

**Sheet Metal Workers' National Pension Fund**

*Actuarial Certification of Plan Status as of  
January 1, 2013 under IRC Section 432*

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THE SEGAL COMPANY  
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*March 29, 2013*

*Board of Trustees  
Sheet Metal Workers' National Pension Fund  
8403 Arlington Boulevard, Suite 300  
Fairfax, Virginia 22031*

*Dear Trustees:*

*As required by ERISA Section 305 and Internal Revenue Code (IRC) Section 432, we have completed the Plan's actuarial status certification as of January 1, 2013. The attached exhibits outline the projections performed and the results of the various tests required by the statute. These projections have been prepared based on the Actuarial Valuation as of January 1, 2012 and in accordance with generally accepted actuarial principles and practices and a current understanding of the law. The actuarial calculations were completed under the supervision of Daniel V. Ciner, MAAA, EA.*

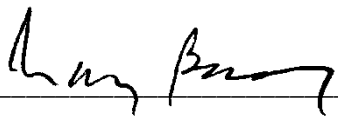
*As of January 1, 2013, the Plan is in critical status (Red Zone). This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its Rehabilitation Plan, based on the annual standards described in the Rehabilitation Plan. This certification is being filed with the Internal Revenue Service, pursuant to ERISA section 305(b)(3) and IRC section 432(b)(3).*

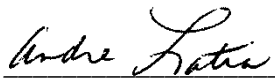
*The Segal Company ("Segal") does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which the certification is based reflects Segal's understanding as an actuarial firm. Due to the complexity of the statute and the significance of its ramifications, Segal recommends that the Board of Trustees consult with legal counsel when making any decisions regarding compliance with ERISA and the Internal Revenue Code.*

*We look forward to reviewing this certification with you at your next meeting and to answering any questions you may have. We are available to assist the Trustees in communicating this information to plan stakeholders as well as in reviewing the Rehabilitation Plan.*

*Sincerely,*

*THE SEGAL COMPANY*

By:   
\_\_\_\_\_  
*Lall Bachan, ASA, MAAA, FCA, EA*  
*Senior Vice President and Actuary*

  
\_\_\_\_\_  
*Andre Latia, FSA, MAAA, EA*  
*Senior Vice President and Actuary*

cc: *Marc LeBlanc, Esq.*  
*Stephen M. Rosenblatt, Esq.*



THE SEGAL COMPANY

*March 29, 2013*

*Internal Revenue Service  
Employee Plans Compliance Unit  
Group 7602 (SE:TEGE:EP)  
Room 1700 - 17th Floor  
230 South Dearborn Street  
Chicago, Illinois 60604*

*To Whom It May Concern:*

*As required by ERISA Section 305 and the Internal Revenue Code (IRC) Section 432, we have completed the actuarial status certification as of January 1, 2013 for the following plan:*

*Name of Plan: Sheet Metal Workers' National Pension Fund  
Plan number: EIN 52-6112463/ PN 001  
Plan sponsor: Board of Trustees, Sheet Metal Workers' National Pension Fund  
Address: 8403 Arlington Boulevard, Suite 300, Fairfax, Virginia 22031  
Phone number: 703.739.7000*

*As of January 1, 2013, the Plan is in critical status. This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its Rehabilitation Plan, based on the annual standards described in the Rehabilitation Plan.*

*If you have any questions on the attached certification, you may contact me at the following:*

*The Segal Company  
101 North Wacker Drive, Suite 500  
Chicago, Illinois 60606  
Phone number: 312.984.8500*

*Sincerely,*

A handwritten signature in blue ink, appearing to read "D. Ciner".

*Daniel V. Ciner, MAAA  
Senior Vice President and Actuary  
Enrolled Actuary No. 11-05773*

March 29, 2013

**ACTUARIAL STATUS CERTIFICATION AS OF JANUARY 1, 2013 UNDER IRC SECTION 432**

This is to certify that The Segal Company (“Segal”) has prepared an actuarial status certification under Internal Revenue Code Section 432 for the Sheet Metal Workers' National Pension Fund as of January 1, 2013 in accordance with generally accepted actuarial principles and practices. It has been prepared at the request of the Board of Trustees to assist in administering the Fund and meeting filing and compliance requirements under federal law. This certification may not otherwise be copied or reproduced in any form without the consent of the Board of Trustees and may only be provided to other parties in its entirety.

The measurements shown in this actuarial certification may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); differences in statutory interpretation and changes in plan provisions or applicable law.

This certification is based on the January 1, 2012 actuarial valuation, dated November 12, 2012. Additional assumptions required for the projections and sources of financial information used are summarized in Exhibit V.

The Segal Company does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretations on which this certification is based reflect Segal’s understanding as an actuarial firm.

This certification was based on the assumption that the Plan was qualified as a multiemployer plan for the year.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this actuarial certification is complete and accurate. As required by IRC Section 432(b)(3)(B)(iii), the projected industry activity is based on information provided by the plan sponsor. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that (other than projected industry activity) offer my best estimate of anticipated experience under the Plan.



Daniel V. Ciner, MAAA  
Senior Vice President and Actuary  
Enrolled Actuary No. 11-05773

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**Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund**

EIN 52-6112463/ PN 001

**EXHIBIT I  
Status Determination as of January 1, 2013**

<b>Status</b>	<b>Condition</b>	<b>Test Component Result</b>	<b>Final Result</b>
<b>Critical Status</b>			
1.	Funding deficiency projected in four years (ignoring any amortization extensions)?		Yes
2.	Funding deficiency projected in five years (ignoring any amortization extensions)	Yes	
	AND present value of vested benefits for non-actives more than present value of vested benefits for actives	Yes	
	AND normal cost plus interest on unfunded actuarial accrued liability (unit credit basis) greater than contributions for current year?	No	No
3.	Funding deficiency projected in five years (ignoring any amortization extensions)	Yes	
	AND funded percentage less than 65%?	Yes	Yes
4.	Funded percentage less than 65%	Yes	
	AND assets plus contributions less than benefit payments and administrative expenses over seven years?	No	No
5.	Assets plus contributions less than benefit payments and administrative expenses over five years?		No
6.	In critical status for immediately preceding plan year and funding deficiency projected within ten years?		Yes
	<b>In Critical Status?</b>		<b>Yes</b>
<b>Endangered Status</b>			
1.	Funded percentage less than 80%	N/A	
	AND not in Critical Status?	N/A	N/A
2.	Funding deficiency projected in seven years	N/A	
	AND not in Critical Status?	N/A	N/A
	<b>In Endangered Status?</b>		<b>No</b>
	<b>In Seriously Endangered Status?</b>		<b>No</b>
<b>Neither Critical Status Nor Endangered Status</b>			
	<b>Neither Critical nor Endangered Status?</b>		<b>No</b>

**Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund**

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This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its Rehabilitation Plan, based on the annual standards described in the Rehabilitation Plan.

The standard for measuring scheduled progress in the Rehabilitation Plan is as follows:

*If, during the Plan Year, the actuary projects that the National Pension Fund (“NPF”) will emerge from critical status at or before the end of the Rehabilitation Period (the 13-year period commencing with the 2011 Plan Year), then the NPF will be treated as making the scheduled progress for that Plan Year in meeting the Rehabilitation Plan’s (“RP’s”) requirements. The actuary’s projections for the Plan Year will be based on the Funding Standard Account (“FSA”) balance as of the end of the prior Plan Year (as estimated for purposes of the annual status certification) and reasonable assumptions. Further, these projections will not recognize future Contribution Rate increases that are not reflected in the terms of an existing Collective Bargaining Agreement (“CBA”), and will instead recognize that the automatic benefit adjustments described in the RP (in the event that future Contribution Rate increases are not reflected in the terms of a future CBA) will be made upon expiration of an existing CBA.*

A projection based on the actuarial assumptions and methods described in Exhibit V of this certification, with the exception of valuing future benefit adjustments under the Rehabilitation Plan as described above for this purpose, indicates that the Plan is meeting scheduled progress.



**Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund**

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**EXHIBIT II  
Summary of Actuarial Valuation Projections**

The actuarial factors as of January 1, 2013 (based on projections from the January 1, 2012 valuation certificate):

**I. Asset and Contribution Information**

1. Market value of assets				\$3,219,630,916
2. Actuarial value of assets				3,704,496,107
3. Reasonably anticipated contributions				
a. Upcoming year				376,208,707
b. Present value for the next five years				1,659,004,407
c. Present value for the next seven years				2,183,028,250

**II. Liabilities**

1. Present value of vested benefits for active participants				1,557,388,991
2. Present value of vested benefits for non-active participants				4,426,946,736
3. Total unit credit accrued liability				6,394,887,505
4. Present value of payments				
a. Next five years	<b>Benefit Payments</b>		<b>Administrative Expenses</b>	<b>Total</b>
b. Next seven years	\$1,925,538,244		\$56,838,136	\$1,982,376,380
	2,570,472,597		76,381,797	2,646,854,394
5. Unit credit normal cost plus expenses				142,940,455

**III. Funded Percentage (I.2)/(II.3)**

57.9%

**IV. Funding Standard Account**

		<b>Without amortization extension</b>	<b>With amortization extension</b>
1. Credit balance/(funding deficiency) as of the end of prior year		-\$438,145,678	\$138,303,400
2. Years to projected funding deficiency, if within ten years		0	5

**Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund**

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**EXHIBIT III  
Funding Standard Account Projections**

The tables below present the Funding Standard Account Projections for the Plan Years beginning January 1, 2012 through 2019.

With Amortization Extension

	Year Beginning January 1							
	2012	2013	2014	2015	2016	2017	2018	2019
1. Credit balance/(funding deficiency) at beginning of year	\$162,584,674	\$138,303,400	\$114,054,003	\$95,679,680	\$68,880,911	\$22,801,447	-\$85,431,643	-\$163,997,747
2. Interest on (1)	12,193,851	10,372,755	8,554,050	7,175,976	5,166,068	1,710,109	-6,407,373	-12,299,831
3. Normal cost	122,265,649	130,580,455	135,578,545	138,446,759	136,859,936	134,980,888	132,684,659	129,818,775
4. Administrative expenses	12,000,000	12,360,000	12,730,800	13,112,724	13,506,106	13,911,289	14,328,628	14,758,487
5. Net amortization charges	252,025,268	252,351,346	256,304,181	269,792,785	287,052,074	343,128,420	309,858,968	304,567,518
6. Interest on (3), (4) and (5)	28,971,819	29,646,885	30,346,014	31,601,420	32,806,359	36,901,545	34,265,419	33,685,859
7. Expected contributions	365,096,493	376,208,707	393,283,053	403,835,126	403,835,126	403,835,126	403,835,126	403,835,126
8. Interest on (7)	<u>13,691,118</u>	<u>14,107,827</u>	<u>14,748,114</u>	<u>15,143,817</u>	<u>15,143,817</u>	<u>15,143,817</u>	<u>15,143,817</u>	<u>15,143,817</u>
9. Credit balance/(funding deficiency) at end of year: (1) + (2) - (3) - (4) - (5) - (6) + (7) + (8)	138,303,400	114,054,003	95,679,680	68,880,911	22,801,447	-85,431,643	-163,997,747	-240,149,274

Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund

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**EXHIBIT III (continued)**  
**Funding Standard Account Projections**

Without Amortization Extension

	Year Beginning January 1							
	2012	2013	2014	2015	2016	2017	2018	2019
1. Credit balance/(funding deficiency) at beginning of year	-\$256,795,395	-\$438,145,678	-\$536,537,930	-\$624,995,050	-\$720,829,673	-\$832,837,369	-\$943,006,040	-\$986,776,397
2. Interest on (1)	-19,259,655	-32,860,926	-40,240,345	-46,874,629	-54,062,225	-62,462,803	-70,725,453	-74,008,230
3. Normal cost	122,265,649	130,580,455	135,578,545	138,446,759	136,859,936	134,980,888	132,684,659	129,818,775
4. Administrative expenses	12,000,000	12,360,000	12,730,800	13,112,724	13,506,106	13,911,289	14,328,628	14,758,487
5. Net amortization charges	368,876,899	281,104,066	276,107,345	283,732,551	293,284,576	285,233,229	217,660,059	192,949,451
6. Interest on (3), (4) and (5)	37,735,691	31,803,339	31,831,252	32,646,903	33,273,796	32,559,405	27,350,501	25,314,503
7. Expected contributions	365,096,493	376,208,707	393,283,053	403,835,126	403,835,126	403,835,126	403,835,126	403,835,126
8. Interest on (7)	<u>13,691,118</u>	<u>14,107,827</u>	<u>14,748,114</u>	<u>15,143,817</u>	<u>15,143,817</u>	<u>15,143,817</u>	<u>15,143,817</u>	<u>15,143,817</u>
9. Credit balance/(funding deficiency) at end of year: (1) + (2) - (3) - (4) - (5) - (6) + (7) + (8)	-438,145,678	-536,537,930	-624,995,050	-720,829,673	-832,837,369	-943,006,040	-986,776,397	-1,004,646,900

**Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund**

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**EXHIBIT IV**

**Funding Standard Account – Projected Bases Assumed Established After January 1, 2012**

**Schedule of Funding Standard Account Bases**

<b>Type of Base</b>	<b>Date Established</b>	<b>Base Established</b>	<b>Amortization Period</b>	<b>Amortization Payment</b>
Extended Recognition of 2008 Investment Loss	01/01/2013	\$78,953,759	25	\$6,588,832
Other Actuarial Gain	01/01/2013	-59,428,235	15	-6,262,754
Extended Recognition of 2008 Investment Loss	01/01/2014	189,429,760	24	16,044,274
Other Actuarial Gain	01/01/2014	-124,668,828	15	-13,138,035
Actuarial Loss	01/01/2015	140,479,648	15	14,804,234
Actuarial Loss	01/01/2016	170,908,189	15	18,010,899
Actuarial Loss	01/01/2017	103,706,238	15	10,928,924
Actuarial Loss	01/01/2018	123,246,592	15	12,988,154

**EXHIBIT V**

**Actuarial Assumptions and Methodology**

The actuarial assumptions and plan of benefits are as used in the January 1, 2012 actuarial valuation certificate, dated November 12, 2012, except as specifically described below. We also assumed that experience would emerge as projected, except as described below. The calculations are based on a current understanding of the requirements of ERISA Section 305 and IRC Section 432.

**Contribution Rates:**

Contributions for employers that adopted an Alternative Schedule under the Rehabilitation Plan are assumed to increase based on terms of the collective bargaining agreement in effect, according to the following schedule. This schedule is estimated based on data from the Fund Office (for purposes of the January 1, 2012 actuarial valuation) that included the timing of the expiration of collective bargaining agreements.

**Percent of Participants Covered by an  
Alternative Schedule That Have a  
Collective Bargaining Agreement  
Providing for Contribution Increases in**

<b>Year</b>	<b>This Year</b>
2013	73.9%
2014	46.2%

**Asset Information:**

The market value of assets as of January 1, 2013 was estimated using the preliminary value of investment income provided by the Investment Consultant. Preliminary contribution income for the year was provided by the Fund Office. Expense items were estimated based on the January 1, 2012 actuarial valuation.

For projections after that date, the assumed administrative expenses were increased by 3% per year and the benefit payments were projected based on the January 1, 2012 actuarial valuation. The projected net investment return was assumed to be 7.5% of the average market value of assets for the 2013 - 2019 Plan Years. Any resulting investment gains or losses, other than those attributable to the market value investment losses for 2008 (due to funding relief elected under PRA 2010), due to the operation of the asset valuation method are amortized over 15 years in the Funding Standard Account.

**Actuarial Status Certification as of January 1, 2013 under IRC Section 432 for the Sheet Metal Workers' National Pension Fund**

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EIN 52-6112463/ PN 001

**Projected Industry Activity:** As required by Internal Revenue Code Section 432, assumptions with respect to projected industry activity are based on information provided by the plan sponsor. Based on this information, the number of active participants is assumed to remain level based on the number of active participants valued in the actuarial valuation as of January 1, 2012 (55,131), and on the average, contributions will be made for each active for 1,650 hours each year.

**Future Normal Costs:** Based on the assumed industry activity, we have determined the Normal Cost based on an open group forecast with the number of active participants assumed to remain level and new entrants to have a demographic mix similar to recent entrants into the Plan.

**Amortization Extension:** This status certification recognizes an extension of the amortization charge bases as of January 1, 2009, as permitted under Internal Revenue Code Section 431(d).

**Elections under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010:**

This status certification reflects the following elections made by the Board of Trustees as permitted under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010. The plan actuary has certified to the Plan Sponsor that the Plan is projected to have sufficient assets to timely pay expected benefits and anticipated expenditures over the amortization period, taking into account the changes in the funding standard account elected.

**Extended Amortization of Net Investment Losses (IRC Section 431(b)(8)(A)):**

Determined in accordance with the prospective method described in IRS Notice 2010-83.

**Expanded Smoothing Period (IRC Section 431(b)(8)(B)):**

The asset valuation method was changed effective January 1, 2009 as follows: the difference between expected and actual returns for the plan year ended December 31, 2008 is recognized over a period of 10 years and the upper limit on the actuarial value of assets for the plan years beginning January 1, 2009 and 2010 has been increased to 130% of market value.

**Technical Issues:**

The Segal Company (“Segal”) does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which the certification is based reflects Segal’s understanding as an actuarial firm. Due to the complexity of the statute and the significance of its ramifications, Segal recommends that the Board of Trustees consult with legal counsel when making any decisions regarding compliance with ERISA and the Internal Revenue Code.

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