



SHEET METAL WORKERS' NATIONAL PENSION FUND

8403 ARLINGTON BLVD., SUITE 300
FAIRFAX, VA 22031

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Dear Plan Participants:

This Notice contains important information regarding your benefit accruals. Please retain this information for your records.

Variable Benefit Accrual Rate (VBAR) for 2019 Contribution Hours

As you are aware, your Normal Retirement Pension benefit under the Sheet Metal Workers' National Pension Fund ("NPF" or "Fund") Plan Document is determined under the Variable Benefit Accrual Rate ("VBAR") benefit formula for Contribution Hours worked on or after January 1, 2014. Under the VBAR formula, your benefit is based on a percentage of contributions required to be made on your behalf to the Fund, and that percentage, called the "Applicable Percentage" may vary from year to year because it is based on historical investment returns. Specifically, the formula uses an historical 3-year average market value investment return percentage, as reported in the prior year's Actuarial Valuation. This Notice explains how your Normal Retirement Pension benefit will be determined under the Plan Document's VBAR formula for your hours of work in **2019**.

First, let's review how your benefit accrual is determined under the VBAR formula. Each year, the Fund's actuary issues an Actuarial Valuation, which, among other things, reports the average market value investment return for the three preceding years. The average market value investment return will fall between ranges shown in the table. The Applicable Percentage is shown in the table below:

Average Market Value Investment Return	Applicable Percentage for Normal Retirement Pension Benefit
10.0% or higher	1.25%*
8.5% but less than 10%	1.0%*
6.5% but less than 8.5%	0.75%*
more than 0% but less than 6.5%	0.50%*
0% or less	0%*

*If a 55/30 Rate applies, the Applicable Percentage is only applied to 70% of your Contribution Rate (called the "Benefit Rate"). You can find the VBAR Normal Retirement Pension formula under Section 5.03 (g) of the Plan Document, which can be viewed from the NPF's website at www.smwnpf.org (under "About the Plan").

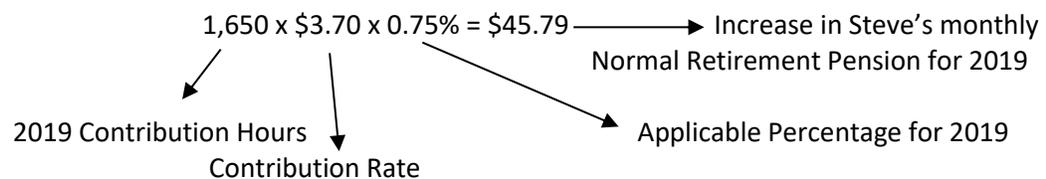
The 2018 Actuarial Valuation is used to determine the Applicable Percentage for 2019. It shows the market value investment return percentages for 2015, 2016, and 2017 (the three preceding years) as follows:

2015: - 0.42% 2016: 8.08% 2017: 14.11%

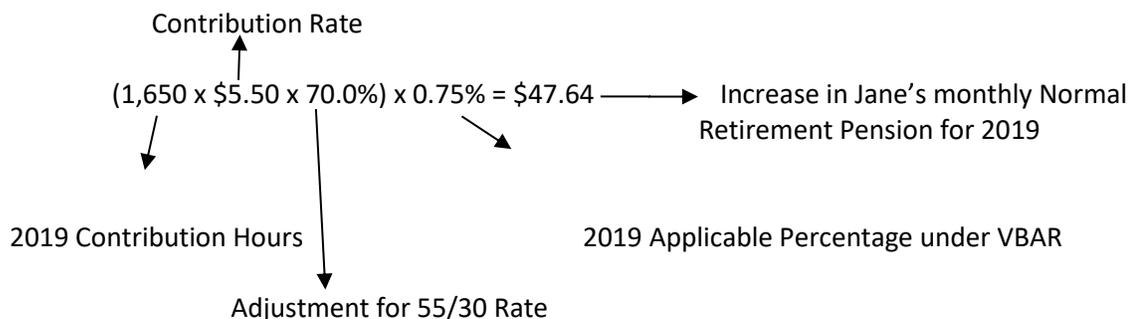
The average of those investment return percentages is **7.26%**. Because that percentage is more than 6.5% but less than 8.5%, the Applicable Percentage **will be 0.75%** for 2019.

Under the VBAR formula, your accrual for 2019 will be determined by multiplying the Applicable Percentage (0.75%) times your Benefit Rate times your 2019 Contribution Hours (the hours for which contributions are required to be made for your work in Covered Employment). For 55/30 Rates, the Benefit Rate is 70% of the Contribution Rate. In all other cases, the Benefit Rate is equal to the Contribution Rate. Another way to think of the VBAR formula is that your benefit accrual for the year is equal to the Applicable Percentage (0.75% for 2019) times all contributions required because of your work in Covered Employment during the year, or, if your Contribution Rate is a 55/30 Rate, the Applicable Percentage times 70% of the contributions required because of your work in Covered Employment during the year. The important thing to remember is that the Applicable Percentage can vary from year to year, depending on the Fund’s investment returns for the three most recent years reported in the prior year’s Actuarial Valuation. In other words, the Applicable Percentage in each year can be anywhere between 1.25% and 0%. For 2019, it is 0.75% because the average of the market value investment return percentages for 2015, 2016, and 2017 (the three most recent years reported in the 2018 Actuarial Valuation) was 7.26%. Below is an example of how your monthly Normal Retirement Pension benefit accrual for 2019 will be determined.

EXAMPLE 1: Suppose Steve has 1,650 Contribution Hours in 2019 and his NPF Contribution Rate is \$3.70, which is NOT a 55/30 Rate. Because Steve’s Contribution Rate is not a 55/30 Rate, his Benefit Rate is equal to his Contribution Rate. In this example, Steve’s monthly Normal Retirement Pension benefit accrual for 2019 would be determined as follows:



EXAMPLE 2: Suppose Jane has 1,650 Contribution Hours in 2019, and her NPF Contribution Rate is \$5.50, which is a 55/30 Contribution Rate. Since the hours Jane worked were under a 55/30 Rate, her Benefit Rate is 70% of her Contribution Rate. Put another way, her benefit will be based on 70% of the total contributions required to be made on Jane’s behalf in 2019. In this example, Jane’s monthly Normal Retirement Pension accrual would be determined as follows:



If you have any questions, please contact the Fund Office at info@smwnpf.org or at the address above.

cc: Local Union Leaders
 NPF Contributing Employers
 SMACNA/Contractors’ Associations