero percent. Such interest rates are reviewed for resetting on a semi-annual basis.

NOTE F. PLAN TERMINATION

Although it has not expressed any intent to do so, the companies participating in the Plan have the right to discontinue their matching contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014

NOTE G. PARTY-IN-INTEREST TRANSACTIONS

For the years ended December 31, 2014 and 2013, the Plan purchased AEC common stock at a cost of $15,667 and $21,307, respectively. The fair value of AEC common stock included in investments at December 31, 2014 and 2013 was $1,180,463 and $710,842, respectively.

Certain Plan investments are shares of mutual funds and units of pooled separate accounts managed by PRIAC. PRIAC is a trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest. Fees paid by the Plan to PRIAC for investment management services for the years ended December 31, 2014 and 2013 amounted to $53,180 and $61,243, respectively.

At December 31, 2014 and 2013, the Plan had participant notes receivable of $259,921 and $298,067, respectively, which were secured by their account balances.

NOTE H. EXCESS CONTRIBUTIONS

As of December 31, 2014 and 2013, refunds of employee contributions totaling $16,614 and $9,070, respectively, had been recorded as a liability to certain employees in order to pass the Average Deferral Percentage test under Section 401(a) of the IRC.

The AERC 401(K) Savings Plan and Trust
NOTES TO FINANCIAL STATEMENTS - (Continued)
December 31, 2014
NOTE I. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500
The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2014 and 2013 to the Form 5500:

	December 31, 2014	December 31, 2013
Net assets available for benefits per the financial statements	$ 13,184,803	$ 11,575,687
Excess contributions refundable	16,614	9,070
Net assets available for benefits per Form 5500	$ 13,201,417	$ 11,584,757

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2014 to the Form 5500:

Benefits paid to participants per the financial statements	$ 721,076
2013 excess contributions refundable	9,070
2014 excess contributions refundable	(16,614)
Benefits paid to participants per Form 5500	$ 713,532

SUPPLEMENTAL INFORMATION

The AERC 401(K) Savings Plan and Trust
FORM 5500 SCHEDULE H - ITEM 4(i)
EIN: 34-1747603 Plan #001
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2014

Identity of Party Involved	Description of Investment, Including Maturity Date, Rate of Interest, Collateral and Par or Maturity Value	Cost***	Current Value
*Prudential	Vanguard Index Trust 500 Portfolio		$2,146,320
*Prudential	Dodge and Cox Stock Fund		2,004,335
*Prudential	Prudential Guaranteed Income Fund		1,566,803
*AEC	Associated Estates Realty Corporation Common Stock		1,180,463
*Prudential	T. Rowe Price Retirement 2020		1,050,363
*Prudential	T. Rowe Price Growth Stock		937,130
*Prudential	Pimco Total Return Institutional Fund		857,271
*Prudential	Vanguard Selected Value A		416,401
*Prudential	T. Rowe Price New Horizons		405,024
*Prudential	Oppenheimer International Growth Fund		375,318
*Prudential	Vanguard Total Intermediate Stock Index		322,288
*Prudential	T. Rowe Price Retirement 2030		224,059
*Prudential	Loomis Sayles Bond Fund		222,811
*Prudential	Oppenheimer Developing Markets Fund A		190,813
*Prudential	Pimco All Asset Institution Fund		179,991
*Prudential	T. Rowe Price Retirement 2040		170,088
*Prudential	Prudential Day One Income Flex Target Fund		155,475
*Prudential	Franklin Small Cap Value Advisory Fund		134,153
*Prudential	Buffalo Mid Cap Fund		113,481
*Prudential	Vanguard Mid Cap Index Fund		83,726
*Prudential	Cohen and Steers Realty Fund		69,773

*Prudential	Vanguard Small Cap Index Fund	64,813
*Prudential	T. Rowe Price Retirement 2010	20,905

18

The AERC 401(K) Savings Plan and Trust
FORM 5500 SCHEDULE H - ITEM 4(i)
EIN: 34-1747603 Plan #001
SCHEDULE OF ASSETS (HELD AT END OF YEAR) - (Continued)
December 31, 2014

Identity of Party Involved	Description of Investment, Including Maturity Date, Rate of Interest, Collateral and Par or Maturity Value	Cost***	Current Value
*Prudential	T. Rowe Price Retirement Fund 2050		18,519
*Prudential	Vanguard Intermediate Term Treasury Fund		16,505
*Prudential	T. Rowe Price Retirement Income Fund		14,668
*Participant Loans	**Participant Loans - 4.25%		259,921
Total			$13,201,417

* Represents a party-in-interest.

** Participant loans are considered investments on the Form 5500, but are classified as participant notes receivable on the financial statements.

*** Historical cost has not been presented, as all investments are participant-directed.

See Report of Independent Registered Public Accounting Firm.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the following individuals have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Signature	Title	Date
/s/ Jeffrey I. Friedman Jeffrey I. Friedman	Trustee	June 23, 2015
/s/ Lou Fatica Lou Fatica	Trustee	June 23, 2015
/s/ Daniel E. Gold Daniel E. Gold	Trustee	June 23, 2015