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# **Sheet Metal Workers' National Pension Fund Plan Document**

2016 AMENDED & RESTATED EDITION

**Incorporates all amendments through November 19, 2021**  
[Appendices as updated from time to time are also attached]

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SHEET METAL WORKERS' NATIONAL PENSION FUND  
 PLAN DOCUMENT  
 (2016 Amended & Restated Edition)

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**SHEET METAL WORKERS’  
NATIONAL PENSION FUND  
PLAN DOCUMENT  
(2016 Amended & Restated Edition)**

**INTRODUCTION**

By resolution dated May 16, 1966, the Trustees of the Sheet Metal Workers’ National Pension Fund adopted a defined benefit pension plan (the “Plan”). The Plan is intended to qualify under Section 401(a) of the Code and is a multiemployer plan within the meaning of Section 414(f) of the Code. Pursuant to their authority under Section 14.01 of the Plan Document, the Trustees have amended the Plan Document from time to time. Prior to January 1, 2002, the name of the Plan Document was the Amended and Restated Rules and Regulations for the Sheet Metal Workers’ National Pension Fund (Plan A and Plan B). Since that time, the Plan’s Board of Trustees has subsequently amended the Plan Document, in order to, among other things, maintain the Plan’s tax-qualified status and comply with applicable changes in legislation. The last full amendment and restatement was designated as the Sheet Metal Workers’ National Pension Fund Plan Document (2014 Amended and Restated Edition) (the “2014 Amended and Restated Edition”). The 2014 Amended and Restated Edition reflected all Plan Document amendments adopted through September 16, 2014, and it received a favorable determination from the Internal Revenue Service by letter dated March 11, 2015. Since that time, the Plan Document has been further amended. Those amendments are incorporated in this version of the Plan Document, which is the Sheet Metal Workers’ National Pension Fund Plan Document (2016 Amended and Restated Edition). In general, the terms of this Plan Document are effective as of January 1, 2016. However, if a different effective date is specified elsewhere in this Plan Document or was specified in a prior version of the Plan Document or in an original Plan Document amendment (which is incorporated by reference herein), such other effective date will control.

Except as the context may specifically require otherwise, use of the masculine gender in this Plan shall be understood to include both masculine and feminine genders, and use of the singular shall be understood to include the plural and vice versa.

Unless otherwise specified, references to any section number or article number shall constitute a reference to the corresponding section number in the Plan Document, as may be renumbered by amendment from time to time.

**PENSION PROTECTION ACT CHANGES**

In 2008, the Plan entered into Critical Status. As result, the Trustees adopted a Rehabilitation Plan and Rehabilitation Plan Schedules, which were amended from time to time, and are set forth in Appendix C and incorporated by reference herein. The Plan’s Rehabilitation Plan and Rehabilitation Plan Schedules significantly reduced the Plan’s “adjustable benefits” (as defined in Section 432(e)(8)(A)(iv) of the Code). These included early retirement benefits, optional forms of benefits, and benefit increases that would not be eligible for a guarantee under Section 4022A of ERISA on January 1, 2008 because the increases took effect less than 60 months before that date (e.g., the annual

supplemental increase under the NPF COLA Benefit). Those reductions were, and remain, permanent, and this Plan Document reflects those reductions.

The Plan's actuary certified that the Plan ceased to be in Critical Status and entered into Endangered Status for the 2014 Plan Year. Accordingly, the Trustees adopted a Funding Improvement Plan and Funding Improvement Plan Schedule, effective as of March 1, 2014. That Funding Improvement Plan and Funding Improvement Plan Schedule, as well as all amendments and updates thereto, are set forth in Appendix C of this Plan Document and are incorporated by reference herein.

The use herein of the terms or phrases "Critical Status," "Rehabilitation Period," "Rehabilitation Plan," "Rehabilitation Plan Schedule," "Endangered Status," "Funding Improvement Plan," "Funding Improvement Plan Schedule" (or any similar terms or phrase relating to the Plan's funded status) are intended to have the same meaning as when such terms or phrases are used in Section 432 of the Code (whether or not such terms are capitalized). As noted above, the Funding Improvement Plan and Funding Improvement Plan Schedule, as amended or updated from time to time, as well as the prior versions of the Rehabilitation Plan and Rehabilitation Plan Schedules, are set forth in Appendix C of this Plan Document and are incorporated by reference herein.

## **ARTICLE 1 DEFINITIONS**

### **Section 1.01 Accrued Benefit**

The term "Accrued Benefit" shall mean generally the annual pension benefit provided under the Plan commencing at Normal Retirement Age. Notwithstanding the foregoing, the term "Accrued Benefit" shall be interpreted in accordance with Section 411(a)(7) of the Code and the Treasury Regulations promulgated thereunder.

### **Section 1.01A Actuarial Equivalent**

Except as otherwise provided, the term "Actuarial Equivalent" or "Actuarially Equivalent" shall mean the actuarial equivalent of a benefit determined using the following assumptions: a 7.5% interest rate and the 1983 GAM Table with sex distinct mortality rates, with the Participant valued as a male and the Spouse or Alternate Payee valued as a female. Notwithstanding the foregoing, for purposes of determining a pre-retirement spouse's benefit under Section 6.03(d) and a lump-sum distribution under Section 8.05(b), the Actuarial Equivalent present value shall be determined using the following assumptions: the applicable mortality table as defined in Code Section 417(e)(3)(A)(ii)(I), and the annual interest rate on 30-year Treasury securities for November of the preceding year. Effective January 1, 2008, for distributions after December 31, 2007, the applicable mortality table is defined in Code Section 417(e)(3)(B) and is determined in accordance with Revenue Ruling 2007-67 and subsequent guidance, and the annual interest rate for the determinations in the preceding sentence under Sections 6.03(d) and 8.05(b) shall be the applicable interest rate determined in accordance with Code Section 417(e)(3)(C) for November of the preceding year.



## **Section 1.02 Allocation Date**

The term “Allocation Date” shall mean each October 31.

## **Section 1.03 Beneficiary**

The term “Beneficiary” shall mean a person (other than a Pensioner) who is designated by a Participant in accordance with Section 7.04 or by reason of Article 6 to receive periodic benefit payments from the Plan or who is receiving benefits by reason of such designation or by reason of the terms of Article 6.

## **Section 1.04 Benefit Rate**

A Participant’s “Benefit Rate” is the portion of the Contribution Rate that is used to determine the amount of the monthly Normal Retirement Pension benefit earned by the Participant under Section 5.03 for Plan Years beginning after 2002. Specifically, for any period before December 1, 2007, the “Benefit Rate” is the Contribution Rate in effect on, or treated as in effect on, December 31, 2002, minus any portion of the Contribution Rate attributable to a 55/30 Rate. For any period after December 1, 2007, the “Benefit Rate” is the Contribution Rate, minus any portion of the Contribution Rate attributable to a 55/30 Rate. Effective January 1, 2014, if a Participant works in a classification of employment on or after January 1, 2014, which had a Contribution Rate before January 1, 2014 that had a portion attributable to a 55/30 Rate, then the Benefit Rate for any work performed after December 31, 2013 in that classification of employment shall consist of the Contribution Rate, minus the 55/30 Rate, regardless of whether the 55/30 Pension is a type of Early Retirement Pension applicable to such Participant’s Contribution Hours under Section 5.04 at any time on or after January 1, 2014.

## **Section 1.05 Code**

The term “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time. Any reference in the Plan Document to a particular section of the Code shall be deemed to include any Treasury Regulation (Title 26 of the Code of Federal Regulations) or other form of guidance implementing or interpreting such Code section. A reference to a Treasury Regulation shall include any successor Treasury Regulation.

## **Section 1.06 Collective Bargaining Agreement or Agreement**

The term “Collective Bargaining Agreement” or “Agreement” shall mean any labor contract between an Employer and the Union, which provides for contributions to this Fund, together with any renewal, modification, or amendment thereof or successor agreement thereto.

## **Section 1.07 Compensation**

- (a) The term “Compensation” shall mean the wages actually paid or made available to an Employee by the Employer during the Plan Year. For this purpose, “wages” shall have the meaning given such term in Section 3401(a) of the Code (withholding at the source), but determined without regard to any rules that limit the remuneration included in wages based

on the nature or location of the employment or the services performed. An Employee's Compensation shall be determined in accordance with Treasury Regulation Section 1.415-2(d)(11)(ii). Effective January 1, 1998, the term "Compensation" shall also include any amounts contributed by the Employer during the Plan Year pursuant to an elective deferral under Code Section 402(g), or which is excludable from the Employee's gross income under Section 125, 132(f)(4), or 457 of the Code; before January 1, 1998, the term "Compensation" included such amounts solely for the purpose of Section 13.02(a) of the Plan Document (relating to the definition of "Key Employee").

- (b) The special rule in the prior plan relating to the definition of Key Employee under Section 13.02(a) of the Plan Document is eliminated effective January 1, 1998.
- (c) Annual Compensation Limitations.
  - (1) For each Plan Year, the Compensation of each Participant taken into account for determining all benefits provided under the Plan for such Plan Year shall not exceed the limitation set forth in Section 401(a)(17) of the Code, as adjusted for the cost-of-living in accordance with Section 401(a)(17)(B) of the Code. For any Plan Year, the cost-of-living adjustment shall be that which is in effect at the beginning (i.e., January 1) of such Plan Year. This limitation shall be applied as if each Contributing Employer separately maintained this Plan.
  - (2) If Compensation for any prior Plan Year is taken into account in determining a Participant's benefits for the current Plan Year, the Compensation for such prior Plan Year is subject to the applicable annual Compensation limit in effect for that prior period.

#### **Section 1.08 Construction Work; Non-Construction Work**

- (a) The term "Construction Work" shall mean work performed as a building trades or industrial journeyman or building trades apprentice, or work performed in any other job classification commonly understood to be construction work in the Sheet Metal Industry for purposes of collective bargaining. The term "Construction Work" shall also mean (1) work performed as a Covered Employee of a Participating Local or Related Organization unless such Employer's adoption agreement provides otherwise, and (2) work performed by an Owner-Member for an Employer whose employees perform Construction Work, provided that such Owner-Member continues to perform Construction Work or previously performed Construction Work covered under the Plan. Any reference in an adoption agreement or any other document relating to the Plan to "Plan A" shall be deemed to be a reference to Construction Work or, if applicable, those portions of the Plan in which reference is made to Construction Work.
- (b) The term "Non-Construction Work" shall mean any work that is not "Construction Work" as defined in (a) above. Any reference in an adoption agreement or any other document relating to the Plan to "Plan B" shall be deemed to be a reference to Non-Construction Work or, if applicable, those portions of the Plan in which reference is made to Non-Construction Work.

## **Section 1.09 Continuous Non-Covered Employment**

The term “Continuous Non-Covered Employment” shall mean Non-Covered Employment that precedes or follows Covered Employment (with the same Employer) where no quit, discharge or retirement occurs between such periods of Covered Employment and Non-Covered Employment. The determination of whether Non-Covered Employment is Continuous Non-Covered Employment shall be made in accordance with Labor Regulation Section 2530.210, except that the term “contiguous non-covered service” shall be substituted for the term “Continuous Non-Covered Employment” when such term is used in the Plan Document.

## **Section 1.10 Contributing Employer or Employer**

- (a) The term “Contributing Employer” or “Employer” shall mean any employer, whether directly or through an employer association, who:
- (1) has a Collective Bargaining Agreement with the Union requiring periodic contributions to the Fund created by the Trust Document;
  - (2) participates in the Plan in accordance with the provisions of Article 2 hereof, and such other conditions or requirements as the Trustees may impose; and
  - (3) whose status as a Contributing Employer has not been terminated by the Trustees pursuant to Article 12 hereof for failing to comply with its participation or contribution obligations.

In the case of a Contributing Employer having more than one place of business, the term “Contributing Employer” shall only apply to the place or places of business covered by the Collective Bargaining Agreement.

- (b) The term “Contributing Employer” or “Employer” shall also mean:
- (1) A Related Organization participating in the Plan in accordance with Section 2.06;
  - (2) A Political Subdivision, as that term is used in the Labor Management Relations Act, 29 U.S.C. Section 152(2), accepted for participation in the Plan by the Trustees in accordance with the provisions of Article 2;
  - (3) A Participating Local, which contributes to the Plan on the same basis as other Contributing Employers. However, effective January 1, 1999, if a Participating Local does not execute an adoption agreement (or similar agreement) in a form acceptable to the Trustees, on or before such date, the Participating Local shall cease to be a Contributing Employer, until such time that the Participating Local executes an adoption agreement (or similar agreement) in a form acceptable to the Trustees. After January 1, 1999, a Participating Local that joins the Plan as a Contributing Employer must execute an adoption agreement (or similar agreement) in a form acceptable to the Trustees. A Participating Local’s status as a Contributing Employer is conditioned upon compliance with the requirements of Section 401(a) of the Code, ERISA and the terms of the adoption agreement (or similar agreement). Failure to

comply with those requirements may result in the termination of the Participating Local's status as a Contributing Employer in accordance with Article 12. Nothing in this subsection (b)(3) shall be construed to relieve any Participating Local of any obligation it has to contribute to the Fund prior to the effective date of its adoption agreement (or similar agreement) or the effective date on which a Participating Local ceases to be a Contributing Employer under this subsection (b)(3). Effective April 1, 2016, a District or Regional Council described in Section 1.22 of the Plan Document shall be treated as a Participating Local under this subsection (b)(3) if the District or Regional Council has executed an adoption agreement (or similar agreement) furnished by the Fund, which reflects all terms and conditions required by the Trustees. Nothing in the preceding sentence shall be construed to affect the ongoing contribution obligations to the Fund of the Local Unions that make up, or are under the jurisdiction of, the District or Regional Council; or

- (4) The Plan, but only with respect to employees within the meaning of Treasury Regulation Section 1.410(b)-6(d)(2)(ii).
- (c) The term "Contributing Employer" shall also mean any entity that is obligated to make periodic contributions to the Fund for work performed in a job classification, and at a place of business, covered by a Collective Bargaining Agreement with a Participating Local.
- (d) An Employer shall not be deemed a Contributing Employer simply because it is part of a controlled group of corporations or of a trade or business under common control, some other part of which is a Contributing Employer.

### **Section 1.11 Contribution Date**

The term "Contribution Date" shall mean the first date for which a Contributing Employer was or shall be obligated by a Collective Bargaining Agreement or other applicable agreement to make contributions to the Pension Fund.

The "Contribution Date" to be applied to each Employee shall be the date for which a Contributing Employer first became obligated to make contributions to the Pension Fund on his behalf.

### **Section 1.12 Contribution Rate and other Related Terms**

- (a) The term "Contribution Rate" means the amount that the Contributing Employer is obligated to pay to the Fund for each Hour of Work in Covered Employment. Effective January 1, 2008, the term "Contribution Rate" does not include any surcharge imposed upon a Contributing Employer pursuant to the Pension Protection Act of 2006. Terms related to Contribution Rate include the terms defined in (b) through (e) below.
- (b) The term "Benefit Rate" is defined in Section 1.04.
- (c) The term "Contribution Hours" means the total number of hours for which contributions are required to be made for a Participant's work in Covered Employment.

- (d) The term “55/30 Rate” is determined under Section 5.09(c).
- (e) The term “Supplemental Contributions” means any Employer contributions payable after December 31, 2002 but before December 1, 2007, which are not attributable to a 55/30 Rate, the Benefit Rate, or a required contribution increase.

### **Section 1.13 Covered Employee or Employee**

- (a) The term "Covered Employee" or "Employee" shall mean:
  - (1) For persons hired or rehired before July 1, 2001, any person who is in a unit of employees covered by a Collective Bargaining Agreement and who performs work covered by a Collective Bargaining Agreement for a Contributing Employer. For persons hired or rehired on or after July 1, 2001, any person who is included in a unit of employees covered by a Collective Bargaining Agreement and who performs work covered by a Collective Bargaining Agreement for a Contributing Employer, other than an Owner-Member; provided, however, that if a person (i) performs work that is Non-Construction Work for a Contributing Employer, or (ii) effective September 1, 2001, for persons hired or rehired on or after September 1, 2001, performs work that is residential or service work, or work as a pre-apprentice for a Contributing Employer, or (iii) effective March 1, 2002, for persons hired or rehired on or after March 1, 2002, performs work in any classification other than as a building trades journeyman or building trades apprentice, and the person’s Collective Bargaining Agreement provides in substance that no Plan contributions will be made for any new employee who performs such work during a specified period of time that does not exceed the first 90 calendar days (whether or not consecutive) of his or her employment, the person shall not be either a Covered Employee or an Employee during such specified period of time.
  - (2) Any person who is employed by the Plan, who is not included in a collective bargaining unit represented by the Union but who is permitted to be treated as so included pursuant to the rules set forth in Treasury Regulation Section 1.410(b)-6(d)(2)(ii), and who has signed a standard form of agreement with the Plan providing for such person’s participation in the Plan and setting forth the Contribution Rate for such person.
- (b) The term “Covered Employee” or “Employee” shall also mean an employee of a Related Organization which is a Contributing Employer who (1) is included under the definition of the term “Covered Employee” in the Related Organization’s adoption agreement, which is hereby incorporated by reference, or (2) if there is no such definition in the adoption agreement, a salaried or hourly paid employee of the Related Organization, other than an employee who is included in a unit of employees covered by a bona fide agreement which the Secretary of Labor finds to be a collective bargaining agreement between bona fide employee representatives and the Related Organization (provided, there is evidence that retirement benefits were the subject of good faith bargaining between the employee representatives and the Related Organization), unless the collective bargaining agreement provides for coverage of the employee under the Plan.

- (c) The term “Covered Employee” or “Employee” shall also mean a salaried or hourly paid employee of a Participating Local who is included under the definition of “Covered Employee” in the Participating Local’s adoption agreement, which is hereby incorporated by reference. Notwithstanding anything to the contrary, a salaried or hourly employee who is included in a unit of employees covered by a bona fide agreement which the Secretary of Labor finds to be a collective bargaining agreement between bona fide employee representatives and the Participating Local shall not be treated as a “Covered Employee” or “Employee” (provided, that there is evidence that retirement benefits were the subject of good faith bargaining between the bona fide employee representatives and the Participating Local), unless such collective bargaining agreement specifically provides for coverage of the employee under the Plan.
- (d) Notwithstanding the provisions of Section 1.13(a)(1), an Owner-Member shall be a “Covered Employee” or an “Employee” if: (1) a Contributing Employer is required to contribute to the Plan on behalf of the Owner-Member pursuant to a Collective Bargaining Agreement; or (2) the Owner-Member is employed by a Contributing Employer, is not included in a collective bargaining unit represented either by the SMWIA or by a Local Union of the SMWIA but is permitted to be treated as so included pursuant to the rules set forth in Treasury Regulation Section 1.410(b)-6(d)(2)(ii), and the Owner-Member’s Employer contributes to the Plan on behalf of the Owner-Member in order to continue to provide benefits previously provided to the Owner-Member as a Covered Employee without regard to this Section 1.13(d). If a Contributing Employer contributes to the Plan on behalf of an Owner-Member pursuant to clause (2) of the preceding sentence, the Plan Document and the Trust Document shall be deemed to be a successor agreement to the Collective Bargaining Agreement under which such Owner-Member was most recently covered. By so-contributing, the Employer agrees to be bound by the terms of the Plan Document and Trust Document, and such Owner-Member shall be deemed to continue to be covered under such Collective Bargaining Agreement, including any changes thereto, at the position the Owner-Member most recently held under such Collective Bargaining Agreement for purposes of determining the Contribution Rate and the Contribution Hours on behalf of the Owner-Member. The following rules apply to any Owner-Member employed by a delinquent Contributing Employer:
- (i) If, with respect to hours worked on or after January 1, 2002 but before January 1, 2017, a Contributing Employer employing an Owner-Member fails to make contributions to the Plan with respect to any Covered Employee, including the Owner-Member, the Owner-Member shall cease to be a Covered Employee as of the first day of the month that follows the due date of the unpaid contribution(s). With respect to any delinquency identified by the Plan after May 1, 2013, the preceding sentence shall apply only if the Contributing Employer knowingly failed to make contributions to the Plan with respect to any Covered Employee. An Owner-Member who ceased to be a Covered Employee by operation of this paragraph (i) shall become a Covered Employee again when the Contributing Employer resumes making timely contributions to the Plan on behalf of all its Covered Employees, including the Owner-Member; provided, however, that the Owner-Member shall not be in Covered Employment for the one-year period commencing on the date of such resumption.

(ii) If, with respect to hours worked on or after January 1, 2017, a Contributing Employer knowingly fails to pay contributions due to the Plan, any Owner-Member employed by such Contributing Employer shall cease to be a Covered Employee effective upon the first day of the seventh month following the month in which payment of the contributions were due, unless the Contributing Employer has paid all such contributions, plus applicable interest and liquidated damages, or has otherwise satisfied such delinquency in accordance with applicable policies, procedures, and/or guidelines governing the payment of delinquent contributions to the Plan. An Owner-Member who ceased to be a Covered Employee by operation of this paragraph (ii) shall become a Covered Employee again when his Contributing Employer has resolved all of its delinquencies (i.e., paid all delinquent contributions, plus applicable interest and liquidated damages, or has otherwise satisfied such delinquencies in accordance with applicable policies, procedures, and /or guidelines governing the payment of delinquent contributions to the Plan) and also has resumed making timely contributions to the Plan on behalf of each Owner-Member and each of its other Employees. Section 1.14 below governs when such an Owner-Member shall again be treated as working in Covered Employment.

(e) Notwithstanding anything in this Section to the contrary, the term "Covered Employee" or "Employee" shall not include any individual who is an independent contractor.

#### **Section 1.14 Covered Employment**

Except as otherwise provided herein, the term "Covered Employment" shall mean work performed by an Employee on behalf of one or more Contributing Employers in his capacity as a Covered Employee under Section 1.13(a), (b), (c) or (d) above, and shall also mean work performed by a bona fide "Salted" organizer, but only for purposes of, and as defined in, Section 4.12 of the Plan Document.

Notwithstanding the foregoing, if an Owner-Member who ceased to be a Covered Employee by operation of Section 1.13(d)(i) becomes a Covered Employee again when the Contributing Employer resumes making timely contributions, any work performed by the Owner-Member for the Contributing Employer will not constitute work in "Covered Employment" until after the close of the one-year period commencing on the date that the Contributing Employer resumed making timely contributions to the Plan on behalf of all its Covered Employees. Also, if an Owner-Member who ceased to be a Covered Employee by operation of Section 1.13(d)(ii) becomes a Covered Employee again by reason of his Contributing Employer having resolved all of its delinquencies and also having resumed making timely contributions to the Plan on behalf of each Owner-Member and each of its other Employees, any work performed by the Owner-Member for that Contributing Employer will not constitute work in "Covered Employment" until after the close of the one-year period commencing on the date that his Employer resolved all delinquencies and also resumed making timely contributions on behalf of all its Employees, including each Owner-Member.

In addition, notwithstanding any other provision to the contrary, the term "Covered Employment" shall not include any work performed for any Employer listed in Appendix E, effective as of the date specified therein and subject to any applicable notice requirements. However, any such work performed for an Employer listed in Appendix E will be treated as "Continuous Non-Covered Employment" within the meaning of Section 1.09 of the Plan Document. Nothing herein shall be construed to relieve any

Employer listed in Appendix E of its obligation to continue contributing to the Plan in accordance with its Collective Bargaining Agreement.

For purposes of granting Past Service Credit under Article 4 of the Plan Document, the term "Covered Employment" shall have the meaning given to such term in Section 4.02(c) of Appendix A. Except as otherwise required by the Code or ERISA, Covered Employment shall not, however, include employment with an employer after termination of that employer's status as a Contributing Employer.

### **Section 1.15 Disability Benefits**

The term "Disability Benefits" means the benefits described in Article 16.

### **Section 1.16 Eligibility Computation Period**

An Employee's initial "Eligibility Computation Period" shall be the 12-consecutive month period beginning on the date the employee first performs an Hour of Work for a Contributing Employer (the "employment commencement date"). Thereafter, the Employee's "Eligibility Computation Period" shall be each Calendar Year, beginning with the Calendar Year commencing prior to the first anniversary of the Employee's employment commencement date, regardless of whether an Employee is credited with a Year of Service during his initial Eligibility Computation Period. For purposes of Article 3, both Years of Service and Breaks in Service shall be computed with reference to the Employee's Eligibility Computation Period, as defined in this Section.

### **Section 1.17 ERISA**

The term "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Any reference in the Plan Document to a particular section of ERISA shall be deemed to include any Labor Regulation (Title 29 of the Code of Federal Regulations) or other form of guidance implementing or interpreting such section of ERISA. A reference to a Labor Regulation shall include any successor Labor Regulation.

### **Section 1.18 Fund or Pension Fund**

The term "Fund" or "Pension Fund" shall mean the Sheet Metal Workers' National Pension Fund, which is the Trust Fund created by the Trust Document, and which forms a part of the Plan. As used in the Plan Document, the term "Fund" or "Pension Fund" shall generally mean the monies or other things of value, which comprise the corpus and additions to the Trust Fund.

### **Section 1.19 Fund Office**

The term "Fund Office" shall mean the principal place of business of the Plan.



## **Section 1.20 Future Service Credit**

The term “Future Service Credit,” with respect to any Covered Employee, shall mean the periods of his Covered Employment subsequent to the Contribution Date for which Pension Credit is granted to him in accordance with Article 4.

## **Section 1.21 Hour of Work**

- (a) The term “Hour of Work” shall mean each hour for which an Employee is paid or entitled to payment for the performance of duties for an Employer or each hour for which back pay, regardless of mitigation of damages, is either awarded or agreed to by the Employer. Hours of Work shall be computed and credited in accordance with Labor Regulation Section 2530.200b (including paragraph (d)(1) of Labor Regulation Section 2530.200b-3).
- (b) An Hour of Work for which an Employee is paid at time-and-a-half is credited as one and one-half Hours of Work if the Employer is required to contribute at one and one-half times the Contribution Rate for such Hours of Work. An Hour of Work for which an Employee is paid at double time is credited as two Hours of Work if the Employer is required to contribute at two times the Contribution Rate for such Hours of Work.

## **Section 1.22 Local, Local Union**

The term “Local” or “Local Union” shall mean a local union chartered by the SMWIA. Effective April 1, 2016, the term “Local” or “Local Union” shall also mean, as the context so requires, a District or Regional Council (described in Article 9 of the SMWIA’s constitution), which performs the same duties and functions that previously were performed by employees of the Locals that make up, or are under the jurisdiction of, the District or Regional Council.

## **Section 1.23 Non-Covered Employment**

The term “Non-Covered Employment” shall mean work performed for one or more Contributing Employers, which would not be Covered Employment as defined in Section 1.14.

## **Section 1.24 Normal Retirement Age**

- (a) For Participants who commenced participation in the Plan on or after January 1, 1988, the term “Normal Retirement Age” shall mean the later of:
  - (1) the date on which the Participant attains age 65, or
  - (2) the date which is the fifth (5th) anniversary of the first day of the Plan Year in which the Participant commenced participation in the Plan, provided he is a Participant on such fifth (5th) anniversary.

- (b) For Participants who commenced participation in the Plan prior to January 1, 1988, the term “Normal Retirement Age” shall mean the later of:
  - (1) the date on which the Participant attains age 65, or
  - (2) the date which is the earlier of (i) the tenth (10th) anniversary of the first day of the Plan Year in which the Participant commenced participation in the Plan or (ii) the fifth (5th) anniversary of the first day of the first Plan Year beginning on or after January 1, 1988 (i.e., January 1, 1993), provided he is a Participant on such anniversary.
- (c) For purposes of this Section, participation prior to a Permanent Break in Service shall be disregarded, and the date on which participation in the Plan commences shall be the date on which a Participant again satisfies the requirements of Section 3.02 following such Permanent Break in Service.
- (d) For purposes of this Section, the date on which a Participant commenced participation in the Plan shall not be affected by a One-Year Break in Service, provided that all prior Years of Service and Pension Credit are restored under Section 4.13(c) and participation is reestablished under Section 3.04(a)(2).

### **Section 1.25 Normal Retirement Benefit**

The term “Normal Retirement Benefit” for any Participant shall mean the periodic benefit under the Plan commencing at his Normal Retirement Age, or if greater, the periodic benefit under the Plan commencing upon his retirement prior to Normal Retirement Age. Notwithstanding the foregoing, a Participant’s Normal Retirement Benefit under the Plan shall be determined in accordance with Section 411(a)(9) of the Code and Treasury Regulation Section 1.411(a)-7(c).

### **Section 1.26 Owner-Member**

An Owner-Member is any person who (a)(1) is included in a unit of employees covered by a Collective Bargaining Agreement, or (2) is permitted to be treated as so included pursuant to the rules set forth in Treasury Regulation Section 1.410(b)-6(d)(2)(ii), (b) is employed by a Contributing Employer, (c) owns stock in, or is an officer or director of, such Contributing Employer, and (d) for such persons described in Section 1.26(a)(1), performs work covered by the Collective Bargaining Agreement. Effective April 24, 2019, for purposes of Section 1.13(d)(ii), an Owner-Member is also any person whose spouse owns stock in, or is an officer or director of, such Contributing Employer.

### **Section 1.27 Participant**

The term “Participant” shall mean a Pensioner, a Beneficiary, or an Employee who meets the requirements for participation in the Plan as set forth in Article 3, or a former Employee who has attained Vested Status under Section 8.07 of the Plan Document.

### **Section 1.28 Participating Local**

The term “Participating Local” shall mean a Local that participates in the Plan for the purpose of providing coverage under the Plan for employees represented by the Union for the purpose of collective bargaining. The term “Participating Local” shall also include a Local that contributes to the Plan under the terms of Section 1.10(b)(3).

### **Section 1.29 Past Service Credit**

The term “Past Service Credit” shall mean periods of employment prior to the Contribution Date for which Pension Credit is granted in accordance with Article 4.

### **Section 1.30 Pension Credit**

The term “Pension Credit” shall, unless otherwise indicated, mean the Future Service Credit and Past Service Credit that is granted in accordance with Article 4 and which is used to determine eligibility for benefits and, in some cases, the amount of benefits payable under the Plan.

### **Section 1.31 Pensioner**

The term “Pensioner” means a Participant to whom a pension or disability benefit under the Plan is being paid or would be payable but for the time required for administrative processing.

### **Section 1.32 Plan or Pension Plan**

The term “Plan” or “Pension Plan” means the multiemployer defined benefit pension plan known as the “Sheet Metal Workers’ National Pension Fund.”

### **Section 1.32A Plan Document**

The term “Plan Document” means the provisions of this Sheet Metal Workers’ National Pension Fund Plan Document, 2009-10 Amended and Restated Edition, effective generally as of January 1, 2009 (except where a different effective date is specified or required by the context of a specific provision), as set forth in this document, together with any subsequent amendments duly adopted by the Trustees, participation, adoption or similar agreements, terms of merger agreements, or any other document duly adopted by the Trustees, which governs the payment of Benefits from the Plan. Any reference to a prior version of the “Plan Document” shall refer to the document setting forth the rules and regulations of the Plan, as in effect at such prior time. Effective March 2, 2008, the term Plan Document includes the Rehabilitation Plan and Schedules (as amended or modified from time-to-time), which are attached hereto at Appendix C.

### **Section 1.33 Plan Year or Calendar Year**

The terms “Calendar Year” and “Plan Year” shall mean the twelve (12) consecutive month period commencing on January 1 and ending on December 31. For purposes of ERISA, the Calendar Year shall serve as the vesting computation period, the benefit accrual computation period, and, after an individual’s initial period of employment, the computation period for eligibility to participate in the Plan. The terms “Calendar Year” and “Plan Year” may be used interchangeably.

### **Section 1.34 Related Organization**

The term “Related Organization” shall mean a health or welfare fund, a pension plan, a joint apprenticeship committee, or such other organization (such as the SMWIA, Sheet Metal Workers’ International Training Institute, and National Energy Management Institute), which the Trustees find furthers the interests of the employees represented by a Participating Local or District Council (as defined in the SMWIA’s constitution), or the interests of the Sheet Metal Industry, and which participates in the Plan as a Contributing Employer under Section 2.06 of the Plan Document. Notwithstanding the foregoing, or any agreement to the contrary, effective June 15, 1996, the term “Related Organization” shall exclude the Plan.

### **Section 1.35 Sheet Metal Industry**

The term “Sheet Metal Industry” shall mean any and all types of work covered by collective bargaining agreements to which the Union and/or any Local are a party; or under the trade jurisdiction of the Union, as described in SMART’s constitution (except insofar as such trade jurisdiction relates solely to the Transportation Division); or in a related building trade; or any other work to which a sheet metal worker has been assigned, referred, or can perform because of his skills and training as a sheet metal worker. However, for purposes only of Section 4.08 of the Plan Document, Section 5.02(a)(5)(A)(iii) of Appendix A, any Early Retirement Pension and Sections 7.01(b), 8.06(d)(1), 16.03(a)(5), and 16.04(a)(5) of the Plan Document, the term “Sheet Metal Industry” shall not include:

- (a) employment as a bona fide “Salted” Organizer, as certified in writing to the Fund Office by the SMWIA; provided, however, that any single period of employment with the same employer as a bona fide “Salted” organizer shall not exceed 12 months;
- (b) employment in a related building trade; provided, however, that such employment is on referral by and authorized by the Union;
- (c) employment for a Contributing Employer in a management position not covered by the Collective Bargaining Agreement;
- (d) working as an inspector of sheet metal work (as defined in 271 CMR (Code of Massachusetts Regulations) 2.01) on or after January 1, 2011 but before January 1, 2015 if: (i) the work is performed pursuant to the requirements of the Rules and Regulations Governing Sheet Metal Workers (Sheet Metal Worker Regulations) in 271 CMR; (ii) the person performing such inspection work obtains a certification in a form and manner satisfactory to the Trustees from his Local Union, which verifies that the inspection work is being performed pursuant to the requirements of the Sheet Metal Regulations in 271 CMR; (iii) the work is performed for or

on behalf of a governmental entity; and (iv) the work does not involve any type of work that would be covered under any collective bargaining agreement to which the Union is a party;

- (e) working after August 31, 2011 but before January 1, 2026 for, or on behalf of, a governmental entity in a position that primarily involves compliance with the requirements of any federal, state, county, or municipal law, regulation, rule, or ordinance pertaining to construction, building, or facilities codes or standards, or pertaining to the terms or conditions of employment, work, or labor if the work does not involve any type of work that would be covered under any collective bargaining agreement to which the participant's Local Union is a party.
- (f) work performed in the State of California by an apprentice who was dispatched by the Local Union or by an affiliated Joint Apprenticeship and Training Committee (JATC) (or similar entity) pursuant to California law, which has been substantiated by sufficient documentation from the apprentice's Local Union or JATC (or similar entity);
- (g) work by no more than one Participant as a Curriculum Construction Specialist (or substantially similar position) for the Cleveland Municipal School District (CMSD), provided the following conditions are satisfied: (i) the Participant is employed by the CMSD; (ii) the Participant was referred to the CMSD by the Cleveland Building and Construction Trades Council; and (iii) the work is performed on or after August 1, 2015 but before January 1, 2026;
- (h) work performed at the University of Illinois by Local 218 members, provided the work is performed before January 1, 2021; or
- (i) work performed at Building Pathways in Boston, Massachusetts by Local 17 members provided the work is performed before January 1, 2026.

### **Section 1.36 SMWIA**

The term "SMWIA" shall mean the Sheet Metal Workers' International Association, AFL-CIO, or the International Association of Sheet Metal, Air, Rail and Transportation Workers ("SMART"), excepting the Transportation Division of SMART (or any affiliate of the Transportation Division of SMART).

### **Section 1.37 Trust Document**

The term "Trust Document" shall mean the Trust Document under which the Sheet Metal Workers' National Pension Fund is maintained and which governs the management and administration of the Plan and its assets, as the same may be amended or amended and restated from time to time. The Trust Document was previously referred to as the Agreement and Declaration of Trust establishing the Sheet Metal Workers' National Pension Fund, which was entered into as of the 16th day of May, 1966, and which has been amended and restated from time to time and has been renamed as the "Trust Document." The terms of the Trust Document are incorporated by reference herein.

### **Section 1.38 Trustees**

The term “Trustees” shall mean the persons who are acting as Employer Trustees and Union Trustees pursuant to the provisions of the Trust Document.

### **Section 1.39 Union**

The term “Union” shall mean the SMWIA and/or any Local.

### **Section 1.40 Year of Service**

- (a) The term “Year of Service” for any Employee shall mean a consecutive 12-month period (i.e., the Eligibility Computation Period for purposes of Article 3 or the Calendar Year for purposes of Section 8.07) during which the Employee completes at least 870 Hours of Work in Covered Employment.
- (b) For purposes of subsection (a) above, Hours of Work in Non-Covered Employment shall count toward a Year of Service to the extent that (and only to such extent) the Non-Covered Employment is Continuous Non-Covered Employment; provided that, for purposes of determining a Participant’s Vested Status under Section 8.07, this subsection (b) shall apply only with respect to Hours of Work performed after December 31, 1975. To the extent that Non-Covered Employment is not Continuous Non-Covered Employment, Hours of Work in Non-Covered Employment shall not count toward a Year of Service for purposes of subsection (a) above.
- (c) Notwithstanding any provision in this Plan Document to the contrary, Years of Service shall be determined in accordance with the requirements of Labor Regulation Section 2530.210.

## **ARTICLE 2 BASIS OF EMPLOYER PARTICIPATION IN PLAN**

### **Section 2.01 General**

The Pension Plan was established to provide retirement benefits for employees who are represented for the purpose of collective bargaining by the Union. After a Collective Bargaining Agreement is concluded with an employer requiring contributions to the Pension Fund, the participation by the employees of that employer becomes effective when the group participates in the Plan.

In general, the employees of employers will participate in the Plan if their joining the Plan is in accordance with the procedures established by the Trustees and if acceptance of the group will not impair the actuarial soundness of the Fund or the tax-qualified status of the Plan under Section 401(a) of the Code.

In addition to employees represented for the purpose of collective bargaining by the Union, the Trustees have decided to permit participation by other classes of employees who are employed by a Contributing Employer but who may not be represented for the purpose of collective bargaining by the

Union. Such participation shall be on the terms and conditions determined by the Trustees, provided that the participation of any such group will not impair the actuarial soundness of the Fund or adversely affect the Plan's tax-qualified status under Section 401(a) of the Code.

## **Section 2.02 Acceptance of a New Employer for Participation**

An employer will participate in the Plan as a Contributing Employer, within the meaning of Section 1.10(a), after it becomes a party to a Collective Bargaining Agreement or other agreement in a form approved by the Trustees that, in pertinent part, requires the employer to contribute to the Fund, in which case, the Contributing Employer shall abide by the terms of this Plan Document and the Trust Document. When an employer seeks to be a Covered Employer, each Local may be required to furnish to the Fund Office the name, date of birth and employment history of each employee then covered by the Collective Bargaining Agreement between the Union and the new employer and such other information as may be requested for purposes of making the determinations described in Section 2.08(a). A Participating Local or a Related Organization shall participate in the Plan in accordance with the terms of Sections 1.10(b) and 2.06, respectively. An Owner-Member shall participate in the Plan in accordance with the terms of Section 1.13(d).

## **Section 2.03 Special Conditions**

When a Contributing Employer participates in the Plan, or when a Contributing Employer becomes obligated to contribute to the Fund at a Contribution Rate higher than \$0.25 per hour paid, the Trustees may, in writing, impose any terms and conditions they consider necessary to satisfy Section 2.08 and to preserve the equitable relationship between the basis of contributions of all Contributing Employers and the benefits provided for all Covered Employees; provided that such terms and conditions shall not result in the reduction or elimination of a benefit in violation of Section 411(d)(6) of the Code.

## **Section 2.04 Termination of Participation**

The termination of an employer's status as a Contributing Employer, or a Local's status as a Participating Local, or an employee's status as a Covered Employee as a result of a change in his Employer's or Participating Local's status shall be governed by Article 12.

## **Section 2.05 Acceptance of Special Class of Employees of a Contributing Employer**

The rules pursuant to which the Trustees could, prior to September 1, 1999, accept a special class of employees of a Contributing Employer for participation in the Plan are set forth in Appendix A.

## **Section 2.06 Related Organization as a Contributing Employer**

A health or welfare fund, a pension plan, including the Plan (but solely for periods prior to June 15, 1996), joint apprenticeship committee or other organization (such as the SMWIA, Sheet Metal Workers' International Training Institute, and National Energy Management Institute), which the Trustees find furthers the interests of the employees represented by a Participating Local or District

Council (as defined in the SMWIA's constitution), or the interest of the Sheet Metal Industry, may be accepted in the Plan as a Contributing Employer under the following conditions:

- (a) The organization submits such data as may be requested by the Trustees as to the employees covered by the organization's participation agreement; and
- (b) The organization agrees to make contributions to the Fund on behalf of the employees covered in such participation agreement at the Contribution Rate in effect for Contributing Employers who have a Collective Bargaining Agreement with any related Participating Locals or District Councils, or at such other Contribution Rate(s) as the Trustees may prescribe in the organizations participation agreement.

### **Section 2.07 Owner-Members**

The rules pursuant to which the Trustees could, prior to January 1, 2002, allow Owner-Member participation in the Plan are set forth in Appendix A.

### **Section 2.08 Basis for Participation and Continuing Participation**

- (a) If it is determined at any time that the participation or continued participation of any Contributing Employer including, but not limited to, any Participating Local or Related Organization, or if participation or the continued participation of any Owner-Member or special class of employees, would or could, in the judgment of the Trustees with the advice of the actuaries of the Fund, adversely affect the actuarial soundness of the Fund or the ongoing tax-qualified status of the Plan under Section 401(a) of the Code, the Trustees may, as a condition of participation or continued participation, modify any terms and conditions of such participation and/or take any such actions (including, but not limited to, limiting participation in the fund) that they, in their sole discretion, consider necessary or appropriate to preserve the actuarial soundness of the Fund or the ongoing tax-qualified status of the Plan under Section 401(a) of the Code. In considering the effect that continued participation of any Contributing Employer, Participating Local, Related Organization or Owner-Member could have on the actuarial soundness of the Fund or on the ongoing tax-qualified status of the Plan under Section 401(a) of the Code, the Trustees are authorized to consider the effect on the Fund if other Contributing Employers, Participating Locals, Related Organizations and/or Owner-Members were to participate on the same or similar terms.
- (b) Notwithstanding the foregoing, no action may be taken pursuant to this Section 2.08 to the extent it would cause a reduction or elimination of a benefit in violation of Section 411(d)(6) of the Code.

## **ARTICLE 3 PARTICIPATION OF EMPLOYEES**

### **Section 3.01 Purpose**

This Section contains rules for determining when an Employee becomes a Participant in the Plan and the effect of a Break in Service on his participation in the Plan. It should be noted that once an



Employee has become a Participant, the provisions of this Plan Document may give him credit in accordance with the rules of the Plan for some or all of his service before he became a Participant.

### **Section 3.02 Commencement of Participation**

An Employee who is engaged in Covered Employment with a Contributing Employer shall become a Participant in the Plan on the first January 1 or July 1 immediately following completion of one (1) Year of Service.

### **Section 3.03 Years of Service Taken into Account**

Except as provided in Section 3.04 below, with respect to any Employee, all of the Employee's Years of Service shall be taken into account in computing the period of service required for purposes of Section 3.02 above.

### **Section 3.04 Effect of Break in Service on Participation in the Plan**

#### **(a) One-Year Break in Service**

##### **(1) Cessation of Participation**

If Participant incurs a One-Year Break in Service (as defined in Section 4.13(b)), he shall cease to be a Participant as of the last day of the Calendar Year in which his One-Year Break in Service occurred, unless such Participant is a Pensioner or has attained Vested Status under Section 8.07.

##### **(2) Service Disregarded Before One-Year Break in Service**

If a former Participant who has incurred a One-Year Break in Service returns to Covered Employment, any period of service earned before the Employee incurred a One-Year Break in Service shall not be taken into account until he has again completed a Year in Service following his return to Covered Employment. However, in determining whether an Employee completes a Year of Service after his return, his Eligibility Computation Period shall be measured by the 12-consecutive month period beginning on such Employee's Reemployment Commencement Date (as defined in paragraph (4) below) and, if necessary, Calendar Years beginning with the Calendar Year that includes the first anniversary of his Reemployment Commencement Date.

##### **(3) Effective Date of Participation After Reemployment**

Except as provided in subsection (b) below, upon completing a Year of Service in accordance with paragraph (2) above, the Employee shall again participate in the Plan effective as of his Reemployment Commencement Date; provided that the Employee is engaged in Covered Employment on his Reemployment Commencement Date. If an Employee is not engaged in Covered Employment on his Reemployment Commencement Date, the Employee's participation in the Plan shall be reinstated

effective as of the first day on which he is credited with an Hour of Work in Covered Employment following his Reemployment Commencement Date.

(4) Reemployment Commencement Date

For purposes of this subsection (a), an Employee's "Reemployment Commencement Date" is the first day on which he would be credited with an Hour of Work for the performance of duties for an Employer after the first Calendar Year (i.e., first Eligibility Computation Period) in which he incurs the One-Year Break in Service under Section 4.13.

(b) Return to Covered Employment after Permanent Break in Service

If a former Participant returns to Covered Employment after incurring a Permanent Break in Service (as defined in Section 4.13(d)), he will be treated as a new Employee upon his return to Covered Employment and all prior Years of Service will be disregarded for purposes of this Article 3. In that case, the former Participant shall again become a Participant in accordance with Section 3.02.

## **ARTICLE 4 PENSION CREDIT AND BREAKS IN SERVICE**

### **Section 4.01 Purpose**

The purpose of this Article 4 is to define the basis on which Participants accumulate Pension Credit for purposes of determining pension benefits under the Plan. This Article 4 also defines the circumstances under which Pension Credit and Years of Service may be lost pursuant to a Break in Service.

### **Section 4.02 Past Service Credit for an Employer's Contribution Date before January 1, 2000**

Past Service Credit shall be granted with respect to a Participant whose Employer's Contribution Date is before January 1, 2000, in accordance with Section 4.02 of Appendix A.

### **Section 4.03 Past Service Credit for an Employer's Contribution Date on or after January 1, 2000**

- (a) For an Employer's Contribution Date that is on or after January 1, 2000, Past Service Credit for any years of employment prior to the Employer's Contribution Date will be granted to the Participant on the basis of one year of Past Service Credit for each year of Future Service Credit subsequently earned if:
- (1) the Contributing Employer's initial Contribution Rate is at least 50¢ per hour; and

- (2) the Participant is employed by the Employer in Covered Employment on the Contribution Date or was employed by the Employer within the 24-month period preceding the Employer's Contribution Date and is engaged in Covered Employment on the Employer's Contribution Date.
- (b) Past Service Credit granted in accordance with this section shall be limited to:
    - (1) a maximum of 10 years; and
    - (2) periods during which the Participant was actively employed by the Employer and not absent due to sick leave, jury duty, parental leave or similar circumstances.
  - (c) The provisions of Section 4.02 of Appendix A shall apply to Past Service Credit granted in accordance with this Section.
  - (d) Notwithstanding the provisions of subsection (a) that requires an Employer's Contribution Date to be on or after January 1, 2000, the provision shall apply to:
    - (1) Effective August 11, 2005, Employees engaged in Covered Employment with SEMCO, Inc. (formerly known as Autoduct) from September 1999 and who continued to work in Covered Employment with SEMCO, Inc. through November 2000, under the terms of a Collective Bargaining Agreement with Local Union No. 32, shall be granted Past Service Credit in accordance with the provisions of this Section 4.03. The Contribution Date for both SEMCO, Inc. (formerly Autoduct) and the Covered Employees identified under this subsection (d)(1) shall be September 1, 1999 and all other provisions of this section 4.03 shall otherwise apply.
    - (2) Effective August 11, 2005, Employees engaged in Covered Employment with Hayes & Buri, as of October 1999 and who continued to work in Covered Employment with Hayes & Buri, Inc., through December 2003, under the terms of a Collective Bargaining Agreement with Local Union No. 71, shall be granted Past Service Credit in accordance with the provisions of this section 4.03. The Contribution Date for both Hayes & Buri, Inc. and the Covered Employees identified under this subsection (d)(2) shall be October 1, 1999 and all other provisions of this section 4.03 shall otherwise apply.
  - (e) Past Service Credit granted pursuant to subsection (a) above for service with an Employer whose Contribution Date is on or after January 1, 2015 will be cancelled and will not be taken into account for any purposes under the Plan Document if: (1) the Employer ceases contributing to the Plan; and (2) the Employer is not liable for withdrawal liability by reason of Section 4210 of ERISA and the applicable provisions of the Trust Document (including any Appendix to the Trust Document). Consequently, any benefit accrued under the Plan Document as a result of such cancelled Past Service Credit will not be payable.

#### **Section 4.04 Credit for Calendar Year of Contribution Date**

For the first Calendar Year in which a Participant's Contribution Date occurs, if the Contribution Date is on a date other than January 1st, and if the Participant worked 150 days or earned \$2500 in

Covered Employment, he shall be given one (1) year of Past Service Credit for the full Calendar Year, as though it were a Year of Service for which the Employee is entitled to Past Service Credit. However, the period for which contributions have been made in that Calendar Year shall also be counted as minimum Future Service Credit under Section 4.09 of the Plan Document and toward the Years of Service for purposes of vesting under Section 8.07; provided that no Participant may receive credit for more than one (1) Calendar Year during any 12-consecutive month period of employment.

**Section 4.05 Work for Employer Who Went Out of Business, or for Local That Becomes or Merges Into a Participating Local**

- (a) If a Participant worked for an employer who went out of business, and such business was taken over by a Contributing Employer, or in other comparable situations, credit for periods of employment with the employer who went out of business may be granted for purposes of Section 4.02 of Appendix A, or Section 4.03, as applicable, if the Trustees, in their sole discretion, are satisfied on the basis of evidence submitted to them, that it is appropriate to treat the Contributing Employer as one who succeeded to the business of the employer who went out of business.
- (b) If an individual performed employment in the Sheet Metal Industry for an employer that was not covered by a Collective Bargaining Agreement between the employer and a Local Union, but which was covered by a collective bargaining agreement between the employer and the Local that required that the employer contribute to a pension fund maintained by the Local, and the Local becomes a Participating Local or is merged into a Participating Local, the Trustees may grant credit for periods of employment with the employer during the period that the Local Union was not a Participating Local, if the Trustees, in their sole discretion, are satisfied on the basis of evidence submitted to them that it is appropriate to grant past service credit to all similarly-situated members of such Local Union in such a circumstance.

**Section 4.06 Past Service Credit for Participants Not Covered by a Collective Bargaining Agreement**

Any Past Service Credit granted under this Article 4 to a Participant who is a member of a special class of employees accepted for participation in the Plan under Section 2.05 of Appendix A, or who is employed by a Related Organization or a Participating Local, shall be granted in accordance with the requirements of Treasury Regulation Section 1.401(a)(4)–11(d). Notwithstanding any provision in this Article 4 to the contrary, a Participant who would be treated as a “collectively bargained employee” under paragraph (C) or (D) of Treasury Regulation Section 1.410(b)–6(d)(2)(ii) shall receive Past Service Credit only in a manner that is generally no more favorable than similarly situated Participants who are covered by a Collective Bargaining Agreement.

**Section 4.07 Breaks in Service Prior to the Contribution Date (Past Service)**

- (a) If a Participant’s employment during the period prior to his Contribution Date was interrupted by three (3) consecutive Calendar Years in which the Participant failed to earn at least one (1) year of Past Service Credit, it shall be considered a “Break in Past Service.” In that case, no Past Service Credit shall be granted for the period preceding such Break in Past Service,

but he shall be granted Past Service Credit for the years subsequent to such Break in Past Service in which he meets the requirements set forth in Section 4.03 above and Section 4.02(b) of Appendix A.

- (b) Notwithstanding the provisions of Section 4.07(a), above, no Break in Past Service shall be deemed to have occurred and consequently there shall be no loss of prior Past Service Credit if the Trustees determine that the interruption of the Participant's employment is attributable to:
- (1) proven disability during a period prior to January 1, 2000, whether occupational or non-occupational, involving total incapacity to work in the capacity in which he was employed when he became disabled and lack of any other employment for a period not exceeding five years;
  - (2) the Participant being a Reemployed Veteran (as defined in Section 4.15) who incurs a period of Qualified Military Service (as defined in Section 4.15);
  - (3) service as a full-time elected or appointed officer or employee of the Union; or
  - (4) notwithstanding the provisions of Section 4.02(a) of Appendix A or anything to the contrary in the Plan Document, a period of time prior to January 1, 2000, during which he does not exceed ten years as the owner of a small business employing no more than four people including himself who are covered by a Collective Bargaining Agreement, provided that the owner continues to work inside as a sheet metal worker and not outside erecting during such period and provided further that he subsequently returns to work in Covered Employment.

#### **Section 4.08    Loss of Past Service Credit**

- (a) Notwithstanding any other provision of this Plan Document, if a Participant or Employee (or a former Participant or Employee) at any time after his Contribution Date performs at least one (1) hour of employment in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer, then he shall lose all Past Service Credit for the purpose of calculating his benefit amount. However, notwithstanding the foregoing, this Section 4.08 shall not apply to the extent that it would cause any Participant's or Employee's Accrued Benefit to be less than it was on August 31, 1988, or to the extent that it would result in a forfeiture of any part of the Accrued Benefit of a Participant who has attained Vested Status under Section 8.07 prior to the date on which he first performs at least one (1) hour of employment in such Non-Covered Employment.
- (b) In the event that a Participant or Employee loses all Past Service Credit pursuant to subsection (a) above, that Past Service Credit shall be restored if the Participant or Employee returns to Covered Employment and earns a number of months of Pension Credit, as otherwise determined under this Article 4, equal to the number of months during which he was previously employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. In the event that the Participant does not earn an equal amount of Pension Credit, the Past Service Credit shall be restored on a pro rata basis determined by dividing the number of months of

Pension Credit earned subsequent to his return to Covered Employment by the number of months during which the individual previously worked at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. Such percentage shall not be greater than 100%. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer shall have all of his Past Service Credit restored provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.

- (c) A Participant or Employee's right to restore lost Past Service Credit pursuant to the preceding paragraph shall be limited to his first return to Covered Employment after being employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment again and is again employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in the preceding paragraph.

**Section 4.09 Pension Credit for Periods on and after the Contribution Date (Future Service Credit)**

- (a) The provisions in this Section 4.09 apply only to Hours of Work in Covered Employment on or after the Participant's Contribution Date.
- (b) Participants who perform Construction Work after their Contribution Date
  - (1) The following rules apply to Plan Years beginning on or after January 1, 2008 or before January 1, 1995:
    - (A) A Participant who performs Construction Work during a Plan Year beginning on or after January 1, 2008 or before January 1, 1995 will receive one (1) year of Future Service Credit for each such Plan Year in which he completes 1200 or more Hours of Work in Covered Employment. Proportionately less credit for such period shall be granted in accordance with the schedule below:

Hours of Work in Covered Employment During Plan Year	Months of Pension Credit
Less than 100 hours	0
100-199	1
200-299	2
300-399	3
400-499	4
500-599	5
600-699	6

<b>Hours of Work in Covered Employment During Plan Year</b>	<b>Months of Pension Credit</b>
700-799	7
800-899	8
900-999	9
1000-1099	10
1100-1199	11
1200 and over	12

- (B) If a Participant described in (A) above commenced participation (or recommences participation) in the Plan on a date other than January 1, and the Participant completed a Year of Service for purposes of Section 8.07 but less than 100 Hours of Work in Covered Employment during such Plan Year, he shall be credited with a prorated portion of a full Year of Future Service Credit in the ratio that his Hours of Work in Covered Employment has to 1,200.
- (2) The following rules apply to Plan Years beginning on or after January 1, 1995 but before January 1, 2008:
- (A) A Participant who performed Construction Work during a Plan Year beginning on or after January 1, 1995 but before January 1, 2008 receives one (1) year of Future Service Credit for each such Plan Year in which he completed 1400 or more Hours of Work in Covered Employment. Proportionately less credit will be granted for such period in accordance with the schedule below:

<b>Hours of Work in Covered Employment During Plan Year</b>	<b>Months of Future Service Credit</b>
Less than 116 hours	0
116-231	1
232-347	2
348-463	3
464-579	4
580-695	5
696-811	6
812-927	7
928-1043	8
1044-1159	9
1160-1275	10
1276- 1399	11
1400 and over	12

- (B) Notwithstanding the provisions of Section 4.09(b)(2)(A), if a Participant failed to complete 1400 or more Hours of Work in Covered Employment during a Plan Year beginning on or after January 1, 1995 and before January 1, 2001, but his total number of Hours of Work in Covered Employment for

two consecutive Plan Years (excluding Plan Years beginning on or after January 1, 2001) equaled or exceeded 2800, he does not receive proportional credit as shown in the schedule in Section 4.09(b)(2)(A), but instead receives one (1) year of Future Service Credit for each of the two (2) Plan Years (but it does not have the effect of increasing the Participant's benefit accrual for the 2000 Plan Year).

- (C) In no event will the special rule set forth in Sections 4.09(b)(2)(B) apply to any three consecutive Plan Years.
- (D) If a Participant described in (A) above commenced participation (or re-participation) in the Plan on a date other than January 1, and the Participant completed a Year of Service for purposes of Section 8.07 but less than 100 Hours of Work in Covered Employment during such Plan Year, he shall be credited with a prorated portion of a full Year of Future Service Credit in the ratio that his Hours of Work in Covered Employment has to 1400.

(c) Participants who Perform Non-Construction Work after their Contribution Date

- (1) A Participant who performs Non-Construction Work during a Plan Year beginning on or after January 1, 2008, will receive one (1) year of Future Service Credit for each such Plan Year in which he completes 1200 or more Hours of Work in Covered Employment. Proportionately less credit for such period shall be granted in accordance with the schedule below:

<b>Hours of Work in Covered Employment During Plan Year</b>	<b>Months of Pension Credit</b>
Less than 100 hours	0
100-199	1
200-299	2
300-399	3
400-499	4
500-599	5
600-699	6
700-799	7
800-899	8
900-999	9
1000-1099	10
1100-1199	11
1200 and over	12

- (2) A Participant who performed Non-Construction Work during a Plan Year: beginning on or after January 1, 2000 but before January 1, 2008 receives one (1) year of Future Service Credit for each such Plan Year in which he completed 1400 or more Hours of Work in Covered Employment. Proportionately less credit for such period shall be granted in accordance with the schedule below:



<b>Hours of Work in Covered Employment During Plan Year</b>	<b>Months of Future Service Credit</b>
Less than 116 hours	0
116-231	1
232-347	2
348-463	3
464-579	4
580-695	5
696-811	6
812-927	7
928-1043	8
1044-1159	9
1160-1275	10
1276- 1399	11
1400 and over	12

(3) The following rules apply to Plan Years beginning after January 1, 1976, but before January 1, 2000:

(A) A Participant who performed Non-Construction Work during a Plan Year beginning on or after January 1, 1976 but before January 1, 2000 receives one (1) year of Future Service Credit for each such Plan Year in which he completed 1800 or more Hours of Work in Covered Employment. Proportionately less credit shall be granted in accordance with the schedule below:

<b>Hours of Work in Covered Employment During Plan Year</b>	<b>Months of Future Service Credit</b>
Less than 100 hours	0
100-164	1
165-328	2
329-492	3
493-656	4
657-820	5
821-984	6
985-1148	7
1149-1312	8
1313-1476	9
1477-1640	10
1641-1799	11
1800 and over	12

(B) Notwithstanding the provisions of Section 4.09(c)(3)(A), if a Participant fails to complete 1800 or more Hours of Work in Covered Employment during a Plan Year beginning on or after January 1, 1995 and before January 1, 2001, but his total number of Hours of Work in Covered Employment for two consecutive Plan Years (excluding Plan Years beginning on or after January

1, 2001) equaled or exceeded 3600, he does not receive proportional credit as shown in the schedule in Section 4.09(c)(3)(A), but instead receives one (1) year of Future Service Credit for each of the two (2) consecutive Plan Years (but it does not have the effect of increasing the Participant's benefit accrual for the 2000 Plan Year).

(C) In no event shall the special rule set forth in Sections 4.09(c)(3)(B) apply to any three consecutive Plan Years.

(4) A Participant who performed Non-Construction Work during any Plan Year beginning before January 1, 1976 receives one (1) year of Future Service Credit for each such Plan Year in which he completed 1800 or more Hours of Work in Covered Employment. Proportionately less credit shall be granted in accordance with the following schedule:

<b>Hours of Work in Covered Employment During Plan Year</b>	<b>Months of Pension Credit</b>
Less than 150 hours	0
150-299	1
300-449	2
450-599	3
600-749	4
750-899	5
900-1049	6
1050-1199	7
1200-1349	8
1350-1499	9
1500-1649	10
1650-1799	11
1800 and over	12

**Section 4.10 Pension Credit for Periods of Unemployment**

For Plan Years beginning prior to January 1, 2000 and only for purposes of receiving Pension Credit under this Article, a Participant shall be credited with Hours of Work in Covered Employment equal to the number of hours for which he receives unemployment benefits from a trust fund maintained by his Local Union and Contributing Employer, as specified in Section 4.10 of Appendix A

**Section 4.11 Pension Credit for Periods of Employment under Sheet Metal Workers' Local Union #22's Jurisdiction**

A Participant shall receive Past Service Credit under Section 4.02(c)(2) of Appendix A for employment prior to December 20, 1996, in the jurisdiction of Sheet Metal Workers' Local Union #22 as described in Section 4.11 of Appendix A.

## **Section 4.12 Credit for Periods of Employment as a “Salted Organizer” or “Youth-to-Youth” Apprentice**

An individual (i) who is a member of a Local which is a Contributing Employer and (ii) who also is working as a bona fide “Salted Organizer” or as a “Youth-to-Youth” apprentice shall be credited with Hours of Work in Covered Employment for purposes of Sections 1.40, 4.09 and 4.13 of the Plan Document equal to the number of hours of work performed during such period of employment as certified in writing to the Fund Office by the SMWIA within 12 months after the last month in which employment under this section occurred; provided, however, that such employment was not covered by a collective bargaining agreement to which the Union and/or any Local are a party.

The Hours of Work that are earned under this Section for any one period of work as a Salted Organizer or Youth-to-Youth apprentice shall be credited as they are earned, provided that no such Hours of Work shall be credited unless and until the individual has an Hour of Work in Covered Employment after the last day of that period. The Hours of Service that are to be credited under this Section shall be credited as though they were worked at the prevailing Contribution Rate that was in effect in the jurisdiction of the Local during the individual’s period of employment as a bona fide Salted Organizer or a Youth-to-Youth apprentice, as the case may be.

Notwithstanding anything to the contrary in the Plan Document, the amount of Future Service Credit that may be granted pursuant to this Section 4.12 shall not exceed 12 months for any single period of employment with the same Employer as a bona fide Salted Organizer, or for all periods of employment as a Youth-to-Youth apprentice.

## **Section 4.13 Breaks in Service**

### **(a) Purpose**

The purpose of this Section is to define the terms “One-Year Break in Service” and “Permanent Break in Service.” This Section also describes the effect of a Break in Service on previously credited service for vesting, participation and benefit accrual purposes. References to the term “Employee” shall include a former “Employee” as the context so requires.

### **(b) One-Year Break in Service Defined**

- (1)** An Employee incurs a One-Year Break in Service if he fails to complete 435 Hours of Work in Covered Employment during any Calendar Year after 1975, and he does not meet the eligibility requirements for a pension at that time.
- (2)** In determining whether an Employee has a One-Year Break in Service for purposes of subsections (c)(1) and (2) (i.e., for participation and vesting purposes only), Hours of Work in Non-Covered Employment shall also be taken into account in determining whether an Employee has completed 435 Hours of Work in Covered Employment, but only insofar as such Hours of Work in Non-Covered Employment would be creditable toward a Year of Service under Section 1.40(b) of the Plan Document.

- (3) Solely for purposes of determining whether a One-Year Break in Service has occurred in a Calendar Year (or Eligibility Computation Period) on or after January 1, 1985, if an Employee is absent from Covered Employment by reason of the pregnancy of the Employee; the birth of a child of the Employee; the placement of a child with the Employee in connection with the adoption of such child by the Employee; or for purposes of caring for such child for a period beginning immediately following such birth or placement, the Employee shall receive credit for (i) the Hours of Work that otherwise would normally have been credited to such Employee but for such absence; or (ii) in any case where the Hours of Work in (i) are unable to be determined, eight (8) Hours of Work per day of absence. However, the total number of hours treated as Hours of Work under this subsection (3) by reason of any such pregnancy or placement shall not exceed 435 hours. The Hours of Work credited under this subsection (3) shall be credited in the Calendar Year (or Eligibility Computation Period) in which the absence begins to the extent that the crediting is necessary to prevent the Employee from incurring a One-Year Break in Service in that period, or in all other cases, in the immediately following Calendar Year (or Eligibility Computation Period).
- (4) No One-Year Break in Service shall be deemed to have occurred if the Break in Service is attributable to the Participant being a Reemployed Veteran (as defined in Section 4.15) who incurs a period of Qualified Military Service (as defined in Section 4.15) during the Plan Year.

(c) Effect of a One-Year Break in Service

(1) Participation

Section 3.04(a) of the Plan Document describes the effect of a One-Year Break in Service on a non-vested Employee's participation in the Plan.

(2) Vesting

In the case of any non-vested Employee who has incurred a One-Year Break in Service, the Years of Service credited to such Employee prior to his Break in Service shall be disregarded for purposes of Section 8.07. However, except as provided in subsection (f)(2) below (relating to the effect of a Permanent Break in Service), upon completing one (1) Year of Service after such One-Year Break in Service, his previously credited Years of Service shall be restored for purposes of Section 8.07.

(3) Pension Credit/Contribution Hours

In the case of any non-vested Employee who has incurred a One-Year Break in Service, the Pension Credit earned by such Employee under Article 4 prior to his Break in Service, and the Contribution Hours credited to the Employee in accordance with Section 5.03(c) prior to his Break in Service, shall be disregarded. However, except as provided in subsection (f)(3) below (relating to the effect of a Permanent Break in Service), upon completing one (1) Year of Service after returning to Covered Employment, his previously earned Pension Credit and Contribution Hours shall be

restored under Article 4 on the same basis and in the same manner as his participation is reinstated under Section 3.04(a).

Nothing in this subsection (c) shall be construed to change the effects of a Permanent Break in Service.

(d) Permanent Break in Service Defined (Non-Vested Participants)

An Employee who has not attained Vested Status under Section 8.07 of the Plan Document shall be deemed to have incurred a Permanent Break in Service in accordance with the following rules:

(1) Permanent Break in Service after 1984 or after the Contribution Date, if later

An Employee who has not attained Vested Status under Section 8.07 of the Plan Document shall be deemed to incur a Permanent Break in Service when he has a number of consecutive One-Year Breaks in Service (including at least one after 1984) which equals or exceeds the greater of: (i) five (5), or (ii) the total number of Years of Service he earned before such Breaks in Service.

(2) Permanent Break in Service after 1975, or after Contribution Date if later, and before 1985

An Employee who has less than four (4) Years of Service shall be deemed to incur a Permanent Break in Service if (i) he has at least three (3) consecutive One-Year Breaks in Service after his Contribution Date, (ii) he has two (2) consecutive One-Year Breaks in Service in 1976 and 1977, and he failed to earn at least six months of Future Service Credit in the period from 1975 through 1977, or (iii) he has a One-Year Break in Service in 1976, and failed to earn at least six months of Future Service Credit in the period from 1974 through 1976. A person who has four (4) or more Years of Service shall incur a Permanent Break in Service when the number of his consecutive One-Year Breaks in Service equals or exceeds the Employee's total number of Years of Service before such Breaks in Service. However, an Employee will not be deemed to have incurred a Permanent Break in Service under this subsection (2) if he earns at least six months of Future Service Credit in any three (3) consecutive Calendar Years. Nothing in the preceding sentence shall be construed to mean that an Employee may not subsequently incur a Permanent Break in Service under subsection (1) or this subsection (2).

(3) Permanent Break in Service before 1976 but after the Contribution Date

An Employee shall have incurred a Permanent Break in Service if, after the January 1 coincident with or next following his Contribution Date, he fails to earn at least six months of Future Service Credit in any three (3) consecutive Calendar Years.

(e) Exceptions

No Permanent Break in Service shall be deemed to have occurred and there shall be no loss of prior Pension Credits if the Break in Service described in subsections (d)(1), (2), and (3) above is attributable to:

- (1) the Participant being a Reemployed Veteran (as defined in Section 4.15) who incurs a period of Qualified Military Service (as defined in Section 4.15) during the Plan Year;
- (2) Service as a full-time elected or appointed officer or employee of the Union;
- (3) For Years of Service (for vesting purposes) and Pension Credit earned prior to January 1, 2000, notwithstanding anything to the contrary in the Plan Document, and to the extent permitted under Section 401(a)(4) of the Code and the regulations thereunder, a period of time not exceeding ten years as the owner of a small business employing no more than four people including himself who are covered by a Collective Bargaining Agreement; provided, that the owner continues to work inside as a sheet metal worker and not outside erecting during such period and provided further that he subsequently returns to work in Covered Employment;
- (4) Involuntary unemployment during one of the Calendar Years 1973, 1974, or 1975. Not more than one of these Calendar Years may be used in determining whether or not a Break in Service has occurred, and the Trustees shall be the sole and final judges of what constitutes involuntary unemployment for an Employee who has remained available for Covered Employment, on the basis of information received from the Employee, the Business Manager of the Local Union or any other source required for verification; or
- (5) For Years of Service (for vesting purposes) and Pension Credit earned prior to January 1, 2000, proven disability, whether occupational or non-occupational, involving total incapacity to work in the capacity in which he was employed when he became disabled and lack of any other employment for a period not exceeding five years.

(f) Effect of a Permanent Break in Service

Notwithstanding any provision to the contrary in subsection (c), if an Employee who has not attained Vested Status under Section 8.07 has incurred a Permanent Break in Service under Section 4.13(d) above, he shall be affected as follows:

- (1) Section 3.04(b) of the Plan Document describes the effect of a Permanent Break in Service on an Employee's participation in the Plan.
- (2) In the case of an Employee who has incurred a Permanent Break in Service, the Pension Credit earned by him under Article 4 prior to such Permanent Break in Service, and the Contribution Hours credited to the Employee in accordance with Section 5.03(c) prior to his Permanent Break in Service, and the Contribution Hours credited to the Employee in accordance with Section 5.03(c) prior to his Permanent

Break in Service, shall be permanently disregarded, except as provided in Section 4.14.

- (3) In the case of an Employee who has incurred a Permanent Break in Service, the Pension Credit earned by him under Article 4 prior to such Permanent Break in Service, and the Contribution Hours credited to the Employee in accordance with Section 5.03(c) prior to his Permanent Break in Service, shall be permanently disregarded, except as provided in Section 4.14.

#### **Section 4.14 Restoration of Pension Credits and Contribution Hours Following a Permanent Break in Service**

- (a) Effective July 1, 2001, if an Employee who incurs a Permanent Break in Service under Section 4.13(d) and who has Pension Credit and/or Contribution Hours disregarded under Section 4.13(f) returns to Covered Employment, then, notwithstanding Section 4.13(f)(3), such Employee will, for each month of Future Service the Employee completes upon returning to Covered Employment, (i) have a month of such Employee's Future Service Credit that was lost as a result of the Permanent Break in Service, restored, and (ii) have his Accrued Benefit that was lost as a result of the Permanent Break in Service restored pursuant to subsection (b). Such restoration will be subject to the following provisions:
  - (1) the Employee must attain Vested Status, as defined in Section 8.07, based on Covered Employment performed after the Permanent Break in Service;
  - (2) the Employee must perform at least one (1) Hour of Work in Covered Employment on or after July 1, 2001 and before December 31, 2006;
  - (3) the Employee must have lost at least 48 months of Future Service Credit as a result of the Permanent Break in Service;
  - (4) the Employee's right to restoration may be utilized only once, and is limited to restoration of such Future Service Credit and/or Contribution Hours as were lost as of his most recent Permanent Break in Service; and
  - (5) Future Service restored under this provision shall be disregarded for the purpose of determining a Lump Sum Death Benefit under Section 7.01.
- (b) The Accrued Benefit to be restored for each month of Future Service earned upon the Employee's return to Covered Employment shall be the pension amount that was lost, determined under the terms of the Plan Document as in effect at the time the Participant incurred the Permanent Break in Service, based on the Future Service Credit and, as applicable, Contribution Hours he had accrued and the Contribution Rates at which he had worked prior to such Permanent Break in Service, divided by the number of disregarded months of Future Service Credit under Section 4.13(f)(3). The pension amount to be used shall be determined under Section 5.03 or Section 5.02 of Appendix A, as appropriate, as if the Employee had met the eligibility requirements for a Normal Pension.

## **Section 4.15 Military Service**

- (a) For purposes of Section 4.07, 4.13 and this Section, the following definitions shall apply:
  - (1) “Reemployed Veteran” means any Employee who terminated employment with an Employer, subsequently had the right to be reemployed by the Employer under chapter 43 of title 38 of the United States Code, and became reemployed by the Employer under that chapter as an Employee.
  - (2) “Qualified Military Service” means any service in the uniformed service (as defined in chapter 43 of title 38 of the United States Code as in effect as of December 12, 1994) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service.
- (b) Effective December 12, 1994, notwithstanding any provision in this Plan Document to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance with Section 414(u) of the Code.
- (c) To protect his full rights, a Reemployed Veteran should apply for reemployment with his Employer within the time prescribed by law. Furthermore, a Reemployed Veteran must call his claim for credit for military service to the attention of the Trustees and be prepared to supply the evidence that the Trustees will need in order to determine his rights.
- (d) A Reemployed Veteran who takes a distribution from the Fund in connection with Qualified Military Service has the right to repay the distribution to the Fund in accordance with the regulations promulgated by the U.S. Department of Labor.

## **Section 4.16 Family Medical Leave Act (“FMLA”)**

Solely for purposes of determining whether an Employee has incurred a One-Year Break in Service during any Calendar Year for vesting and participation purposes, any period of unpaid FMLA leave (as defined in the regulations promulgated under the Family Medical Leave Act of 1993 (the “FMLA”)) during the Calendar Year shall be treated as Hours of Work in Covered Employment based on the Hours of Work that would have been completed in Covered Employment had the Employee not been on unpaid FMLA leave for that period, but only to the extent required by the FMLA or the regulations promulgated thereunder. Also, to the extent required by the FMLA, if the Plan Document requires an Employee to be employed on a specific date in order to be credited with a Year of Service for vesting, contributions or participation purposes, an Employee who is on unpaid FMLA leave on that date will be deemed to have been employed on that date. However, in no event shall any period of unpaid FMLA leave be treated as credited service for purposes of benefit accrual, vesting and eligibility to participate.



## **ARTICLE 5 PENSION ELIGIBILITY AND AMOUNTS**

### **Section 5.01 General**

This Article sets forth the eligibility conditions and benefit calculations for pension benefits. It also sets forth the calculation of amounts that form the basis of disability benefits. The provisions pertaining to the accumulation and retention of credited service are found principally in Article 4. The benefit amounts are subject to reduction because of the Joint and Survivor Annuity<sup>1</sup> or election of optional forms of benefit (Article 6).

A Participant's eligibility to receive benefits is conditioned upon his retirement, as determined below, and his submission of an application for benefits in accordance with Article 8. All benefits, including those set forth in this Article 5 and in Article 16, are subject to the limitations set forth in Section 8.11 (relating to limitations imposed by Section 415 of the Code on maximum annual benefits), as well as the limitations, terms and conditions set forth in Article 12 of the Plan Document. A Participant is "retired" within the meaning of the Plan Document, if he has ceased working in Covered Employment, as well as in any Disqualifying Employment, and such cessation of work is intended to be permanent. A Participant also will be treated as "retired" within the meaning of the Plan Document, if he only performs work that would result in the suspension of benefits as Disqualifying Employment but for an exception contained in Section 8.06, and he otherwise satisfies the conditions of the Plan Document concerning post-retirement employment.

### **Section 5.02 Normal Retirement Pension for Effective Dates of Pension Before January 1, 2000**

The amount of the Normal Retirement Pension for a Participant who has attained Normal Retirement Age, and whose Effective Date of Pension is before January 1, 2000, shall be determined in accordance with the provisions of Section 5.02 of Appendix A.

### **Section 5.03 Normal Retirement Pension for Effective Dates of Pension On or After January 1, 2000**

#### **(a) Eligibility for Normal Retirement Pension**

A Participant who has attained Normal Retirement Age, and whose Effective Date of Pension is on or after January 1, 2000, will be eligible to retire on a Normal Retirement Pension if:

- (1) The Participant has attained Vested Status under Section 8.07, or**
- (2) The Participant has 10 or more years of Pension Credit, including at least five (5) years of Future Service Credit, or has 15 or more years of Pension Credit, including at least 12 months of Future Service Credit.**

#### **(b) Provisions Relating to the Determination of Normal Retirement Pensions**

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<sup>1</sup> Formerly referred to as the Husband-and-Wife Pension.

- (1) The benefit amounts set forth in this Section 5.03 generally are a function of the contributions payable for a Participant's work in Covered Employment. In this regard, the Plan Document was revised effective January 1, 2000 so that for each Plan Year beginning after December 31, 1999, benefits accrue as a percentage of all or a portion of the contributions required to be paid for a Participant's work in Covered Employment. The percentage used to determine a Participant's benefit accrual differs with the number of hours worked in Covered Employment. A lower percentage is used to determine the benefits accrued for Contribution Hours in excess of 1400 (1200 for Plan Years beginning after December 31, 2007). For purposes of this Section 5.03, if a Participant has more than 1400 Contribution Hours (1200 Contribution Hours for Plan Years beginning after December 31, 2007), he will be deemed to have 1400 Contribution Hours (1200 Contribution Hours for Plan Years beginning after December 31, 2007) during whatever period results in the highest benefit accrual for the Plan Year, irrespective of when the Contribution Hours were actually worked within the Plan Year.
- (2) As described herein, not all required contributions necessarily are used to determine a Participant's Normal Retirement Pension.
- (3) Effective January 1, 2004, contributions must be increased annually for each of the following Plan Years: (i) 2004, (ii) 2005, (iii) 2006, and (iv) 2007. Except as otherwise provided in this Section 5.03, the required contribution increase is determined as follows:
  - (A) The required contribution increase for the 2004 Plan Year is the greater of: (i) ten percent (10%) of the Contribution Rate in effect on December 31, 2002, excluding any portion attributable to a 55/30 Rate; or (ii) five cents (5¢).
  - (B) The required contribution increase for the 2005 through 2007 Plan Years is 10% of the sum of: (i) the Contribution Rate in effect on December 31, 2002 (excluding any portion attributable to a 55/30 Rate); and (ii) the amount of each preceding Plan Year's required contribution increase. If the required contribution increase for Plan Year 2004 was five cents (5¢), and that amount exceeded 10% of the December 31, 2002 Contribution Rate (excluding any portion attributable to a 55/30 Rate), the excess will be disregarded in determining the amount of the required contribution increase for the 2005 Plan Year, and it will be applied to satisfy a required contribution increase in or after the 2005 Plan Year if the required contribution increase is not otherwise made.
- (4) If an Employer does not make a required contribution increase for the 2004 Plan Year, a ten percent (10%) compounded increase for the 2004 and 2005 Plan Years must be made in Plan Year 2005. Thereafter, an Employer must have made its required contribution increase during each applicable Plan Year, unless specifically provided otherwise.
- (5) If a required contribution increase is not made for any of the 2004 through 2007 Plan Years, the amount of the required increase will automatically be applied from the portion of any Contribution Rate that resulted in Supplemental Contributions during

the preceding Plan Year, provided it is sufficient to cover the amount of the required contribution increase (either independently or in conjunction with any contribution increase for the Plan Year). This application will take effect the month an increase would have been expected for the Contribution Rate at issue but not later than December 1 of that Plan Year.

- (6) If a required contribution increase is not made for a Plan Year beginning before January 1, 2007, and the portion of any Contribution Rate that resulted in Supplemental Contributions in a preceding Plan Year is insufficient to cover the amount of the required contribution increase (either independently or in conjunction with any contribution increase for the Plan Year), then that portion of the Contribution Rate: (i) will cease to be treated as Supplemental Contributions for purposes of Section 5.03(c)(9) beginning on the first day of the 2007 Plan Year; and (ii) will be treated as if it were part of the Contribution Rate in effect on December 31, 2002 (for purposes of Section 1.04), but only for the 2007 Plan Year.
  - (7) If contributions first become payable pursuant to a Collective Bargaining Agreement (or similar agreement) after December 31, 2002 but before January 1, 2007, because no Employer within the jurisdiction of the applicable Local Union had an obligation to contribute to the Plan for a particular classification, category, or type of work before January 1, 2003, the required contribution increase will be determined as follows. For Plan Years 2004 and 2005, the required contribution increase is five cents (5¢) for each such Plan Year. Beginning with the 2006 Plan Year, the required contribution increase is determined under the provision of 5.03(b)(3) and the Contribution Rate in effect as of December 31, 2005 (less any amount attributable to a 55/30 Rate) will be treated as in effect on December 31, 2002 for purposes of that section. If any contributions falling within the provisions of this Section 5.03(b)(7) first became payable in Plan Year 2006, the required contribution increase will be determined under the provisions of Section 5.03(b)(3) and the Contribution Rate in effect on December 31 of such Plan Year (minus any portion attributable to a 55/30 Rate) will be treated as if it were in effect on December 31, 2002 for purposes of that section. To determine the Benefit Rate under Section 1.04 for contributions falling within the provisions of this Section 5.03(b)(7) that first became payable before the 2005 Plan Year, the Contribution Rate in effect on December 31, 2005 (minus any portion attributable to a 55/30 Rate and any portion attributable to a required contribution increase) will be treated as if it were in effect on December 31, 2002 for purposes of Section 1.04. To determine the Benefit Rate for contributions falling within the provisions of this Section 5.03 (b)(7) that first become payable in the 2005 or 2006 Plan Year, the Contribution Rate in effect on the last day of such Plan Year (minus any portion attributable to a 55/30 Rate) will be treated as if it were in effect on December 31, 2002 for purposes of Section 1.04.
- (c) Amount of Normal Retirement Pension for Effective Dates of Pension on or after January 1, 2000, but before December 1, 2007
- (1) Subject to all other applicable Plan Document provisions, the monthly amount of a Participant's Normal Retirement Pension accrued through November 30, 2007 under this Section 5.03(c) is the aggregate of the amounts as determined under (2) through (9) below, as applicable, less any benefit overpayments made to a Participant.

- (2) The monthly amount determined under Section 5.02 of Appendix A, as if the Participant's Effective Date of Pension and attainment of Normal Retirement Age were before January 1, 2000; plus
- (3) \$10.00 for each year of Past Service Credit (if any) credited pursuant to Section 4.03; plus
- (4) For each Plan Year beginning on or after January 1, 2000 and before January 1, 2003, a Participant's Normal Retirement Pension will be determined as follows:
  - (A) 1.7142% of the amount determined by multiplying the Participant's Contribution Rate, excluding any portion attributable to 55/30 Rate, by his Contribution Hours (up to 1400) for the Plan Year; plus
  - (B) 0.6% of the amount determined by multiplying the Participant's Contribution Hours (over 1400) for the Plan Year by his Contribution Rate, excluding any portion attributable to 55/30 Rate; plus
- (5) For the 2003 Plan Year, a Participant's Normal Retirement Pension will be determined as follows:
  - (A) 1.7142% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (up to 1400) through August 31, 2003; plus
  - (B) 0.6% of the amount determined by multiplying the Participant's Contribution Hours (over 1400) through August 31, 2003 by his Benefit Rate; plus
  - (C) 0.8571% of the amount determined by multiplying the Participant's Benefit Rate by Contribution Hours after August 31, 2003, which, when combined with Participant's Contribution Hours before September 1, 2003, do not exceed 1400; plus
  - (D) 0.3% of the amount determined by multiplying the Participant's Benefit Rate by Contribution Hours after August 31, 2003, which, when combined with Participant's Contribution Hours before September 1, 2003, exceed 1400; plus
  - (E) 1.7142% of the amount of the Participant's Supplemental Contributions for the period September 1, 2003 through December 31, 2003; plus
- (6) For the 2004 through 2006 Plan Years, a Participant's Normal Retirement Pension will be determined for each Plan Year as follows:
  - (A) 0.8571% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (up to 1400) for the Plan Year; plus
  - (B) 0.3% of the amount determined by multiplying the Participant's Contribution Hours for the Plan Year in excess of 1400 hours by his Benefit Rate; plus

- (7) Except as provided in Section 5.03(c)(10) below, for the 2007 Plan Year, a Participant's Normal Retirement Pension will be determined for each Plan Year as follows:
    - (A) 0.8571% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (up to 1400) for the period January 1, 2007 through November 30, 2007; plus
    - (B) 0.3% of the amount determined by multiplying the Participant's Contribution Hours for the period January 1, 2007 through November 30, 2007 in excess of 1400 hours by his Benefit Rate, plus
  - (8) Amounts attributable to Supplemental Contributions for the 2004, 2005, and 2006 Plan Years:
    - (A) 1.7142% of the Participant's Supplemental Contributions based on his Contribution Hours (up to 1400) for the Plan Year; plus
    - (B) 0.6% of the Supplemental Contributions based on his Contribution Hours (over 1400) for the Plan Year.
  - (9) Amount attributable to Supplemental Contributions for the 2007 Plan Year:
    - (A) 1.7142% of the Participant's Supplemental Contributions based on his Contribution Hours (up to 1400) for the period January 1, 2007 through November 30, 2007; plus
    - (B) 0.6% of the Supplemental Contributions based on his Contribution Hours (over 1400) for the period January 1, 2007 through November 30, 2007.
  - (10) For the 2007 Plan Year, Section 5.03(c)(7) above will exclude a Participant's Contribution Hours under a Sheet Metal Workers' Local Union #36 Collective Bargaining Agreement, which covers work in the geographical area of Springfield, Missouri ("Springfield CBA"). Instead, the Participant's Normal Retirement Pension for any of his Contribution Hours after December 31, 2006 under a Springfield CBA will be determined as follows:
    - (A) 0.4285% of the amount determined by multiplying the Participant's Benefit Rate (as adjusted by (B) below) by the Participant's Contribution Hours (up to 1400) for the Plan Year under the Springfield CBA, and any of his Contribution Hours in excess of 1400 for the Plan Year under the Springfield CBA will be disregarded in determining the amount of his Normal Retirement Pension.
    - (B) For purposes of (A) above, the Participant's Benefit Rate (as defined in Section 1.04) will be reduced by the amount of required contribution increase for the 2006 Plan Year.
- (d) Adjustment for a Plan Year before 2008 in which Required Contribution Increase Is Made

- (1) If the required contribution increase for the 2004 Plan Year was made in accordance with Section 5.03(b) on or before December 31, 2004, the amount determined under Sections 5.03(c)(5)(C) and (D) and Section 5.03(c)(6) for the period September 1, 2003 through December 31, 2005 shall be multiplied by two (2), but only with respect to those Contribution Hours that are attributable to a Contribution Rate that was increased in the manner described herein.
  - (2) If the required contribution increase for the 2004 Plan Year was made in accordance with Section 5.03(b) on or before December 31, 2004, and the required contribution increase for the 2005 Plan Year is made in accordance with Section 5.03 (b) in or before December 2005, the amount determined under Section 5.03(c)(6) for 2006 Plan Year will be multiplied by two (2), but only with respect to those Contribution Hours that are attributable to a Contribution Rate that was increased in the manner described herein.
  - (3) If the required contribution increase for the 2004 Plan Year was not made in accordance with Section 5.03(b) in or before December 31, 2004, but the required contribution increases for both the 2004 and 2005 Plan Years are made in or before December 2005, the amount determined under Section 5.03(c)(6) for both the 2005 and the 2006 Plan Years will be multiplied by two (2), but only with respect to those Contribution Hours that are attributable to a Contribution Rate that was increased in the manner described herein.
  - (4) If the required contribution increase has been made in accordance with Section 5.03(b) for the 2006 Plan Year, the amount determined under Section 5.03(c)(7) for the 2007 Plan Year shall be multiplied by two (2), but only with respect to those Contribution Hours that are attributable to the required contribution increase and only if the required contribution increases have been made in accordance with Section 5.03(b) for all preceding Plan Years (beginning with the 2004 Plan Year). For purposes of this Section 5.03(b)(4), a required contribution increase will not be deemed to have been made for the 2006 Plan Year unless such increase took effect on or before the last day of such Plan Year.
- (e) If a Contribution Rate is decreased on or after January 1, 2000 but before December 1, 2007, the following provisions shall apply:
- (1) 0.8571% shall be substituted for 1.7142%, and 0.4286% shall be substituted for 0.8571% in Sections 5.03(c)(4) through (7) above, insofar as those provisions apply to the contributions that are required to be made on a Participant's behalf at the reduced Contribution Rate; and
  - (2) 0% shall be substituted for 0.6% and 0.3% in Sections 5.03(c)(4) through (7), insofar as those provisions apply to the contributions that are required to be made on a Participant's behalf at the reduced Contribution Rate.
- (f) Amount of Normal Retirement Pension for Effective Dates of Pension On or After December 1, 2007 but before January 1, 2014

- (1) Subject to all other applicable Plan Document provisions, the monthly amount of a Participant's Normal Retirement Pension accrued after November 30, 2007 but before January 1, 2014 under this Section 5.03(f) is the aggregate of the amounts as determined under (2) through (7) below, as applicable, except that the benefit accrual provisions in the Rehabilitation Plan and the Rehabilitation Plan Schedule(s) (set forth in Appendix C), which applied to the Participant when the Plan was in Critical Status shall control for purposes of determining the monthly amount of the Participant's Normal Retirement Pension accrued during the period in which the Plan was in Critical Status, less any benefit overpayments made to a Participant.
- (2) The monthly amount determined under Section 5.03(c) above, as if the Participant's Effective Date of Pension and Normal Retirement Age were before December 1, 2007; plus
- (3) \$10.00 for each year of Past Service Credit (if any) credited pursuant to Section 4.03 (to the extent not taken into account under (2) above); plus
- (4)
  - (A) If all of the required contribution increases for the 2004 through 2007 Plan Years were made pursuant to Section 5.03(b), 1.5% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours for the period December 1, 2007 through December 31, 2007; or
  - (B) If not all of the required contribution increases for the 2004 through 2007 Plan Years were made, 0.8571% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours for the period December 1, 2007 through December 31, 2007, except that 0.4286% will be substituted for 0.8571% if the Participant's Contribution Rate has been decreased; plus
- (5) If all of the required contribution increases for the 2004 through 2007 Plan Years were made pursuant to Section 5.03(b), then (except as provided otherwise in (7) below or in the Rehabilitation Plan and Schedules) for each Plan Year beginning on or after January 1, 2008;
  - (A) 1.5% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (up to 1200) for such Plan Year; plus
  - (B) (B) 0.7% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (over 1200) for such Plan Year; or
- (6) If not all of the required contribution increases for the 2004 through 2007 Plan Years were made pursuant to Section 5.03(b), then (except as provided in (7) below or in the Rehabilitation Plan and Schedules) for each Plan Year beginning on or after January 1, 2008;
  - (A) 0.8571% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (up to 1200) for such Plan Year, except that 0.4286% will be substituted for 0.8571% if the Participant's Contribution Rate has been decreased; plus.

- (B) 0.3% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours (over 1200) for such Plan Year, except that 0.0% will be substituted for 0.3% if the Participant's Contribution Rate has been decreased.
- (7) If a Participant works under a Collective Bargaining Agreement (or similar agreement) after August 31, 2008, which does not incorporate or otherwise reflect one of the Rehabilitation Plan Schedules, then:
- (A) for the period September 1, 2008 through December 31, 2008 (or if earlier, the first day of the month following the month in which the Participant's Collective Bargaining Agreement (or similar agreement) incorporates or otherwise reflects one of the Schedules), 0.5% will be substituted for 1.5% and 0.7% in (5) above and for 0.8571% in (6) above, and
  - (B) for any period beginning after December 31, 2008 during which the Plan is in Critical Status, 0.5% will be substituted for 1.5% and 0.7% in (5) above, and 0.5% will be substituted for 0.8571% and 0.3% in (6) above, until the first day of the month following the month in which the Participant's Collective Bargaining Agreement (or similar agreement) incorporates or otherwise reflects one of the Rehabilitation Plan Schedules (including by imposition of the Default Schedule).
- (g) Amount of Normal Retirement Pension for Effective Dates of Pension After January 1, 2014
- (1) Subject to all other applicable Plan Document provisions, the monthly amount of a Participant's Normal Retirement Pension accrued after December 31, 2013 under this Section 5.03(g) is the aggregate of the amounts determined under (2) through (4) below, as applicable, less any benefit overpayments made to the Participant.
  - (2) The monthly amount determined under 5.03 (f) above, as if the Participant's Effective Date of Pension and Normal Retirement Age were before January 1, 2014 (i.e., his accrued benefit as of December 31, 2013); plus
  - (3) \$10.00 for each year of Past Service Credit (if any) credited pursuant to Section 4.03 (to the extent not taken into account under (2) above; plus
  - (4) The amount determined under the following formula, unless a different formula is specified in a Funding Improvement Plan or a Funding Improvement Plan Schedule (for Contribution Hours on or after January 1, 2014):
 

(Participant's Benefit Rate) x (Participant's Contribution Hours for the Plan Year [beginning on or after January 1, 2014]) x (Applicable Percentage [as defined in (5) below] for the Plan Year).
  - (5) The "Applicable Percentage" for a Plan Year beginning on or after January 1, 2014 is:



- (A) 1.25% if the average of the market value investment return percentages for each of the three (3) most recent Plan Years reported in the Actuarial Valuation and Review as of January 1 of the immediately preceding Plan Year is 10.0% or higher;
- (B) 1.0%, if the average of the market value investment return percentages for each of the three (3) most recent Plan Years reported in the Actuarial Valuation and Review as of January 1 of the immediately preceding Plan Year is 8.50% or higher but less than 10.0%;
- (C) 0.75%, if the average of the market value investment return percentages for each of the three (3) most recent Plan Years reported in the Actuarial Valuation and Review as of January 1 of the immediately preceding Plan Year is 6.50% or more but less than 8.50%;
- (D) 0.50%, if the average of the market value investment return percentages for each of the three (3) most recent Plan Years reported in the Actuarial Valuation and Review as of January 1 of the immediately preceding Plan Year is greater than zero (0.0%) but less than 6.50%; or
- (E) 0.00%, if the average of the market value investment return percentages for each of the three (3) most recent Plan Years reported in the Actuarial Valuation and Review as of January 1 of the immediately preceding Plan Year is 0.0% or less.

The market value investment return percentage for each Plan Year shall be calculated as follows: the investment income, net of investment fees, divided by the sum of (a) the market value of assets recognized in the Actuarial Valuation and Review as of the beginning of the Plan Year, and (b) one-half (1/2) of the net non-investment income (contributions plus other net non-investment income, less administrative expenses and benefit payments). Appendix G of the Plan Document contains an excerpt from the Actuarial Valuation and Review as of January 1 of each immediately preceding Plan Year (commencing with the Actuarial Valuation and Review for the 2013 Plan Year), which shows, among other things, the average of the market value investment return percentages for each of the three (3) most recent Plan Years reported in that Actuarial Valuation and Review.

- (h) Addition to Monthly Normal Retirement Pension for Past Service Credit Earned Before January 1, 2000

If a Participant who had less than 30 years of Future Service Credit on December 31, 1999, is subsequently credited with 30 or more years of Future Service Credit, his monthly Normal Retirement Pension will increase by one percent (1%) of the amount determined under Section 5.03(c)(2), multiplied by each year (including any fraction thereof) of Past Service Credit earned before January 1, 2000, but only to the extent that such Past Service Credit was not taken into account in determining the amount under Section 5.03(c)(2).

- (i) Subject to the terms of the Rehabilitation Plan or Schedule, or any Funding Improvement Plan or Schedule, no Participant's accrued benefit under this Section 5.03 will be less than it

was on any prior date, determined as if his Effective Date of Pension and Normal Retirement Age were on such prior date.

#### **Section 5.04 Special Rules for Early Retirement Pension Benefits with Effective Dates of Pension on or after February 1, 2014**

(a) Emergence from Critical Status

The Plan's Rehabilitation Period ended on December 31, 2013, and the Plan ceased to be in Critical Status commencing with the 2014 Plan Year. The Plan's Rehabilitation Plan and Rehabilitation Plan Schedules modified the Early Retirement Pension benefits payable by the Plan. These modifications were and remain permanent and are reflected in this Section and the Sections that follow in this Article 5. The use below of the terms or phrases "Critical Status," "Rehabilitation Period," "Rehabilitation Plan" or "Rehabilitation Plan Schedule" (or any similar terms or phrase relating to the Plan's Critical Status) are intended to have the same meaning as when such terms or phrases are used in 26 U.S.C. §432, and refer to the "Rehabilitation Plan" and "Rehabilitation Plan Schedules" that were in effect during the Rehabilitation Period that ended on December 31, 2013. Additionally, the "Alternative Schedule" was renamed the "First Alternative Schedule" when the "Second Alternative Schedule" was added to the Rehabilitation Plan. Any reference to the "First Alternative Schedule" shall include the "Alternative Schedule."

(b) Early Retirement Pension Defined

For purposes of this Article 5, an "Early Retirement Pension" means a pension benefit, which commences before attainment of Normal Retirement Age in one or more of the types described in Sections 5.05 through Section 5.10 below. For Effective Dates of Pension on or after February 1, 2014, an Early Retirement Pension may be comprised of more than one type of Early Retirement Pension (e.g., part of the Early Retirement Pension may be calculated as if it were a Special Early Retirement Pension, and part of it may be calculated as if it were an Unsubsidized Early Retirement Pension, but it is paid as a single Early Retirement Pension).

(c) Determining the Type of Early Retirement Pension for Effective Dates of Pension on or after February 1, 2014

(1) Portion of Early Retirement Pension Attributable to Contribution Hours Before 2014

The type or types of Early Retirement Pensions that apply to a Participant's Contribution Hours before January 1, 2014, depend upon the Rehabilitation Plan and/or Rehabilitation Plan Schedule provisions, which applied to the Participant's Contribution Hours when the Plan was in Critical Status. This subsection incorporates the adjustments to Early Retirement Pensions that were made by the Plan's Rehabilitation Plan when the Plan was in Critical Status, and sets forth the rules for determining the type or types of Early Retirement Pensions attributable to Contribution Hours before January 1, 2014, when the Plan was still in Critical Status. Specifically, the type or types of Early Retirement Pension that apply to the portion

of a Participant's Early Retirement Pension attributable to Contribution Hours before 2014 are as follows:

(A) Rehabilitation Plan's Default Schedule/Person for Whom

Subject to the satisfaction of all applicable requirements, the Unsubsidized Early Retirement Pension is the type of Early Retirement Pension with an Effective Date of Pension on or after February 1, 2014, which is payable with respect to a Participant's Contribution Hours before 2014 in a classification of employment that was covered under the Default Schedule when the Plan was in Critical Status, or with respect to a Participant that was classified under the Rehabilitation Plan as a "person for whom contributions were not required to be made" as of December 31, 2013 (referred to hereinafter as a "Person for Whom") when the Plan was in Critical Status.

(B) Rehabilitation Plan's NIC

Subject to the satisfaction of all applicable requirements, the Unsubsidized Early Retirement Pension and the Age 62 Pension are the types of Early Retirement Pensions with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to a Participant's Contribution Hours before 2014 in a classification of employment that was subject to the additional benefit adjustments described in the Rehabilitation Plan because the bargaining parties to the Collective Bargaining Agreement ("CBA") under which the classification of employment was covered did not affirmatively negotiate the required Contribution Rate increases into the CBA when the Plan was in Critical Status (hereinafter referred to as the "No Increases Consequences benefit adjustments" or "NIC").

(C) Rehabilitation Plan's First Alternative Schedule

Subject to the satisfaction of all applicable requirements, the Standard Early Retirement Pension, the Special Early Retirement Pension, and, if applicable, the 55/30 Pension are the types of Early Retirement Pensions with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to a Participant's Contribution Hours before 2014 in a classification of employment that was covered under the First Alternative Schedule when the Plan was in Critical Status.

(D) Rehabilitation Plan's Second Alternative Schedule

Subject to the satisfaction of all applicable requirements, the Unsubsidized Early Retirement Pension, Age 62 Pension and, if applicable, the 60/30 Pension are the types of Early Retirement Pensions with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to a Participant's Contribution Hours before 2014 under a classification of employment that was covered under the Second Alternative Schedule when the Plan was in Critical Status.

(E) Special Rules for pre-2014 Contribution Hours

(i) If a Participant who was classified as a Person for Whom when the Plan was in Critical Status has not retired, worked under the First Alternative Schedule or Second Alternative Schedule (and such Schedule was his “Home Local Schedule” as defined below) before he became a Person for Whom, and returns to work in Covered Employment and completes one (1) Year of Service on or before January 1, 2023 in a classification of employment that would have been covered under such Schedule when the Plan was in Critical Status, then the Participant’s Contribution Hours shall be deemed to have been under a classification of employment that was covered under such Schedule when the Plan was in Critical Status (provided that such Schedule did not provide for a higher level of subsidized early retirement benefit than any Schedule under which the Participant was covered before he became a Person for Whom), and the types of Early Retirement Pensions which apply to those Contribution Hours will be determined under (C) or (D) above, as applicable.

(ii) If a Participant with an Effective Date of Pension on or after February 1, 2014 had Contribution Hours before 2014 that were under a classification of employment that was covered under a different Rehabilitation Plan Schedule than his “Home Local Schedule,” all of his Contribution Hours will be deemed to have been worked in a classification of employment that was covered under his “Home Local Schedule,” unless he had 3,500 or more Hours of Work in Covered Employment under a different Rehabilitation Plan Schedule within a five (5) consecutive Calendar Year period preceding the date the Plan ceased to be in Critical Status (i.e., the 2014 Plan Year). In that case, the Participant’s Contribution Hours before January 1, 2014 will be deemed to have been worked in a classification of employment that was covered under such other Rehabilitation Plan Schedule. For purposes of determining a Participant’s Hours of Work in Covered Employment under his “Home Local Schedule,” any Hours of Work in Covered Employment under a predecessor Collective Bargaining Agreement (CBA) will be included if the successor CBA incorporates the Participant’s “Home Local Schedule.” As used in this Article 5 or in Article 6, the term “Home Local Schedule” means the Rehabilitation Plan Schedule (or NIC benefit adjustments) that applied to the Participant’s bargaining unit under the Collective Bargaining Agreement negotiated by the Local Union, which regularly represents the Participant for the purpose of collective bargaining.

(2) Portion of Early Retirement Pension Attributable to Contribution Hours After 2013

The type or types of Early Retirement Pensions which apply to the portion of benefits earned for Contribution Hours on or after January 1, 2014 depend upon the Schedule or Rehabilitation Plan provision which applied to his classification of employment when the Plan was in Critical Status, and the extent to which the Participant’s Collective Bargaining Agreement (or similar agreement) reflects the required Contribution Rate increases under (C) or (D) below:

(A) Former Default Schedule/Default Option under Funding Improvement Plan Schedule (“FIP”)

Subject to the satisfaction of all applicable requirements, the Unsubsidized Early Retirement Pension is the type of Early Retirement Pension with an Effective Date of Pension on or after February 1, 2014, which is payable with respect to a Participant’s Contribution Hours on or after January 1, 2014 under a classification of employment that would have been covered under the Default Schedule when the Plan was in Critical Status (*i.e.*, Default Option under FIP Schedule).

(B) Former NIC/Default Option Under FIP

Subject to the satisfaction of all applicable requirements, the Unsubsidized Early Retirement Pension and the Age 62 Pension are the types of Early Retirement Pensions with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to a Participant’s Contribution Hours on or after January 1, 2014 under a classification of employment that was subject to NIC (described in subsection (1)(B) above) when the Plan was in Critical Status (*i.e.*, Default Option Under the FIP Schedule).

(C) Former First Alternative Schedule/First Alternative Option under FIP

Subject to the satisfaction of all applicable requirements, the Standard Early Retirement Pension, Special Early Retirement Pension, and, if applicable, the 55/30 Pension are the types of Early Retirement Pensions with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to a Participant’s Contribution Hours on or after January 1, 2014 under a classification of employment that: (i) was covered under the First Alternative Schedule (formerly called the “Alternative Schedule”) when the Plan was in Critical Status and (ii) is covered under a Collective Bargaining Agreement that reflects the following Contribution Rate increases (or such other Contribution Rate increase(s) as may be specified in the FIP Schedule – First Alternative Option):

- 2014 Plan Year Increase: 7% times the Contribution Rate in effect on December 31, 2013;
- 2015 Plan Year Increase: 7% times the Contribution Rate in effect on December 31, 2014;
- 2016 Plan Year Increase: 7% times the Contribution Rate in effect on December 31, 2015; and
- 2017 Plan Year Increase: 7% times the Contribution Rate in effect on December 31, 2016.
- 2021 Plan Year Increase: 2% times the Contribution Rate in effect on December 31, 2020.
- 2022 Plan Year Increase: 2% times the Contribution Rate in effect on December 31, 2021.

NOTE: This provision may be amended by the Trustees at any time to increase or decrease the required Contribution Rate increases specified above and to require Contribution Rate increases for Plan Years commencing after December 31, 2022.

(D) Former Second Alternative Schedule/Second Alternative Option under FIP

Subject to the satisfaction of all applicable requirements, the Unsubsidized Early Retirement Pension, the Age 62 Pension and, as applicable, the 60/30 Pension are the only types of Early Retirement Pensions with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to a Participant's Contribution Hours on or after January 1, 2014 under a classification of employment that: (i) was covered under the First or Second Alternative Schedule when the Plan was in Critical Status; and (ii) is covered under a Collective Bargaining Agreement that reflects the following Contribution Rate increases (or such other Contribution Rate increase(s) as may be specified in the FIP Schedule – Second Alternative Option):

- 2014 Plan Year Increase: 3.5% times the Contribution Rate in effect on December 31, 2013;
- 2015 Plan Year Increase: 3.5% times the Contribution Rate in effect on December 31, 2014;
- 2016 Plan Year Increase: 3.5% times the Contribution Rate in effect on December 31, 2015; and
- 2017 Plan Year Increase: 3.5% times the Contribution Rate in effect on December 31, 2016.
- 2021 Plan Year Increase: 1% times the Contribution Rate in effect on December 31, 2020.
- 2022 Plan Year Increase: 1% times the Contribution Rate in effect on December 31, 2021.

NOTE: This provision may be amended by the Trustees at any time to increase or decrease the required Contribution Rate increases specified above and to require Contribution Rate increases for Plan Years commencing after December 31, 2022.

(E) Consequences of not Making Increases under (D) or (C) Above/Default Option Under FIP

If a Participant works in a classification of employment on or after January 1, 2014, which would have been covered under the First Alternative Schedule or the Second Alternative Schedule when the Plan was in Critical Status, but is covered under a Collective Bargaining Agreement (or similar agreement) that ceases to reflect the Contribution Rate increases required under (C) or (D) above during any Plan Year beginning on or after January 1, 2014, then except as provided in (F) below and subject to all applicable requirements, the

Unsubsidized Early Retirement Pension will be the only type of Early Retirement Pension with an Effective Date of Pension on or after February 1, 2014, which is payable with respect to the Participant's Contribution Hours under such classification of employment after the date that the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the required Contribution Rate increase under (C) or (D) above (i.e., Default Option under FIP Schedule).

(F) Consequences of Making Increases under (D) Rather than (C)/Second Alternative Option under FIP Schedule

If a Participant works in a classification of employment on or after January 1, 2014, which would have been covered under the First Alternative Schedule when the Plan was in Critical Status, but is covered under a Collective Bargaining Agreement (or similar agreement) that ceases to reflect the Contribution Rate increases required under (C) above but instead reflects the Contribution Rate increases required under (D) above during a Plan Year beginning on or after January 1, 2014, then, subject to all applicable requirements, the Unsubsidized Early Retirement Pension, the Age 62 Pension, or if applicable, the 60/30 Pension, shall be the only type(s) of Early Retirement Pension(s) with an Effective Date of Pension on or after February 1, 2014, which are payable with respect to the Participant's Contribution Hours under such classification of employment after the date that the Contribution Rate increase would have been made under (C) above had the Collective Bargaining Agreement reflected the required Contribution Rate increase under (C) above (i.e., Second Alternative Option under FIP Schedule).

(G) Classifications of Employment That Were Not covered Under Rehabilitation Schedule

If a Participant works in a classification of employment on or after January 1, 2014, which was not covered under the Plan's Rehabilitation Plan or any Rehabilitation Plan Schedule when the Plan was in Critical Status, then, solely for purposes of determining the type(s) of Early Retirement Pension(s) applicable to the Participant's Contribution Hours on or after January 1, 2014, the Participant's classification of employment will be treated as having been covered under:

- (i) the Default Schedule when the Plan was in Critical Status if the Participant's classification of employment is covered under a Collective Bargaining Agreement (or similar agreement), which does not reflect the required Contribution Rate increases in either (C) or (D) above, and the type(s) of Early Retirement Pension(s) (with an Effective Date of Pension on or after February 1, 2014) applicable to those Contribution Hours shall be the same as in (A) above (i.e., Default Option under FIP Schedule);

(ii) the First Alternative Schedule when the Plan was in Critical Status if the Participant's classification of employment is covered under a Collective Bargaining Agreement (or similar agreement), which reflects the Contribution Rate increases that are required in (C) above, and, if so, the type(s) of Early Retirement Pension(s) (with an Effective Date of Pension on or after February 1, 2014) applicable to those Contribution Hours shall be the same as in (C) above (i.e., First Alternative Option under FIP Schedule), subject to (E) and (F) above; or

(iii) the Second Alternative Schedule when the Plan was in Critical Status if the Participant's classification of employment is covered under a Collective Bargaining Agreement (or similar agreement), which reflects the Contribution Rate increases that are required in (D) above, and if so, the type(s) of Early Retirement Pension(s) (with an Effective Date of Pension on or after February 1, 2014) applicable to those Contribution Hours shall be the same as in (D) above (i.e., Second Alternative Option under FIP Schedule), subject to (E) above.

(d) Early Retirement Pension Comprised of Different Types

A Participant's Early Retirement Pension may consist of one or more types of Early Retirement Pensions. For example, the portion attributable to Contribution Hours before 2014 may be payable as a Special Early Retirement Pension or a 55/30 Pension (depending on eligibility), and the portion attributable to Contribution Hours after 2013 may consist of the Age 62 Pension or 60/30 Pension (depending on eligibility) for some of those Contribution Hours, and the Unsubsidized Early Retirement Pension for the remainder of those post-2013 Contribution Hours. However, the Participant must meet the requirements of each type of Early Retirement Pension in order to receive an Early Retirement Pension that takes into account each of those types. Otherwise, the Early Retirement Pension will take into account only the type or types of Early Retirement Pension for which the requirements have been met (including all rules pertaining to work in non-signatory employment (e.g., delayed early retirement) and suspension of benefit rules). Further, a Participant who elects to retire before Normal Retirement Age may only have one Effective Date of Pension and may not elect to defer any portion of his Early Retirement Pension because he does not meet the requirements for one or more of the types of Early Retirement Pensions that comprise his aggregate Early Retirement Pension. For example, if a portion of the Participant's benefit at age 57 is comprised of a 55/30 Pension, and a portion of his benefit is comprised of a 60/30 Pension, he cannot retire at age 57 and elect to take the portion attributable to the 55/30 Pension and defer the portion attributable to the 60/30 Pension until he attains age 60. Instead, if the Participant actually retires at age 57 and meets the eligibility requirements of a 55/30 Pension, a portion of his Early Retirement Pension would be comprised of a 55/30 Pension, and a portion would be comprised of the Unsubsidized Early Retirement Pension, since the Participant would not meet the requirements for a 60/30 Pension at age 57.

**Section 5.05 Unsubsidized Early Retirement Pension**

(a) Eligibility for Unsubsidized Early Retirement Pension



A Participant shall be entitled to retire on an Unsubsidized Early Retirement Pension if he meets the requirements for receiving a Standard Early Retirement Pension, assuming such type of Early Retirement Pension were applicable to the Participant. Specifically, the Participant (i) must meet the eligibility requirements described in Section 5.06(a) below as if he were applying for a Standard Early Retirement Pension, and (ii) if his early retirement date would have been delayed under Section 5.06(b) below had the Standard Early Retirement Pension been applicable to the Participant, his Effective Date of Pension for an Unsubsidized Early Retirement Pension may not be earlier than such delayed early retirement date.

(b) Amount of Unsubsidized Early Retirement Pension

The monthly amount of a Participant’s Unsubsidized Early Retirement Pension shall be the actuarial equivalent of his monthly Normal Retirement Pension under Section 5.03, based on the Participant’s age on his Effective Date of Pension. The actuarial equivalent of the Participant’s Normal Retirement Pension shall be determined by multiplying the monthly amount of his Normal Retirement Pension determined under Section 5.03 (as if he were then of Normal Retirement Age) by the factor in the table below, which corresponds to the Participant’s age on his Effective Date of Pension:.

TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)

-----MONTHS-----												
Age in Years	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

Source: The Segal Company  
 Assumptions -- Interest rate: 7.50%; Mortality table: RP-2000 Male  
 Combined Healthy Blue Collar Table; Form of Payment: Single Life Only

(c) For purposes of this Section 5.05, the term “actuarial equivalent” is based on the factors and assumptions in the chart above, and is different than the definition in Section 1.01A, which shall not apply to this Section 5.05. Additionally, in accordance with Section 5.04(d) above, the Unsubsidized Early Retirement Pension may comprise only a portion of a Participant’s total monthly Early Retirement Pension.

## **Section 5.06 Standard Early Retirement Pension**

- (a) Eligibility for Standard Early Retirement Pension (General Rule) Except as may have been provided under the Rehabilitation Plan or Rehabilitation Plan Schedule when the Plan was in Critical Status, and except as provided in subsection (b) below, a Participant shall be entitled to retire on a Standard Early Retirement Pension if he has attained age 55 and he meets either the requirements of (1) or (2) below, and for Effective Dates of Pension on or after February 1, 2014, the Standard Early Retirement Pension is an applicable type of Early Retirement Pension under Section 5.04:
  - (1) He has both:
    - (A) at least 15 years of Pension Credit, and
    - (B) at least 12 months of Future Service Credit; or
  - (2) He has either:
    - (A) at least 10 years of Pension Credit, five of which are Future Service Credit, or
    - (B) he has at least 10 Years of Service for purposes of vesting under Section 8.07.
- (b) Delayed Early Retirement Date
  - (1) Except as provided for in paragraph (6) below, for every calendar quarter in which a Participant or Employee, or a former Participant or Employee performs at least one hour of employment on or after September 1, 1988, in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer, the early retirement date of said Participant or Employee, or former Participant or Employee will be delayed six (6) months.
  - (2) In the event that the early retirement date of a Participant or Employee, or a former Participant or Employee, is delayed pursuant to the preceding paragraph, that delay shall be waived if said Participant or Employee returns to Covered Employment and earns a number of Pension Credit months, as that term is defined in Article 4, equal to the number of months during which he was previously employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. In the event that the Participant does not earn an equal amount of Pension Credit, the delay will be reduced on a pro rata basis determined by dividing the number of months of Pension Credit earned subsequent to his return to Covered Employment by the number of months during which the individual previously worked at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. Such percentage shall not be greater than 100%. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer shall have the delay described above waived provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1,

2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.

- (3) A Participant or Employee's right to a waiver of the delay of his early retirement date pursuant to the preceding paragraph shall be limited to his first return to Covered Employment after being employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment again and is again employed at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in the preceding paragraph.
- (4) Notwithstanding the foregoing paragraphs (1) through (3), any accrued benefits (as that term is used in Section 411(d)(6) of the Code) of participants that were accrued prior to September 1, 1988 shall, upon application for early retirement, be paid according to the terms of the Plan Document in effect on August 31, 1988.

(c) Amount of Standard Early Retirement Pension

The reduction factors for Standard Early Retirement Pensions were modified by the Rehabilitation Plan. This modification was and remains permanent. For Participants with an Effective Date of Pension on or after March 1, 2008, the monthly amount of the Standard Early Retirement Pension shall be the monthly amount of the Normal Retirement Pension under Section 5.03, which the Participant would have been entitled to if he were then of Normal Retirement Age, but reduced by  $\frac{1}{2}$  of 1% (0.005) for each month (6% per year) by which the Participant is younger than age 65 on his Effective Date of Pension.

For Participants who had an Effective Date of Pension on or after June 1, 1979 but before March 1, 2008, the monthly amount of the Standard Early Retirement Pension shall be the amount of the Normal Retirement Pension under Section 5.03, which the Participant would have been entitled to if he were then of Normal Retirement Age, but reduced by  $\frac{1}{2}$  of 1% for each month by which the Participant is younger than age 62 (i.e., over age 55 but less than 62), plus  $\frac{1}{4}$  of 1% for each month between age 62 and 65. In accordance with Section 5.04(d) above, the Standard Early Retirement Pension may comprise only a portion of a Participant's total monthly Early Retirement Pension.

## **Section 5.07 Special Early Retirement Pension**

- (a) Eligibility for Special Early Retirement Pension  
Except as may have been provided under the Rehabilitation Plan or Rehabilitation Plan Schedule when the Plan was in Critical Status, and except as provided in subsection (c) below, a Participant shall be entitled to retire on a Special Early Retirement Pension if he has attained age 55 and he satisfies the requirements of (1) below and, with respect to a Participant who performed Construction Work, satisfies the requirements of (2), below, and for Effective Dates of Pension on or after February 1, 2014, the Special Early Retirement Pension is an applicable type of Early Retirement Pension under Section 5.04:

- (1) the Participant has met the requirements of either Section 5.06(a)(1) or Section 5.06(a)(2); and
- (2) if the Participant performed Construction Work, the Participant has performed at least 3,500 Hours of Work in Covered Employment during the five (5) consecutive Calendar Year period immediately preceding:
  - (A) the Calendar Year in which he applies for a Special Early Retirement Pension under this Section 5.07, or
  - (B) if earlier and the Participant retires on or after January 1, 1997, the Calendar Year in which the Participant begins to receive pension benefits, with no reduction for age, under another multiemployer defined benefit pension plan that is, on the date the Participant retires under this Plan, a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds.

(b) Amount of Special Early Retirement Pension

The reduction factors for Special Early Retirement were modified by the Rehabilitation Plan. This modification was and remains permanent. For Participants with an Effective Date on or after March 1, 2008, the monthly amount of the Special Early Retirement Pension shall be the monthly amount of the Participant's Normal Retirement Pension under Section 5.03, which the Participant would have been entitled to if he were then of Normal Retirement Age, but reduced by  $\frac{1}{2}$  of 1% (.005) for each month (6% per year) by which the Participant is younger than age 62 on his Effective Date of Pension. If the Participant is age 62 or older on his Effective Date of Pension, the monthly amount of his Special Early Retirement Pension is equal to the monthly amount of his Normal Retirement Pension (determined as if he attained Normal Retirement Age on his Effective Date of Pension). In accordance with Section 5.04(d) above, the Special Early Retirement Pension may comprise only a portion of a Participant's total monthly Early Retirement Pension.

For Participants who had an Effective Date of Pension before March 1, 2008, the monthly amount of the Special Early Retirement Pension shall be the monthly amount of his Normal Retirement Pension under the applicable provision of Section 5.03, determined as if the Participant were then of Normal Retirement Age, but reduced by 0.25% for each month by which he is younger than age 62 but not younger than age 60 plus 0.5% for each month by which he is younger than age 60 at the time he retires. If the Participant was age 62 or older on his Effective Date of Pension, the monthly amount of his Special Early Retirement Pension is equal to the monthly amount of his Normal Retirement Pension (determined as if he attained Normal Retirement Age on his Effective Date of Pension).

(c) Delayed Special Early Retirement Date

- (1) Except as provided in paragraph (4) below, for every quarter in a Calendar Year in which a Participant or Employee, or former Participant or Employee performs at least one (1) hour of employment on or after September 1, 1988 in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer, the special early retirement date of said Participant or Employee, or former Participant or Employee will be delayed six (6) months.

- (2) In the event that the special early retirement date of a Participant or Employee, or a former Participant or Employee, is delayed pursuant to the preceding paragraph, that delay shall be waived if said Participant or Employee returns to Covered Employment and earns a number of Pension Credit months, as that term is defined in Article 4, equal to the number of months during which he was previously employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. In the event that the Participant does not earn an equal amount of Pension Credit, the delay will be reduced on a pro rata basis determined by dividing the number of months of Pension Credit earned subsequent to his return to Covered Employment by the number of months during which the individual previously worked at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. Such percentage shall not be greater than 100%. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer shall have the delay described above waived provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.
- (3) A Participant or Employee's right to a waiver of the delay of his special early retirement date pursuant to the preceding paragraph shall be limited to his first return to Covered Employment after being employed for at least one (1) hour on or after September 1, 1988 in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment again and is again employed at least one hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in the preceding paragraph.
- (4) The foregoing paragraphs (1) through (3) shall apply only to that portion of a Participant's Special Early Retirement Pension that is based on Pension Credit credited on or after September 1, 1988.

#### **Section 5.08 Age 62 Pension**

- (a) **Eligibility for an Age 62 Pension**  
Except as may have been provided under the Rehabilitation Plan or Rehabilitation Plan Schedule when the Plan was in Critical Status, a Participant who has attained age 62 shall be eligible for an Age 62 Pension if he meets the requirements for receiving a Special Early Retirement Pension, as if such type of Early Retirement Pension were applicable to the Participant. Specifically, (i) the Participant must meet the eligibility requirements described in Section 5.07(a) (but substituting age 62 for age 55); (ii) the Participant may not receive any portion of his Age 62 Pension earlier than he would have received such portion of a Special Retirement Pension under the delayed early retirement date provisions of Section 5.07(c); (iii) for Effective Dates of Pension on or after February 1, 2014, the Age 62 Pension is an applicable type of Early Retirement Pension under Section 5.04.

(b) Amount of Age 62 Pension

If an eligible Participant retires on an Age 62 Pension on or after age 62 but before age 65, the amount of his Age 62 Pension shall be the amount of the Normal Retirement Pension under Section 5.03, which the Participant would have been entitled to if he were then of Normal Retirement Age. In accordance with Section 5.04(d) above, the Age 62 Pension may comprise only a portion of a Participant's total monthly Early Retirement Pension.

**Section 5.09 55/30 Pension**

(a) Eligibility for 55/30 Pension

- (1) Except as may have been provided under the Rehabilitation Plan or Rehabilitation Plan Schedule when the Plan was in Critical Status, and except as provided in subsection (d) below, a Participant who retires on or after January 1, 2006 shall be eligible for a 55/30 Pension as described in this Section 5.09 if he (i) satisfies the requirements of Section 5.07 for Special Early Retirement, (ii) has 360 months of Future Service Credit, (iii) has 3,500 Hours of Work at the 55/30 Rate within the five calendar year period immediately preceding the calendar year in which he applies for a pension, and (iv) has at least 60 months, out of the last 120 months, of Future Service Credit in a position that, prior to his retirement, is or becomes subject to the 55/30 Rate; provided, that, for Effective Dates of Pension on or after February 1, 2014, the 55/30 Pension is an applicable type of Early Retirement Pension under Section 5.04
- (2) Except as provided in subsection (d) below, a Participant who retired before January 1, 2006, was eligible for a 55/30 Pension as described in this Section 5.09 if he (i) satisfied the requirements of Section 5.07 for Special Early Retirement, (ii) had 360 months of Future Service Credit, (iii) had 24 months of Future Service Credit at the 55/30 Rate, and (iv) had at least 60 months, out of the last 120 months, of Future Service Credit in a position that, prior to his retirement, was or became subject to the 55/30 Rate.

(b) Amount of 55/30 Pension

If an eligible Participant retires on a 55/30 Pension on or after age 55 but before age 65, the monthly amount of his 55/30 Pension shall be equal to the monthly amount of the Normal Retirement Pension under Section 5.03, which the Participant would have been entitled to if he were then of Normal Retirement Age. In accordance with Section 5.04(d) above, the 55/30 Pension may comprise only a portion of a Participant's total monthly Early Retirement Pension.

(c) 55/30 Rate

- (1) For an eligible Participant, the 55/30 Rate prior to December 1, 2007 is the rate of contributions (i) specified by the Participating Local in which he is a member or with respect to which his Contribution Rate is determined in a resolution adopting the 55/30 Pension, (ii) that is in addition to the Participating Local's Contribution Rate for the Participant's position or classification, and (iii) that is based on a rate that is

no less than twenty-five percent of such Participating Local's Contribution Rate in effect as of January 1, 2000 for the Participant's position or classification, rounded up to the next whole cent. For the period after December 1, 2007, the 55/30 Rate is 30% of the Participant's Contribution Rate. For purposes of this subsection, the term "Participating Local" includes other Contributing Employers who adopted the 55/30 Pension option.

- (2) The adoption of the 55/30 Rate and the 55/30 Pension by a Participating Local shall be effective on a prospective basis as of the date specified in the Participating Local's resolution adopting the 55/30 Pension and shall apply to all Participants who are members of, or whose Contribution Rates are otherwise determined with respect to, the Participating Local and whose position or classification is subject to the 55/30 Rate. Notwithstanding the preceding sentence, the 55/30 Pension shall not be effective with respect to Participants who are members of, or whose Contribution Rates are otherwise determined with respect to, a particular Participating Local unless by December 31, 2005 (i) the Participating Local irrevocably adopts the 55/30 Pension by means of a resolution in the form and manner acceptable to the Fund, (ii) the Participating Local files with the Fund the resolution and the minutes from the Participating Local's meeting at which such resolution was adopted, and (iii) contributions are payable to the Fund at the 55/30 Rate on behalf of the Participants who are members of the Participating Local or whose Contribution Rates are otherwise determined with respect to such Participating Local. The Trustees have the sole authority to determine whether contributions on behalf of such Participants with respect to the 55/30 Rate are being made at the proper level. A Participant's benefits shall continue to accrue under the Plan without regard to this Section 5.09 until the requirements of the second sentence of this paragraph (2) are met. For purposes of this subsection, the term "Participating Local" shall be deemed to include the International Training Institute, the National Energy Management Institute, or the SMWIA.
- (3) For any Participant, contribution increases before December 1, 2007 in excess of the 55/30 Rate that become effective after the 55/30 Pension is adopted by the Participating Local under paragraph (2) above shall be proportionately allocated to benefit accrual and to pay for the 55/30 Pension, with 80% of each such increase being allocated to benefit accrual without regard to this Section 5.09 and becoming part of the Contribution Rate and 20% of each such increase being allocated to pay for the 55/30 Pension and becoming part of the 55/30 Rate for such Participant.

(d) Effect of Non-Covered Employment

- (1) Except as provided in paragraph (2) below, if a Participant or Employee, or former Participant or Employee, at any time after his Contribution Date performed or performs at least one (1) hour of employment on or after September 1, 1988 in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer, the Participant will not be eligible to retire pursuant to the provisions of this Section 5.09.
- (2) In the event that a Participant or Employee, or former Participant or Employee, becomes ineligible for the 55/30 Pension pursuant to the preceding paragraph, such

ineligibility shall be waived if the Participant or Employee returns to Covered Employment and earns a number of months of Pension Credit equal to the number of months during which he was previously employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer shall have his ineligibility waived provided he (i) terminates the non-covered employment, (ii) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (iii) thereafter earns at least twelve (12) months of Future Service Credit.

- (3) A Participant's or Employee's right to a waiver of his ineligibility for the 55/30 Pension pursuant to the preceding paragraph (2) shall be limited to his first return to Covered Employment after being employed for at least one (1) hour on or after September 1, 1988, in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment again and is again employed at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in the preceding paragraph (2).

## **Section 5.10 60/30 Pension**

- (a) Eligibility

Except as may have been provided under the Rehabilitation Plan or Rehabilitation Plan Schedule when the Plan was in Critical Status, a Participant who has attained age 60 shall be eligible for a 60/30 Pension if he meets the requirements for receiving a 55/30 Pension, as if that type of Early Retirement Pension were applicable to the Participant. Specifically, the Participant must meet the requirements of Section 5.09 (a)(1) (including the effect of Non-Covered Employment in Section 5.09 (d)), as if he were applying for a 55/30 Pension, but the Participant must attain age 60 to be eligible; and for Effective Dates of Pension on or after February 1, 2014, the 60/30 Pension is an applicable type of Early Retirement Pension under Section 5.04.

- (b) Amount of a 60/30 Pension

If an eligible Participant retires on a 60/30 Pension on or after age 60 but before age 65, the monthly amount of his 60//30 Pension shall be equal to the monthly amount of the Normal Retirement Pension under Section 5.03, which the Participant would have been entitled to if he were then of Normal Retirement Age. In accordance with Section 5.04 (d) above, the 60/30 Pension may comprise only a portion of a Participant's total monthly Early Retirement Pension.



### **Section 5.11 Continued Application of 55/30 Rate if 55/30 Pension Ceased to be an Applicable Type of Early Retirement Pension**

In determining the monthly amount of any pension described in this Article 5 after March 1, 2008, a Participant's monthly pension benefit shall continue to be based on 70% of the Participant's Contribution Rate (i.e., full dollar amount of Contribution Rate less 30% -- the Benefit Rate) if the 55/30 Pension had applied to a Participant's classification of employment before March 1, 2008 (regardless of whether he was actually participating in the Plan at that time), and the 55/30 Pension ceased to be an applicable type of Early Retirement Pension for the Participant's classification of employment (i) under the Rehabilitation Plan or a Rehabilitation Plan Schedule when the Plan was in Critical Status, or (ii) by operation of subsection (E) or (F) of Section 5.04(c)(2).

### **Section 5.12 Monthly Pension Amounts Based on Single Life Annuity**

The monthly pension amounts described in this Article 5 are expressed in the form of a single life annuity (i.e., a monthly benefit paid over the life of the Participant), which is referred to as a "Lifetime Pension." If a pension benefit is paid in a form other than the Lifetime Pension, the monthly amount may be different. Article 6 describes the other benefit payment options.

### **Section 5.13 Whole Dollar Amount**

For the purpose of this Article 5, if the monthly pension benefit amount is not a whole dollar amount, it shall be rounded to the next higher dollar amount.

### **Section 5.14 Non-Duplication of Pensions**

A Participant may only receive one type of pension from the Plan, except that his Early Retirement Pension may be comprised of more than one type of Early Retirement Pension. Further, a Participant who is receiving Disability Benefits under Article 16 of the Plan Document will not be permitted to elect any type of pension under this Article 5. If, however, a Participant's Disability Benefit is terminated under Article 16, he will be permitted to elect any type of pension for which he qualifies under this Article 5, and his pension will be unaffected by the prior receipt of any Disability Benefits that he was eligible to receive. Nothing herein will be construed to affect any rights and remedies the Plan has at law or equity to recover any payments that a person was not eligible to receive, including, but not limited to, the Plan's right to recoup benefit overpayments from future payments.

### **Section 5.15 Amount of Benefits after Separation from Covered Employment**

Except for benefits that were adjusted under the Rehabilitation Plan and/or Rehabilitation Schedules, the pension to which a Participant is entitled shall be determined under the terms of the Plan Document as in effect at the time the Participant separates from Covered Employment, based on the actual Pension Credit he had accrued and the Contribution Rates at which he had worked prior to such separation, as determined under the applicable provisions of the Plan Document. For the purposes of this Section, a Participant shall be deemed to have separated from Covered Employment on the earlier of his Effective Date of Pension or on the last day of work, which is followed by five (5) consecutive One-Year Breaks in Service. If following such a Participant's separation from Covered Employment, as defined above, he returns to Covered Employment and earns at least five (5) additional years of Future

Service Credit, then his benefits will be computed on the basis of the provisions of the Plan Document in effect when he again separates from Covered Employment or when he retires. If following such a Participant's separation from Covered Employment as defined above he returns to Covered Employment but does not earn at least five (5) additional years of Future Service Credit, the benefit which he accrues following his separation from Covered Employment shall be added to the benefit accrued before the separation from Covered Employment in order to determine the amount of his pension.

## **Section 5.16     Reserved for Appendix A**

# **ARTICLE 6. NORMAL FORM OF PENSION AND OPTIONAL FORMS OF PENSION PAYMENTS**

## **Section 6.01     General**

The normal form of pension for a married Participant is a 50% Joint and Survivor Annuity, and the normal form of pension for an unmarried Participant is a Lifetime Pension. The 50% Joint and Survivor Annuity provides a lifetime pension for a married Participant plus a lifetime pension for his or her surviving spouse, starting after the death of the Participant. The monthly amount to be paid to the surviving spouse is one-half the monthly amount paid to the Participant. When a 50% Joint and Survivor Annuity is in effect, the monthly amount of the Participant's pension is reduced in accordance with the provisions of Section 6.04 from the full amount otherwise payable. The Lifetime Pension is paid in the form of a single life annuity -- over the life of the Participant.

The "Joint and Survivor Annuity Option," as further described in this Article 6, was referred to under older versions of the Plan Document as a "Husband-and-Wife Option." In general, the question of whether a Participant is married (and has a spouse, including a same-sex spouse) for purposes of the Plan Document shall be determined in accordance with any applicable guidance from the United States Department of Treasury or United States Department of Labor.

Certain optional forms of payments described in this Article 6 were adjusted (i.e., reduced or eliminated) under the Rehabilitation Plan and/or Rehabilitation Plan Schedules. Those adjustments were and remain permanent and continue to apply to benefits accrued after the Plan's emergence from Critical Status.

## **Section 6.02     Upon Retirement**

- (a) Except as provided in paragraph (d) below, all pensions shall be paid in the form of a 50% Joint and Survivor Annuity (also referred to as the "50% Joint and Survivor Annuity Option") for a married Participant, or in the form of a Lifetime Pension to an unmarried Participant, unless the Participant has filed with the Trustees in writing a timely rejection of that form of pension, subject to all of the conditions of this Section. In no event shall the rejection of all Joint and Survivor Annuity Options by a Participant be effective unless (i) the spouse of the Participant has consented in writing to such rejection; (ii) if applicable, the rejection designates a specific alternate beneficiary, including any class of beneficiaries or any contingent beneficiaries, which may not be changed without spousal consent, unless the

spouse expressly permits designations by the Participant without any further spousal consent; (iii) the spouse's consent acknowledges the effect of the election; and (iv) the spouse's consent is witnessed by a notary public. Also, a Participant's rejection of all Joint and Survivor Annuity Options shall not be effective unless the election designates a form of benefit payment that may not be changed without spousal consent, unless the spouse expressly permits designations by the Participant without any further spousal consent. Notwithstanding the foregoing, no spousal consent shall be required if it is established to the satisfaction of the Trustees that there is no spouse, or the spouse cannot be located. If the spouse is legally incompetent to give consent, the spouse's legal guardian may give consent, even if the guardian is the Participant. Also, if the Participant is legally separated or the Participant has been abandoned by the spouse (within the meaning of applicable law), and the Participant has a court order to such effect, spousal consent is not required unless a "qualified domestic relations order" (within the meaning of ERISA) provides otherwise.

(b) Time for Providing the Written Explanation of the Joint and Survivor Annuity Option and the Lifetime Pension.

(1) A Participant and his or her spouse shall be given a written explanation of all Joint and Survivor Annuity Options (or, in the case of an unmarried Participant, the Lifetime Pension) no less than 30 days and no more than 180 days before the first day of the month for which the benefit first becomes payable, which shall include a description of: (i) the terms and conditions of the Joint and Survivor Annuity Option (or, in the case of an unmarried Participant, a Lifetime Pension); (ii) the Participant's right to make and the effect of a rejection of a Joint and Survivor Annuity Option (or, in the case of an unmarried Participant, a Lifetime Pension); (iii) the rights of a Participant's spouse with respect to a Joint and Survivor Annuity Option; (iv) the right to make, and the effect of, a revocation of a previous rejection of a Joint and Survivor Annuity Option (or, in the case of an unmarried Participant, a Lifetime Pension); and (v) the relative values of the various optional forms of benefit under the Plan. A Participant and his spouse may, in accordance with Section 6.02(a) above, elect to reject a Joint and Survivor Annuity Option (or revoke a previous rejection) at any time within 180 days before the Effective Date of Pension (i.e., within 180 days before the first day of the month for which a benefit first becomes payable), and an unmarried Participant may elect in writing to reject the Lifetime Pension (or revoke a previous rejection) at any time within the 180 days before the Effective Date of Pension (i.e., within 180 days before the first day of the month for which a benefit first becomes payable).

(2) Effective for distributions on or after September 22, 1995, the Effective Date of Pension may be less than 30 days after the written explanation that is described in Section 6.02(b)(1) is provided to the Participant, provided that the Participant is given written information that indicates: (i) that the Participant had at least 30 days to consider whether to waive the Joint and Survivor Annuity Option (or, in the case of an unmarried Participant, a Lifetime Pension); (ii) that the Participant is permitted to revoke a distribution election until the Effective Date of Pension, or, if later, at any time before the end of the seven-day period that begins the day after the written explanation that is described in Section 6.02(b)(1) is provided to the Participant; and (iii) distribution in accordance with the Participant's affirmative election is not made

before the end of the seven-day period that begins the day after the explanation that is described in the preceding paragraph is provided to the Participant.

- (3) Notwithstanding the foregoing provisions of this Section, effective for distributions beginning after December 31, 1996, the written explanation described in Section 6.02(b)(1) may be provided after the Effective Date of Pension, provided that:
  - (i) the period for a Participant and his spouse to elect to reject the Joint and Survivor Annuity Option (or, in the case of an unmarried Participant, for the Participant to elect to reject the Lifetime Pension) is no less than 30 days before pension benefits are first paid, unless the Participant and the Participant's spouse (or, in the case of an unmarried Participant, just the Participant) elect to waive the requirement that the written explanation described in 6.02(b)(1) be provided at least 30 days before the first day of the month for which the pension first becomes payable, provided that the distribution election is revocable for 7 days or, if later, until the date that pension benefits are first paid, and the pension payments do not begin earlier than 8 days after such explanation is provided; and
  - (ii) for distributions beginning after December 31, 2003, in the event that the amount of survivor benefit payable to the spouse upon the Effective Date of Pension is less than the amount that would have been payable had the distribution begun after the written explanation described in section 6.02(b)(2), then the spouse must consent in writing to the Effective Date of Pension in the same manner and form as provided in 6.02(a) for the rejection of a Joint and Survivor Annuity Option.
- (c) If benefit payments are suspended in accordance with Section 8.06 for an Employee who continues in service without separation and who does not receive a benefit payment, this Section 6.02 shall apply upon the commencement of a pension after the period of suspension.
- (d) Notwithstanding anything in this Article 6 to the contrary, if the Actuarial Equivalent of a Participant's nonforfeitable Accrued Benefit, as determined under Section 8.05(b), does not exceed the "applicable amount" described in Section 8.05(b)(1) as of the first day of the month for which a pension first becomes payable, the notice and spousal consent and other requirements of this Article 6 shall not apply, and the Participant's benefit shall be paid in accordance with Section 8.05(b)(1).

### **Section 6.03 Death of an Eligible Employee Before Retirement (Pre-Retirement Annuity)**

- (a) If a Participant dies at a time when he has attained Vested Status under Section 8.07, and after completing one (1) or more Hours of Work after August 22, 1984, the Participant's surviving spouse will receive a survivor's pension, unless, in accordance with paragraph (d) below, the Participant dies before January 1, 2008, and his surviving spouse elects to receive a Death Benefit under section 7.01 instead of the survivor's pension.
- (b) Subject to the provisions of 16.07 and 8.05(a)(5), as applicable, if the Participant's death occurs after attainment of his earliest retirement age his spouse shall be paid a survivor's

pension as if the Participant had retired with a 50% Joint and Survivor Annuity on the day before his death. Subject to paragraph (f) below, if the Participant's death occurs before attainment of his earliest retirement age, his spouse shall be paid a survivor's pension commencing with the month in which the Participant would have attained his earliest retirement age had he lived, and the amount of such pension shall be determined as if the Participant had left Covered Employment on the date of death, retired on a Joint and Survivor Annuity upon reaching his earliest retirement age, and died on the last day of the month in which earliest retirement age was reached; provided, however, that the surviving spouse of a deceased Participant may elect to defer commencement of the survivor benefit otherwise payable under this Section until a date not later than the date the Participant would have attained Normal Retirement Age.

- (c) This Section shall also apply to an inactive Participant who has met the requirements for a Normal Retirement Pension or early retirement pension (i.e., has attained Vested Status under Section 8.07), had one or more Hours of Work on or after January 1, 1976 and dies after August 22, 1984.
- (d) For benefits under this Section 6.03 that become effective on or after August 1, 2005, the surviving spouse of a Participant who dies before January 1, 2008 may waive the survivor's benefit under this Section 6.03 and elect instead to receive the Death Benefit provided under Section 7.01 if the Participant had met the eligibility requirements for a Death Benefit and notwithstanding any designation of Beneficiary in accordance with section 7.01. However, in no event shall the Death Benefit payable to such surviving spouse be less than the Actuarial Equivalent of the survivor's benefit otherwise payable under this Section 6.03.
- (e) If a disabled Participant applies for a Disability Benefit under Article 16 and then dies prior to satisfaction of the six-month waiting period under Section 16.05 and such death is related to the disability for which the Participant applied for benefits, the Participant's surviving spouse is entitled to a pre-retirement spousal benefit. The Spouse's lifetime benefit shall be calculated as one-half of what the Participant would have received under a Full Disability Joint and Survivor Benefit, payable one month after the Participant's death. The surviving spouse may not elect to receive the Death Benefit as provided for in Section 6.03(d) above.
- (f) If a Participant dies on or after January 1, 2008 and the surviving spouse is eligible for a survivor's pension described in paragraph (b) above, the surviving spouse may irrevocably elect in writing to begin receiving the survivor's pension before the month in which the Participant would have attained his earliest retirement age had he lived. If such an election is made, the amount of the survivor's pension will be the Actuarial Equivalent of the amount that would have been payable in the month in which the Participant would have attained his earliest retirement age had he lived, determined as if the Participant had left Covered Employment on the date of death, retired on a Joint and Survivor Annuity upon reaching his earliest retirement age, and died on the last day of the month in which earliest retirement age was reached. The Actuarial Equivalent of such amount will be determined as of the first day of the month following the month in which the Fund received the surviving spouse's written election and all other documents requested by the Fund.

## Section 6.04 Lifetime Pension

- (a) The Lifetime Pension option is paid over the life of the Participant. Benefit payments cease upon the death of the Participant, unless the 60-Certain Payment feature described below applies to the Participant's Lifetime Pension.
- (b) 60-Month Certain
  - (1) This provision applies to Effective Dates of Pension on or after February 1, 2014, and it reflects adjustments that were made to the 60-Month Certain feature (also referred to as the "60 Certain Payments" feature) when the Plan was in Critical Status. Those adjustments, which among other things eliminated the 60 Certain Payments feature for Participants who were covered under the Default Schedule, whose benefits were adjusted under the Rehabilitation Plan's NIC provision, and for Participants classified as "Persons for Whom" under the Rehabilitation Plan, were and remain permanent. The provisions of Section 7.02 apply to Effective Dates of Pension before March 1, 2008. The provisions of the Rehabilitation Plan and Rehabilitation Plan Schedules governed the applicability of the 60-Month Certain feature for Participants with an Effective Dates of Pension on or after March 1, 2008 but before February 1, 2014 (based on the terms of the Plan Document as in effect before January 1, 2014).
  - (2) The 60-Month Certain provision described in (3) below applies only to a Pensioner: who (i) has an Effective Date of Pension on or after February 1, 2014; (ii) whose Home Local Schedule was, as of December 31, 2013, the First Alternative Schedule or the Second Alternative Schedule (or would have been if the Participant's Contribution Date had been during the Plan's Rehabilitation Period); (iii) who did not have his benefits adjusted under the Rehabilitation Plan's NIC provision or "Person for Whom" provision; and (iv) who did not have 3,500 Hours of Work under the Default Schedule in a five (5) consecutive Calendar Year period preceding January 1, 2014, but only with respect to that portion of the benefit attributable to Contribution Hours before January 1, 2014.
  - (3) Portion of Pension Attributable to Contribution Hours Before January 1, 2014. If a Pensioner described in (2) above is receiving a Lifetime Pension under a Normal Retirement Pension, an Unsubsidized Early Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension, a 55/30 Pension, a 60/30 Pension, or an Age 62 Pension on the basis of, among other things, having at least 15 years of Pension Credit, and he dies on or after his Effective Date of Pension, but before he has received 60 monthly pension payments, then with respect to the portion of the benefit attributable to Contribution Hours before January 1, 2014, his monthly pension shall continue to be paid to his designated Beneficiary or Beneficiaries, if any, until 60 such payments have been made, including the payments to both the Pensioner and his Beneficiary or Beneficiaries. In no event shall the 60-Month Certain feature apply to a Pensioner who retired on a Normal Retirement Pension on the basis of the eligibility criteria of Section 5.02(b)(1)(B) of Appendix A, a Standard Early Retirement Pension (or Unsubsidized Early Retirement Pension) on the basis of the eligibility criteria of Section 5.06(a)(2), any Disability Benefits, or to a Pensioner who had elected the 100% Joint and Survivor Annuity Option provided in Section 6.07, the 75% Joint and Survivor Annuity Option provided in Section 6.06,

or the 50% Joint and Survivor Annuity Option provided in Section 6.05 (except as provided under Section 6.05(b)).

- (4) Portion of Pension Attributable to Contribution Hours On or After January 1, 2014. If a Pensioner is receiving a Lifetime Pension under a Normal Retirement Pension, an Unsubsidized Early Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension, a 55/30 Pension, a 60/30 Pension, or an Age 62 Pension on the basis of, among other things, having at least 15 years of Pension Credit, and he dies on or after his Effective Date of Pension, but before he has received 60 monthly pension payments, then with respect to the portion of the benefit attributable to Contribution Hours on or after January 1, 2014, his monthly pension shall continue to be paid to his designated Beneficiary or Beneficiaries but only if, and to the extent that those Contribution Hours were under a classification of employment which was covered under a Collective Bargaining Agreement (or similar agreement) that reflected the required Contribution Rate increases specified either in Section 5.04(c)(2)(C) or Section 5.04(c)(2)(D). If no Beneficiary has been named, or if the last named Beneficiary has predeceased the Pensioner or dies before 60 payments have been made, any remaining payments shall be made to the executor or administrator of the Pensioner's estate as an actuarially equivalent lump sum. This 60-Month Certain provision shall not apply to any portion of the benefits attributable to Contribution Hours on or after January 1, 2014, which were under a Collective Bargaining Agreement (or similar agreement) that did not reflect (or that ceased to reflect) the required Contribution Rate increases specified in either Section 5.04(c)(2)(C) or Section 5.04(c)(2)(D). Also, in no event shall the 60-Month Certain feature apply to a Pensioner who retired on a Normal Retirement Pension on the basis of the eligibility criteria of Section 5.02(b)(1)(B) of Appendix A, a Standard Early Retirement Pension (or Unsubsidized Early Retirement Pension) on the basis of the eligibility criteria of Section 5.06(a)(2), any Disability Benefits, or to a Pensioner who had elected the 100% Joint and Survivor Annuity Option provided in Section 6.07, the 75% Joint and Survivor Annuity Option provided in Section 6.06, or the 50% Joint and Survivor Annuity Option provided in Section 6.05 (except as provided in Section 6.05(b)).

#### **Section 6.05 50% Joint and Survivor Annuity Option**

- (a) Any benefit (i.e., pension benefit or Disability Benefit), which become effective on or after August 1, 1983 and is payable as a 50% Joint and Survivor Annuity (formerly referred to as a Husband and Wife Pension), will be adjusted for the 50% Joint and Survivor Annuity Option by multiplying the full amount otherwise payable as a Lifetime Pension by the following factors:
- (1) Disability Benefits - 82% plus .4% for each full year that the spouse's age is greater than the Participant's age or minus .4% for each full year that the spouse's age is less than the Participant's age with a maximum factor of 99%.
  - (2) Pension Benefits - 90% plus .4% for each full year that the spouse's age is greater than the Participant's age or minus .4% for each full year that the spouse's age is less than the Participant's age with a maximum factor of 99%.

Under the 50% Joint and Survivor Annuity Option, upon the death of the Participant, the Participant's spouse receives one-half of the monthly amount that was payable to the Participant. Upon the spouse's death, benefit payments cease, unless the 60-Certain Payment feature described below applies to the Participant's 50% Joint and Survivor Annuity.

(b) 60-Month Certain

- (1) This provision applies to Effective Dates of Pension on or after February 1, 2014, and it reflects adjustments that were made to the 60-Month Certain feature (also referred to as the "60 Certain Payments" feature) when the Plan was in Critical Status. Those adjustments, which among other things eliminated the 60 Certain Payments feature for Participants who were covered under the Default Schedule, whose benefits were adjusted under the Rehabilitation Plan's NIC provision, and for Participants classified as "Persons for Whom" under the Rehabilitation Plan, were and remain permanent. Section 6.10 below applies to Effective Dates of Pension before March 1, 2008. The terms of the Rehabilitation Plan and Rehabilitation Plan Schedules govern the applicability of the 60 Certain Payment feature for Participants with an Effective Dates of Pension on or after March 1, 2008 but before February 1, 2014 (based on the terms of the Plan Document as in effect before January 1, 2014).
- (2) The 60-Month Certain provision described in (3) below applies only to a Pensioner: who (i) has an Effective Date of Pension on or after February 1, 2014; (ii) whose Home Local Schedule was, as of December 31, 2013, the First Alternative Schedule or the Second Alternative Schedule (or would have been if the Participant's Contribution Date had been during the Plan's Rehabilitation Period); (iii) who did not have his benefits adjusted under the Rehabilitation Plan's NIC provision or "Person for Whom" provision; and (iv) who did not have 3,500 Hours of Work under the Default Schedule in a five (5) consecutive Calendar Year period preceding January 1, 2014, but only with respect to that portion of the pension, which is attributable to Contribution Hours before January 1, 2014.
- (3) Portion of Pension Attributable to Contribution Hours Before January 1, 2014. If a Pensioner described in (2) above dies after his Effective Date of Pension while receiving a 50% Joint and Survivor Annuity under a Normal Retirement Pension, an Unsubsidized Early Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension, a 55/30 Pension, a 60/30 Pension, or an Age 62 Pension on the basis of, among other things, having at least 15 years of Pension Credit, and the Pensioner's spouse dies before the total payments made to the Pensioner and spouse equal 60 times the amount of the Lifetime Pension that the Participant would have been entitled to before reduction for the 50% Joint and Survivor Annuity, then with respect to the portion of the benefit attributable to Contribution Hours before January 1, 2014, the difference shall be paid to the Pensioner's designated Beneficiary or Beneficiaries either in equal monthly payments or as a lump sum, as the Beneficiary or Beneficiaries elect(s). If no Beneficiary has been named or if the last named Beneficiary has predeceased the Pensioner or spouse, payment shall be made to the executor or administrator of the Pensioner's estate. In no event shall the 60-Month Certain feature apply to a Pensioner who retired on a Normal Retirement Pension on the basis of the eligibility criteria of Section 5.02(b)(1)(B) of Appendix A, a Standard Early Retirement Pension (or Unsubsidized Early Retirement Pension)



on the basis of the eligibility criteria of Section 5.06(a)(2), any Disability Benefits, or to a Pensioner who had elected the 100% Joint and Survivor Annuity Option provided in Section 6.07, or the 75% Joint and Survivor Annuity Option provided in Section 6.06.

- (4) Portion of Pension Attributable to Contribution Hours On or After January 1, 2014. If a Pensioner dies after his Effective Date of Pension while receiving a 50% Joint and Survivor Annuity under a Normal Retirement Pension, an Unsubsidized Early Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension, a 55/30 Pension, a 60/30 Pension, or an Age 62 Pension on the basis of, among other things, having at least 15 years of Pension Credit, and the Pensioner's spouse dies before the total payments made to the Pensioner and spouse equal 60 times the amount of the Lifetime Pension the Participant would have been entitled to before reduction for the 50% Joint and Survivor Annuity, then with respect to the portion of the benefit attributable to Contribution Hours on or after January 1, 2014, the difference shall be paid to the Pensioner's designated Beneficiary or Beneficiaries either in equal monthly payments or as a lump sum, as the Beneficiary or Beneficiaries elect(s), but only if, and to the extent that those Contribution Hours were under a classification of employment which was covered under a Collective Bargaining Agreement (or similar agreement) that reflected the required Contribution Rate increases specified either in Section 5.04(c)(2)(C) or Section 5.04(c)(2)(D). If no Beneficiary has been named or if the last named Beneficiary has predeceased the Pensioner or spouse, payment shall be made to the executor or administrator of the Pensioner's estate. This 60-Month Certain shall not apply to any portion of the benefits attributable to Contribution Hours on or after January 1, 2014, which were under a Collective Bargaining Agreement (or similar agreement) that did not reflect (or that ceased to reflect) the required Contribution Rate increases specified in either Section 5.04(c)(2)(C) or Section 5.04(c)(2)(D). Also, in no event shall the 60-Month Certain feature apply to a Pensioner who retired on a Normal Retirement Pension on the basis of the eligibility criteria of Section 5.02(b)(1)(B) of Appendix A, a Standard Early Retirement Pension (or Unsubsidized Early Retirement Pension) on the basis of the eligibility criteria of Section 5.06(a)(2), any Disability Benefits, or to a Pensioner who had elected the 100% Joint and Survivor Annuity Option provided in Section 6.07, or the 75% Joint and Survivor Annuity Option provided in Section 6.06.

(c) **Reversion (Pop-Up) Feature**

- (1) Effective Dates of Pension on or after February 1, 2014. The reversion (pop-up) feature was adjusted while the Plan was in Critical Status. That adjustment was and remains permanent and is reflected in Section 6.11 below, which governs the extent to which the reversion (pop-up) feature applies for Effective Dates of Pension on or after February 1, 2014.
- (2) Effective Dates of Pension on or After March 1, 2008 but before February 1, 2014. The provisions of the Rehabilitation Plan and Rehabilitation Plan Schedules governed the applicability of the reversion (pop-up) feature for Participants with an Effective Dates of Pension on or after March 1, 2008 but before February 1, 2014 (based on the terms of the Plan Document that were in effect before January 1, 2014).

- (3) Effective Dates of Pension after March 1, 1999 but before March 1, 2008. If a Participant's Effective Date of Pension is on or after March 1, 1999, but before March 1, 2008, and the spouse predeceases the Pensioner while the Pensioner is receiving a 50% Joint and Survivor Annuity pursuant to subsection (a)(2) (which is not based on any Disability Benefit), the 50% Joint and Survivor Annuity shall cease to be effective as of the date of the spouse's death. After that date, the monthly amount of the Participant's pension shall increase to the monthly amount that would have been payable had the Pensioner and his spouse waived the Joint and Survivor Annuity at the time of his retirement without electing any optional form of pension (other than a Level Income Option, if such option was elected).
- (4) Effective Dates of Pension before March 1, 1999. If the Participant's Effective Date of Pension was prior to March 1, 1999, the monthly amount of the Joint and Survivor Annuity, once it becomes payable, shall not be increased if the spouse predeceases the Pensioner, unless the Participant had elected the reversion (pop-up) option described in the applicable provision of the Plan Document as in effect prior to March 1, 1999 in a timely manner.

#### **Section 6.06 75% Joint and Survivor Annuity Option**

- (a)
  - (1) A Participant who is eligible to retire on a Normal Retirement Pension, an Unsubsidized Early Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension, an Age 62 Pension, a 55/30 Pension, or a 60/30 Pension, and whose Effective Date of Pension is on or after January 1, 2008, may elect a lesser monthly pension amount payable during his lifetime with monthly payments to continue to his surviving spouse during the surviving spouse's remaining lifetime after the Participant's death at 75% of this reduced monthly amount. The 75% Joint and Survivor Annuity Option is actuarially equivalent to the Joint and Survivor Annuity payable in accordance with Section 6.02.
  - (2) A Participant who is eligible to receive a Full Disability Benefit, and whose Effective Date of Disability Benefit is on or after January 1, 2009, may elect a lesser monthly benefit amount payable during his lifetime with monthly payments to continue to his surviving spouse during the surviving spouse's remaining lifetime after the Participant's death, at 75% of this reduced monthly amount.
- (b) The 75% Joint and Survivor Annuity Option described in this Section is subject to the following conditions:
  - (1) The Participant and spouse must be legally married to each other as of the Participant's Effective Date of Pension.
  - (2) This option must be elected by the Participant on the form provided for this purpose by the Trustees.
  - (3) Once this option is elected, it cannot be revoked after the Participant's Effective Date of Pension, except as provided in Section 6.02(b)(3).

- (c) The monthly amount of any benefit (other than the Full Disability Benefit) that becomes effective in the form of a 75% Joint and Survivor Annuity Option shall be determined by multiplying the full monthly amount of pension otherwise payable (had the Participant and his spouse rejected the Joint and Survivor Annuity at the time of retirement without electing any optional form of pension) by 85.5% subtracted by 0.6% for each full year that the spouse's age is less than the Participant's age or added 0.6% for each full year that the spouse's age is greater than the Participant's age up to 15 years. In the event that the difference in the spouse's age is equal to or greater than 16 years then this optional form would be further increased by .7% for every year thereafter with a maximum factor of 99%.
- (d) The monthly amount of any Full Disability Benefit that becomes effective in the form of a 75% Joint and Survivor Annuity Option shall be determined by multiplying the full monthly amount of the benefit otherwise payable (had the Participant and his spouse rejected the Joint and Survivor Annuity at the time the Full Disability Benefit became payable without electing any optional form of pension) by 74.5% subtracted by 0.5% for each full year that the spouse's age is less than the Participant's age or added 0.5% for each full year that the spouse's age is greater than the Participant's age with a maximum factor of 99%.
- (e) The monthly amount of the 75% Joint and Survivor Annuity Option, once it becomes payable, shall not be increased if the spouse is subsequently divorced from the Pensioner.
- (f) Reversion (Pop-Up) Feature
  - (1) Effective Dates of Pension on or after February 1, 2014. The reversion (pop-up) feature was adjusted by the Plan's Rehabilitation Plan while the Plan was in Critical Status. That adjustment was and remains permanent and is reflected in Section 6.11 below, which governs the extent to which the reversion (pop-up) feature applies for Effective Dates of Pension on or after February 1, 2014.
  - (2) Effective Dates of Pension on or After March 1, 2008 but before February 1, 2014. The provisions of the Rehabilitation Plan and Rehabilitation Plan Schedules governed the applicability of the reversion (pop-up) feature for Participants with an Effective Dates of Pension on or after March 1, 2008 but before February 1, 2014, based on the terms of the Plan Document that applied to the Pensioner on his Effective Date of Pension.
  - (3) Effective Dates of Pension before March 1, 2008. In the event a spouse predeceases a Participant who retired under a 75% Joint and Survivor Annuity option described in subsection (a)(1) with an Effective Date of Pension before March 1, 2008, the 75% Joint and Survivor Annuity Option described in subsection (a)(1) above shall cease to be effective as of the date of the spouse's death. After that date, the monthly amount of the Participant's pension shall increase to the monthly amount that would have been payable had the Participant and his spouse rejected a Joint and Survivor Annuity Option at the time of retirement without electing any optional form of pension. In all other cases, the monthly amount shall remain unchanged following the spouse's death.

## **Section 6.07 100% Joint and Survivor Annuity Option**

- (a) The 100% Joint and Survivor Annuity is an optional form of payment applicable only to pensions with an Effective Date of Pension after February 28, 1999. It does not apply to Disability Benefits. A Participant who is eligible to retire on a Normal Retirement Pension, an Unsubsidized Early Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension, a 55/30 Pension, a 60/30 Pension or an Age 62 Pension, as applicable, may elect a lesser monthly pension amount payable during his lifetime with monthly payments to continue to his surviving spouse, during the surviving spouse's remaining lifetime after the Participant's death, at 100% of this reduced monthly amount.
- (b) The 100% Joint and Survivor Annuity described in subsection (a) above is subject to the following conditions:
  - (1) The Participant and spouse must be legally married to each other as of the Participant's Effective Date of Pension.
  - (2) This option must be elected by the Participant on the form provided for this purpose by the Trustees.
  - (3) Once this option is elected, it cannot be revoked after the Participant's Effective Date of Pension, except as provided in Section 6.02(b)(3).
- (c) The monthly amount of any pension that becomes effective in the form of a 100% Joint and Survivor Annuity Option shall be determined by multiplying the full monthly amount of pension otherwise payable (had the Participant and his spouse rejected the Joint and Survivor Annuity at the time of retirement without electing any optional form of pension) by 84% plus .7% for each full year that the spouse's age is greater than the Participant's age or minus .7% for each full year that the spouse's age is less than the Participant's age with a maximum factor of 99%.
- (d) The monthly amount of the 100% Joint and Survivor Annuity Option, once it becomes payable, shall not be increased if the spouse is subsequently divorced from the Pensioner.
- (e) Reversion (Pop-Up) Feature
  - (1) Effective Dates of Pension on or after February 1, 2014. The reversion (pop-up) feature was adjusted while the Plan was in Critical Status. That adjustment was and remains permanent and is reflected in Section 6.11 below, which governs the extent to which the reversion (pop-up) feature applies for Effective Dates of Pension on or after February 1, 2014.
  - (2) Effective Dates of Pension on or After March 1, 2008 but before February 1, 2014. The terms of the Rehabilitation Plan and Rehabilitation Plan Schedules governed the applicability of the reversion (pop-up) feature for Participants with an Effective Dates of Pension on or after March 1, 2008 but before February 1, 2014 (based on the terms of the Plan Document in effect before January 1, 2014).

- (3) Effective Dates of Pension before March 1, 2008. In the event a spouse predeceases a Participant who retired under a 100% Joint and Survivor Annuity option described in subsection (a) above with an Effective Date of Pension before March 1, 2008, the 100% Joint and Survivor Annuity Option described in subsection (a) above shall cease to be effective as of the date of the spouse's death. After that date, the monthly amount of the Participant's pension shall increase to the monthly amount that would have been payable had the Participant and his spouse rejected a Joint and Survivor Annuity Option at the time of retirement without electing any optional form of pension. In all other cases, the monthly amount shall remain unchanged following the spouse's death.

#### **Section 6.08 Additional Conditions**

- (a) A Joint and Survivor Annuity Option shall not be effective under any of the following circumstances:
  - (1) The Participant and spouse were not married to each other on the Participant's Effective Date of Pension. The Trustees shall be entitled to rely on a written representation last filed by the Participant before his Effective Date of Pension as to whether he or she is married. If such representation later proves to be false, the Trustees may, in addition to any other rights or remedies, adjust benefit payments to recoup excess benefits paid as a result of the misrepresentation.
  - (2) The spouse died before the Participant's Effective Date of Pension.
  - (3) The present value of the Participant's non-forfeitable Accrued Benefit, as determined under Section 6.02(d), does not exceed the "applicable amount" described in Section 8.05(b).
- (b) Election or rejection of a Joint and Survivor Annuity Option (or, in the case of an unmarried Participant, a Lifetime Pension) may not be made or altered after a Participant's Effective Date of Pension, except as specifically provided for in Section 6.02(b)(3).

#### **Section 6.09 Continuation of the Joint and Survivor Annuity**

- (a) The monthly amount of a Joint and Survivor Annuity, once it becomes payable, shall not be increased if the spouse is subsequently divorced from the Pensioner.
- (b) A Joint and Survivor Annuity is payable for the lifetime of the Pensioner and the surviving spouse to whom the Pensioner was married on his Effective Date of Pension and cannot be terminated on remarriage.

#### **Section 6.10 Coordination with 60 Certain Payments (Pre-March 1, 2008 Effective Dates)**

If a surviving spouse of a Pensioner who had an Effective Date of Pension before March 1, 2008 is eligible for benefits under Section 7.02, and is receiving pension benefits (not Disability Benefits)

under a 50% Joint and Survivor Annuity, but dies before the total payments made to the Pensioner and spouse equal 60 times the amount of the pension the Participant had been entitled to before reduction for the 50% Joint and Survivor Annuity, the difference shall be paid to the Pensioner's designated Beneficiary or Beneficiaries either in equal monthly payments or as a lump sum, as the Beneficiary or Beneficiaries elect(s). If no Beneficiary has been named or if the last named Beneficiary has predeceased the Pensioner or spouse, payment shall be made to the executor or administrator of the Pensioner's estate.

**Section 6.11 Reversion (Pop-Up) Feature for Effective Dates of Pension on or after February 1, 2014**

- (a) When the Plan was in Critical Status, the Rehabilitation Plan adjusted the reversion (pop-up) feature for all Joint and Survivor Annuity Options. In general, the Rehabilitation Plan eliminated the reversion (pop-up) feature for all Joint and Survivor Annuity Options, except for Participants whose benefit adjustments were governed by the First Alternative Schedule or the Second Alternative Schedule (and who did not become "Persons for Whom" under the Rehabilitation Plan and were not subject to the NIC benefit adjustments under the Rehabilitation Plan). That adjustment was and remains permanent, and continues to apply after the Plan's emergence from Critical Status, as reflected in this Section 6.11. As described below, for Effective Dates of Pension on or after February 1, 2014, the reversion (pop-up) feature may apply to the portion of a Participant's pension benefits accrued before January 1, 2014, but may not apply to all or some of the Participant's pension benefits accrued on or after January 1, 2014.
- (b) Applicability of Reversion (Pop-Up) Feature to Pension Benefits Earned before January 1, 2014

In the event a spouse predeceases a Participant who retires with an Effective Date of Pension on or after February 1, 2014 under a 50% Joint and Survivor Annuity described in Section 6.05(a)(2), a 75% Joint and Survivor Annuity described in Section 6.06(a)(1), or a 100% Joint and Survivor Annuity described in Section 6.07, such Joint and Survivor Annuity shall cease to be effective as of the date of the spouse's death with respect to the portion of the Participant's Joint and Survivor Annuity attributable to Contribution Hours before January 1, 2014, and after the date of the spouse's death, the monthly amount of the Participant's pension attributable to Contribution Hours before January 1, 2014 shall increase to the monthly amount that would have been payable had the Participant and his spouse rejected a Joint and Survivor Annuity option at the time of retirement without electing any optional form of pension, if, and only if, the following conditions are satisfied:

- (1) The Participant's Home Local Schedule was, as of December 31, 2013, the First Alternative or Second Alternative Schedule (or would have been if the Participant's Contribution Date had been during the Plan's Rehabilitation Period);
- (2) The Participant was not subject to the NIC benefit adjustments under the Rehabilitation Plan (or would have been if the Participant's Contribution Date had been during the Rehabilitation Period);
- (3) The Participant did not have 3,500 or more Hours of Work in Covered Employment under the Default Schedule during a five (5) consecutive Calendar Year period preceding January 1, 2014; and

- (4) The Participant had not become a “Person for Whom” under the Rehabilitation Plan when the Plan was in Critical Status.

In all other cases, the monthly amount shall remain unchanged following the spouse’s death. No reversion feature applies to Disability Benefits.

- (c) Applicability of Reversion (Pop-Up) Feature to Pension Benefits Earned on or after January 1, 2014

In the event a spouse predeceases a Participant who retires with an Effective Date of Pension on or after February 1, 2014 under a 50% Joint and Survivor Annuity described in Section 6.05(a)(2), a 75% Joint and Survivor Annuity described in Section 6.06(a)(1), or a 100% Joint and Survivor Annuity described in Section 6.07(a), such Joint and Survivor Annuity shall cease to be effective as of the date of the spouse's death with respect to the portion of the Participant’s Joint and Survivor Annuity attributable to Contribution Hours on or after January 1, 2014, and, after the date of the spouse’s death, the monthly amount of the Participant's pension attributable to Contribution Hours on or after January 1, 2014 shall increase to the monthly amount that would have been payable had the Participant and his spouse rejected a Joint and Survivor Annuity option at the time of retirement without electing any optional form of pension, if, and only if, those Contribution Hours were under a classification of employment, which was covered under a Collective Bargaining Agreement (or similar agreement) that reflected the required Contribution Rate increases specified either in Section 5.04(c)(2)(C) or Section 5.04(c)(2)(D). The monthly amount attributable to any Contribution Hours on or after January 1, 2014 under a classification of employment, which was covered under a Collective Bargaining Agreement (or similar agreement) that did not reflect (or that ceased to reflect) the required Contribution Rate increases specified in either Section 5.04(c)(2)(C) or Section 5.04(c)(2)(D) shall remain unchanged following the spouse’s death. The reversion (pop-up) feature may apply to some portions of a Joint and Survivor Annuity and not to others. No reversion feature applies to Disability Benefits.

## **Section 6.12 120 Certain Payments Option**

When the Plan was in Critical Status, the 120 Certain Payments Option was eliminated pursuant to the Plan’s Rehabilitation Plan for Participants whose benefit commencement dates are on or after March 1, 2008. This adjustment was and remains permanent. The 120 Certain Payment Option continues to be inapplicable after the Plan’s emergence from Critical Status, and will not apply to any benefits accrued on or after January 1, 2014 or to any benefits accrued before such date unless the payment of those benefits commenced before the adjustment was made pursuant to the Rehabilitation Plan. Section 6.09 of Appendix A reflects the 120 Certain Payments Option provision that was in effect before January 1, 2014, and includes the terms of the 120 Certain Payments Option before it was eliminated pursuant to the Plan’s Rehabilitation Plan.

## **Section 6.13 Level Income Option**

When the Plan was in Critical Status, the Level Income Option was eliminated pursuant to the Plan’s Rehabilitation Plan for Participants whose benefit commencement dates are on or after March 1, 2008. This adjustment was and remains permanent. The Level Income Option continues to be

inapplicable after the Plan's emergence from Critical Status, and will not apply to any benefits accrued on or after January 1, 2014, nor to any benefits accrued before such date unless the payment of those benefits commenced before March 1, 2008. Section 6.10 of Appendix A reflects the Level Income Option provision that was in effect before January 1, 2014, and includes the terms of the Level Income Option before it was eliminated pursuant to the Plan's Rehabilitation Plan.

## **ARTICLE 7 DEATH BENEFITS**

### **Section 7.01 Death Benefit Before Retirement**

(a) General Rule

- (1) Except as provided in subsections 7.01(b) and (c), if a Participant dies before January 1, 2008 and satisfied (A) or (B) below at the time of his death, a Death Benefit shall be paid to the Participant's Beneficiary in an amount equal to 50% of all contributions required to be made to the Fund on the Participant's behalf; provided that in the case of a Participant who participated under a plan that was merged into the Plan, if it is not administratively feasible to compute such benefit, a Death Benefit shall be paid to his Beneficiary in accordance with the terms of the Plan Document in effect on December 31, 1999. In the event that the Participant is survived by his spouse, the surviving spouse may elect a Death Benefit as provided in Section 6.03 notwithstanding the designation of any other person as a recipient of a Death Benefit under this section 7.01. The Death Benefit provided by this section is not payable if a Joint and Survivor Annuity is payable.
  - (A) The Participant dies before he becomes a Pensioner, and after he has earned at least 60 months of Future Service Credit, which have not been lost as a result of a Permanent Break-in-Service; or
  - (B) The Participant:
    - (i) dies on or after January 1, 2000, before becoming a Pensioner, and
    - (ii) dies before earning at least 60 months of Future Service Credit, and
    - (iii) had at least 435 Hours of Work in Covered Employment within the 24-month period preceding his death.
  - (C) Application for the benefit under section (a)(1) is submitted to the Fund Office on or before December 31, 2008.

If the Participant's primary and successor Beneficiary or Beneficiaries die prior to the death of the Participant, or if no Beneficiary is designated, then any death benefit otherwise payable under this Section shall be paid in the following order: (i) to the Participant's spouse; (ii) if no spouse survives the Participant, to his children; (iii) if no children survive the Participant, to his parents; (iv) if no parents survive the Participant, to his brothers and/or sisters in equal shares. If none of the persons



enumerated in the foregoing listing of heirs survive the Participant, then the death benefit will be paid to the Participant's estate.

(2) Except as provided in subsections 7.01(b)(1) through (3) and (c) below, if a Participant dies after December 31, 2007, and satisfied (A), (B), (C), and (D) below at the time of his death, a death benefit in the amount of \$5,000 will be paid: (i) to his surviving child or children (in equal shares); (ii) if he has no surviving children, to his surviving parent or parents (in equal shares); or (iii) if he has no surviving parents, to his sibling or siblings (in equal shares).

(A) At the time of his death, the Participant obtained Vested Status, was not a Pensioner, and was not married;

(B) No portion of the Participant's Accrued Benefit is payable to an alternate payee pursuant to a "qualified domestic relations order," as defined in Section 206(d)(3) of ERISA;

(C) The Participant had at least 435 Hours of Work in Covered Employment within the 24 months preceding his death;

(D) The Participant is survived by one or more children, one or more parents, or one or more siblings.

(b) Loss of Entitlement to Death Benefit Before Retirement

(1) If a Participant or Employee, or a former Participant or Employee, at any time performs at least one (1) hour of employment in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the Employer, no Death Benefit shall thereafter be payable under Section 7.01(a).

(2) If a Participant who has lost his entitlement to a Death Benefit pursuant to the preceding paragraph terminates his non-covered employment and then returns to Covered Employment and earns a number of months of Pension Credit, his entitlement to a Death Benefit shall be calculated on a pro rata basis determined by dividing the number of months of Pension Credit subsequently earned by the number of months during which the individual previously worked at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. Such percentage shall not be greater than 100%. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer shall have his ineligibility waived provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.

(3) A Participant or Employee's right to reinstatement of his entitlement to a death benefit pursuant to the preceding paragraph shall be limited to his first return to Covered Employment after being employed for at least one (1) hour in the Sheet Metal Industry

in a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment again and is again employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in the preceding paragraph.

- (4) If all or a portion of Participant's Accrued Benefit is payable to one or more alternate payees pursuant to a "qualified domestic relations order," as defined by Section 206(d)(3) of ERISA, the death benefit that would otherwise be payable under Section 7.01(a) shall be reduced by the Actuarial Equivalent present value of the portion of the Participant's Accrued Benefit payable to the alternate payee, determined as of the date of the Participant's death.
- (c) The amount and payment of the Death Benefit is subject to the provisions of Sections 8.05(a)(5) and 16.07.

### **Section 7.02 Death Benefit after Retirement - 60 Certain Payments**

The following provision reflects the terms of the 60 Certain Payment feature for Effective Dates of Pension before March 1, 2008. If a Pensioner who had an Effective Date of Pension before March 1, 2008, is receiving a Normal Retirement Pension, a Standard Early Retirement Pension, a Special Early Retirement Pension or, effective August 1, 2001, a 55/30 Pension, on the basis of having at least 15 years of Pension Credit dies on or after his Effective Date of Pension, and before he has received 60 monthly pension payments, his monthly pension shall continue to be paid to his designated Beneficiary or Beneficiaries, if any, until 60 such payments have been made, including the payments to both the Pensioner and his Beneficiary or Beneficiaries. If no Beneficiary has been named, or if the last named Beneficiary has predeceased the Pensioner or dies before 60 payments have been made, any remaining payments shall be made to the executor or administrator of the Pensioner's estate as an actuarially equivalent lump sum. This provision for 60 Certain Payments shall not apply to a Pensioner who retired on a Normal Retirement Pension on the basis of the eligibility criteria of Section 5.02(b)(1)(B) of Appendix A, a Standard Early Retirement Pension on the basis of the eligibility criteria of Section 5.06(a)(2), Disability Benefits, or to a Pensioner who had elected the Level Income Option provided in Section 6.13, the 100% Joint and Survivor Annuity Option provided in Section 6.07, or the 75% Joint and Survivor Annuity Option provided in Section 6.06. If benefits continue to a surviving spouse under the 50% Joint and Survivor Annuity, the 60 Certain Payments shall apply as provided under Section 6.10.

### **Section 7.03 Death Benefit after Retirement - Lump Sum Death Benefit**

If a Participant with less than 15 Years of Pension Credit who is receiving a Pension other than a Disability Benefit, and who did not elect a 50% Joint and Survivor Annuity, 120 Certain Payments Option, Level Income Option, 75% Joint and Survivor Annuity, or 100% Joint and Survivor Annuity, as applicable, dies before receiving payments equal to the amount of the Death Benefit which would have been payable if he had died prior to retirement, the difference shall be paid to the Pensioner's Beneficiary.

#### **Section 7.04 Designation of Beneficiary**

Subject to provisions in Article 6, a Participant who died before January 1, 2008 may have designated an individual, a personal trust or estate as his primary Beneficiary for the Death Benefit, if any, payable in accordance with Section 7.01, and a Pensioner receiving a Normal Retirement Pension or an Early Retirement Pension may designate an individual, personal trust or estate as his primary Beneficiary for the monthly pension payments or amount of payments, if any, payable in accordance with Section 6.10, 6.12 or 7.02, as applicable. Subject to Article 6, the Participant or Pensioner, as the case may be, may also designate an individual, personal trust or estate as his successor Beneficiary to receive such corresponding benefits in the event that the primary Beneficiary dies before receipt of the full number or amount of payments guaranteed under the 60-Month Certain feature or the 120 Certain Payments Option, as applicable, and may change these designations from time to time. All designations of Beneficiaries shall be subject to the requirements of Article 6 and shall be made in the form and manner required by the Trustees, who shall be the sole judge of the validity thereof.

#### **Section 7.05 Death Benefits Under USERRA**

For purposes of determining survivor benefits, a Participant who dies while performing qualified military service (as defined in Section 414(u)(5) of the Code) on or after January 1, 2007, notwithstanding any provisions of this Plan Document to the contrary, will be credited with Years of Service for purposes of vesting and eligibility for benefits, but not for purposes of accruals, for the period of that military service as if the Participant resumed and then terminated Covered Employment on the date of his or her death.

### **ARTICLE 8 APPLICATIONS, BENEFIT PAYMENTS, AND RETIREMENT**

#### **Section 8.01 Applications**

An application for benefits must be made in writing in the form, manner and time prescribed by the Trustees, and must be filed with the Fund in advance of the first month for which benefits are payable. A Participant's application for benefits will be deemed null and void, and will be treated as if it has not been filed with the Fund for purposes of the preceding sentence, if the Fund has not received:

- (i) a fully completed election form setting forth the optional form of benefit selected by the Participant (along with any other forms required for such optional form of benefit, including but not limited to any required spousal consent) within 180 days after the Fund has provided the notice described in Section 6.02(b) (written explanation of benefit options) to the Participant; or
- (ii) any other information or documentation within 180 days after the Fund requested such information or documentation

Any benefit application that is deemed null and void under this Section 8.01 must be resubmitted to the Fund in the form, manner and time prescribed by the Trustees, and will be treated as a new

application for benefits, including for purposes of determining the first month for which benefits are payable.

If the Trustees determine that a Participant was unable to complete the application process within the time prescribed in (i) or (ii) above, the Trustees may, in their sole and absolute discretion, extend such periods, but only if and to the extent, such extension is permitted under the Internal Revenue Code and the regulation thereunder.

### **Section 8.02 Information Required**

Each Participant, Pensioner and Beneficiary shall furnish the Fund Office with any information or proof requested by it and reasonably required to administer the Plan. If a Participant or Pensioner or other claimant to benefits makes a materially inaccurate statement related to his claim for benefits, or furnishes materially inaccurate or incomplete information or proof relative to eligibility or continued eligibility for benefits, then benefits may be denied, suspended, or discontinued to the extent permitted by law. The Trustees shall have the right to recover any benefit payments made in reliance on any materially inaccurate or incomplete statement, information or proof submitted by a Participant, Pensioner or Beneficiary.

### **Section 8.03 Action of Trustees**

- (a) The Trustees shall have the sole and absolute power, authority and discretion to determine:
  - (1) the standard of proof required in any case;
  - (2) the application and interpretation of the Plan Document;
  - (3) entitlement to or amount of a pension;
  - (4) the disability, the timing, extent and or duration of the disability, or non-disability of Participants and the effect these determinations have on the Participant's eligibility for Disability Benefits under the Plan;
  - (5) the crediting of Future or Past Service Credit and/or Contribution Hours; and
  - (6) the crediting of Hours of Work and Years of Service.
- (b) The decisions of the Trustees or any delegate of the Trustees with respect to any of the foregoing shall be final and binding. Wherever in the Plan Document the Trustees are given discretionary powers, the Trustees shall exercise such powers in a uniform and non-discriminatory manner. In addition, whenever the Trustees have delegated their power or authority to a committee or person, the delegate shall have the same power and authority as the Trustees to the extent of the Trustees' delegation to such committee or person.

## **Section 8.04 Right of Appeal**

A Participant or Beneficiary whose application for benefits under the Plan has been denied, in whole or in part, is to be provided with adequate notice in writing setting forth the specific reasons for such denial, and shall have the right to appeal the decision by filing a written request with the Trustees within 180 days after receipt of such notice. The appeal shall be considered by the Trustees or by a person or committee designated by the Trustees. The decision shall be final and binding and shall be communicated to the claimant. No action at law or equity may be commenced against the Plan or Trustees (or any committee or person designated by the Trustees) with respect to a claim for benefits unless the claimant exhausts the Plan's appeal process. An action at law or equity against the Plan or Trustees (or any committee or person designated by the Trustees) with respect to a claim for benefits must be filed before the earlier of: (1) one year after the claim is denied, or is deemed to be denied, by the Trustees or the person or committee designated by the Trustees; or (2) the expiration of any other applicable limitations period.

## **Section 8.05 Benefit Payments Generally**

- (a) (1) A Participant who is eligible to receive benefits from the Plan and who makes application in accordance with the rules of the Plan Document, shall be entitled upon retirement to receive the benefits provided for under the provisions of the Plan Document. Benefit payments shall be payable commencing with the first day of the month following the month in which the Participant has fulfilled all of the conditions for entitlement to benefits, including the filing of an application in accordance with the requirements of Section 8.01; such first day of such month is what is meant by the "Effective Date of Pension" whenever such term is used in the Plan Document (as the context so requires, the "Effective Date of Pension" also shall apply to the commencement of Disability Benefits). If a Participant duly elects an Effective Date of Pension, which precedes the date notice is provided under Section 6.02(b), the Participant shall receive a payment of benefits retroactive to Effective Date of Pension in the form of a lump sum, with simple interest at rate determined by the Board of Trustees. Monthly payments made subsequent to the lump sum payment shall be in the amount that would have been paid to the Participant had payments actually commenced on the Participant's Effective Date of Pension. A Participant will not be deemed to have satisfied the conditions for entitlement to benefits if he has failed to complete and return all necessary forms to the Plan within the time prescribed by the Trustees. Further, no payment of benefits may commence if the notice under Section 6.02(b) was provided more than 180 days before such date, unless the delay is due solely to an administrative delay (or for such other reasons as the Internal Revenue Service may establish from time-to-time). For purposes of this Section 8.05, a Participant's age on the first day of a month is considered to be the same as his age on the 15th day of that month.
- (2) Unless the Participant elects otherwise, the payment of benefits will begin not later than the 60th day after the later of the close of the Calendar Year in which:
  - (A) the Participant attains Normal Retirement Age, or
  - (B) the Participant terminates all employment with an Employer.

Subject to Section 8.12, below, a Participant may elect in writing filed with the Trustees to receive his pension beginning at a later date, and a Participant's failure to file an application to commence benefits shall be deemed an election to postpone payments to a date no later than the date determined under Section 8.12.

- (3) For Effective Dates of Pension that are on or after June 1, 2003, subject to Section 8.06 below, a Participant who retires within the meaning of Section 5.01 after his attainment of Normal Retirement Age shall have his benefit actuarially adjusted in accordance with this Section 8.05(a)(3) upon the commencement of payment of his benefits. The actuarial adjustment shall be 1% for each month after the later of the date specified in Section 8.05(a)(2) above or the month he retires until the month in which the Participant reaches age 70, and 1½% for each month thereafter.
- (4) Except as otherwise provided in the Plan Document, pension payments to the Pensioner shall end with the payment for the calendar month in which the death of the Pensioner occurs.
- (5) Notwithstanding any other provision of the Plan Document, the Trustees may, in their sole discretion, recoup, by offset, actuarial adjustment or other reasonable arrangement, any amounts that are paid from the Plan to a Participant, Pensioner or Beneficiary, in excess of the correct amount due, as permitted by Treas. Reg. §1.401(a)-13(c)(2)(iii).

(b) Lump-Sum Distribution

- (1) Automatic Cash-Out. Effective March 1, 2005, and notwithstanding any provision to the contrary, if, at the time a monthly benefit becomes payable to a Participant or Beneficiary, the Actuarial Equivalent of such Participant's or Beneficiary's pension benefit under the Plan does not exceed \$1,000, the benefit will be paid in the form of a single lump-sum in an amount equal to the Actuarial Equivalent present value of the benefit under the Plan. Such payment shall be in lieu of the monthly benefit otherwise payable under the Plan.
- (2) Optional Cash-Out. (i) Effective March 1, 2005, if, at the time a monthly benefit becomes payable to a Participant or Beneficiary, the Actuarial Equivalent of such Participant's or Beneficiary's pension benefit under the Plan exceeds \$1,000 but does not exceed \$10,000, the Participant or Beneficiary may elect to have the benefit paid to the Participant or Beneficiary in the form of a single lump-sum in an amount equal to the Actuarial Equivalent present value of the benefit under the Plan, subject to the restrictions imposed upon plans in endangered or critical status (as such terms are defined in ERISA and the Code). Such payment shall be in lieu of the monthly benefit otherwise payable under the Plan.  
  
(ii) Effective March 1, 2008, except as otherwise provided in the Rehabilitation Plan and Schedules, the Plan will not pay any optional lump sum benefit (cash outs) to Participants (or the Beneficiaries of Participants) who retire on or after that date, due to the certification of the Plan's critical status for the 2008 Plan Year (initial critical year).

## **Section 8.06 Suspension of Benefits**

A Participant receiving an Industry-Related Disability Benefit who is under age 55, and a Participant receiving a Full-Disability Benefit who is under Normal Retirement Age, will be subject to the continued eligibility and termination provisions of Article 16 before application of the provisions found in this Section 8.06. In all other respects, the provisions of this Section 8.06 will apply to a Participant receiving monthly Disability Benefits in the same manner as any other Pensioner who is receiving monthly benefits from the Plan.

### **(a) Before Normal Retirement Age in General**

- (1) Except as provided in Section 8.06(b), a Pensioner who entered Disqualifying Employment before July 1, 2003 shall have his monthly benefit suspended for each month prior to Normal Retirement Age in which the Pensioner is employed in Disqualifying Employment and for an additional three (3) months after the Pensioner ceases working in Disqualifying Employment.

Except as provided in Section 8.06(b), a Pensioner who enters Disqualifying Employment on or after July 1, 2003 shall have his monthly benefit suspended for the greater of (a) the number of months prior to Normal Retirement Age in which the Pensioner is employed in Disqualifying Employment, or (b) three (3) months.

- (2) If the Pensioner has either (1) failed to notify the Fund Office within twenty-one (21) days of returning to employment that may be Disqualifying Employment in accordance with the notification requirements of subsection (e), or (2) willfully misrepresented to the Fund Office with respect to Disqualifying Employment, the monthly benefit shall be suspended for an additional period of three (3) months. This three (3) month suspension rule shall not apply to Pensioners who enter Disqualifying Employment on or after July 1, 2003.
- (3) In addition to any period of suspension provided in Section 8.06(a)(1), the monthly benefit shall be suspended for six (6) consecutive months for every calendar quarter in which the Pensioner was engaged in Disqualifying Employment of the type described in Section 8.06(d)(1)(E).
- (4) Notwithstanding the foregoing, the provisions of this subsection (a) shall not result in the suspension of the benefit for any month after the Pensioner has attained Normal Retirement Age.

### **(b) Before Normal Retirement Age for Certain Types of Disqualifying Employment**

- (1) Effective August 1, 1999, if a Pensioner who has attained age 62 works in Disqualifying Employment before he attains Normal Retirement Age and such work is either (i) covered by a Collective Bargaining Agreement between the Union and the Pensioner's Employer, or (ii) performed for a Related Organization or a joint apprenticeship training committee that is affiliated with the Union, his monthly benefit will be suspended under Section 8.06(a) only for any month in which he performs, or is paid for, more than 40 hours of such work.

- (2) Effective January 1, 2001, if a Pensioner who has not yet attained age 62 works in Disqualifying Employment and such work is performed for a joint apprenticeship training committee that is affiliated with the Union, his monthly benefit will be suspended under Section 8.06(a) only for any month in which he performs, or is paid for, more than 40 hours of such work.
- (3) Effective September 1, 2001, if a Pensioner who has not yet attained Normal Retirement Age works in Disqualifying Employment and such work is performed for the SMWIA, his monthly benefit will be suspended under Section 8.06(a) only for any month in which he performs, or is paid for, more than 40 hours of such work.
- (4) Effective August 1, 2003, if a Pensioner who has not yet attained Normal Retirement Age works in Disqualifying Employment and such work is performed for the Pension Fund, his monthly benefit will be suspended under Section 8.06(a) only for any month in which he performs, or is paid for, more than 40 hours.
- (5) Effective January 1, 2001, if a Pensioner who has not yet attained Normal Retirement Age works in Disqualifying Employment and such work is performed as a picketer for the Union or as worker for the Union on elections for officials within the Union, his monthly benefit will be suspended under Section 8.06(a) only for any month in which he performs more than 40 hours of such work.
- (6) Notwithstanding the foregoing, the rules described in paragraphs (1), (2), and (3) above shall not apply to any Pensioner whose benefit has already been suspended pursuant to Section 8.06(a)(3), unless his benefit has resumed in accordance with Section 8.06(g)(3), and the suspension rules under Section 8.06(a) shall continue to apply to work performed by the Pensioner in Disqualifying Employment that is not described in (1), (2) or (3) above, until such time as the Pensioner attains Normal Retirement Age.
- (7) Effective January 1, 2011, if a Pensioner performs work described in 1.35(d), such work will not be treated as work in Disqualifying Employment if it is performed on or after January 1, 2011 but before January 1, 2013.

(c) After Normal Retirement Age

Effective March 1, 2000, if a Pensioner has attained Normal Retirement Age, his monthly benefit shall be suspended for any month in which he worked or was paid for more than 40 hours in Disqualifying Employment as defined below.

Before March 1, 2000, if a Pensioner has attained Normal Retirement Age, his monthly benefit shall be suspended for any month in which he worked or was paid for 40 hours or more in Disqualifying Employment as defined below.

(d) Definition of Disqualifying Employment

- (1) When used in Section 8.06(a) and 8.06(b), the term “Disqualifying Employment” means:



- (A) employment with any Contributing Employer;
  - (B) employment with any employer in the same or related business as any Contributing Employer;
  - (C) self-employment in the same or related business as a Contributing Employer;
  - (D) employment or self-employment in any business which is under the jurisdiction of the Union; or
  - (E) employment in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer.
- (2) When used in Section 8.06(c), the term “Disqualifying Employment” means employment or self-employment that is (A) in an industry covered by the Plan when the Participant’s pension payments began, (B) in the geographic area covered by the Plan when the Participant’s pension began, and (C) in any trade or craft in which the Participant worked at any time under the Plan.
- (3) When used elsewhere in this Section 8.06, the term “Disqualifying Employment” shall have the meaning given such term in paragraph (1) or (2) above, as the context so requires.
- (4) Effective June 1, 2012, the term “Disqualifying Employment” shall not include work performed before January 1, 2026 for an organization that is exempt from federal income taxation under Section 501(c)(3) of the Code and effective June 11, 2020 shall not include work performed for an organization that is exempt from federal income taxation under Section 501(c) of the Code, if the Participant receives no compensation for such work (other than the payment or reimbursement of reasonable expenses incurred as a result of performing such work); provided, however, that the Participant supplies such documentation or other information as the Trustees deem necessary to substantiate (i) that the Participant did not receive any compensation for such work (other than the payment or reimbursement of reasonable expenses that were incurred as a result of performing such work), and (ii) the organization’s tax-exempt status.
- (5) Effective November 1, 2014 and continuing through December 31, 2015, the term “Disqualifying Employment” also shall not include work performed as a sketcher by a Pensioner, whose Effective Date of Pension was before January 1, 2014; provided, that the Pensioner’s employment meets the following conditions: the work is not performed for a Contributing Employer; the work is performed within the jurisdiction of Local 25; and such employment is facilitated by Local Union 25 in order to assist with its efforts to sign up new Contributing Employers.
- (6) The term "Disqualifying Employment" also shall not include:
- (A) work described in Section 1.35 (e);
  - (B) employment described in Section 1.35(g);
  - (C) work that a Pensioner performs after March 7, 2017 but before January 1, 2021 as a teacher’s assistant in a high school within the Springfield Public School

District (Springfield, Oregon) that has career technical education (including the sheet metal trade) as its main focus; provided that the Pensioner performing such work retired before 2017; or

- (D) work that a Pensioner performs after October 18, 2017, but before June 1, 2019, as an instructor at Cuyahoga Community College in their Multi-Craft Core Curriculum and Pre-Apprenticeship program; provided that the Pensioner performing such work retired before 2017.

(e) Notices

- (1) Upon commencement of pension payments, the Trustees shall notify the Pensioner of the Plan Document rules governing suspension of benefits, including identity of the industries and area covered by the Plan. If benefits have been suspended and payment resumed, new notification shall, upon resumption, be given to the Participant, if there has been any material change in the suspension rules or the identity of the industries or area covered by the Plan.
- (2) A Pensioner shall notify the Fund Office in writing within 21 days after starting any work of a type that is or may be Disqualifying Employment under the provisions of the Plan Document and without regard to the number of hours of such work. If a Pensioner has worked in Disqualifying Employment in any month and has failed to give timely notice to the Fund Office of such employment, the Trustees shall presume that he worked for more than 40 hours in such month and any subsequent month before the Participant gives notice that he has ceased Disqualifying Employment. The Participant shall have the right to overcome such presumption by establishing to the satisfaction of the Trustees that his work was not in fact an appropriate basis, under the Plan Document, for suspension of benefits.

If a Pensioner has worked in Disqualifying Employment for any number of hours for a contractor at a building or construction site and he has failed to give timely notice to the Fund Office of such employment, the Trustees shall presume that he has engaged in such work for as long as the contractor has been and remains actively engaged at that site. The Participant shall have the right to overcome such presumption by establishing to the satisfaction of the Trustees that his work was not in fact an appropriate basis, under the Plan Document, for suspension of benefits.

- (3) A Pensioner whose pension has been suspended shall notify the Fund Office when Disqualifying Employment has ended.
- (4) A Participant may ask the Fund Office whether a particular employment will be disqualifying. The Fund Office shall provide the Participant with its determination in a timely manner.
- (5) The Plan shall inform a Participant of any suspension of his benefits by notice given by personal delivery or first-class mail during the first calendar month in which his benefits are withheld. Such notice shall include a description of the specific reasons for the suspension, copy of the relevant provisions of the Plan Document, reference to the applicable regulation of the U.S. Department of Labor, and a statement of the

procedure for securing a review of the suspension. In addition, the notice shall describe the procedure for the Participant to notify the Plan when his Disqualifying Employment ends.

(f) Review

A Participant shall be entitled to a review of a determination suspending his benefits by written request filed with the Trustees within 180 days of the notice of suspension.

(g) Resumption of Benefit Payments

- (1) Benefits will resume beginning with the first month after the last month for which benefits were suspended, with payments beginning no later than the third month after the last calendar month for which the Pensioner's benefit was suspended, provided the Participant has complied with the notification requirements of paragraph (e)(2) and (3) above. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in Disqualifying Employment shall not have his benefits suspended pursuant to Section 8.06(a)(2) or 8.06(a)(3) provided he (1) terminates any Disqualifying Employment under Section 8.06(d)(1)(B)-(E); (2) returns to Covered Employment between January 1, 2002 and December 31, 2004; and (3) thereafter earns at least twelve (12) months of Future Service Credit.
- (2) Overpayments attributable to payments made for any month or months for which the Participant had worked in Disqualifying Employment shall be deducted from pension payments otherwise paid or payable subsequent to the period of suspension. A deduction from a monthly benefit for a month in which the Participant had worked in Disqualifying Employment (within the meaning of Section 8.06(d)(2)) after he attained Normal Retirement Age shall not exceed 25 percent of the pension amount (before deduction), except for the first pension payment made upon resumption after a suspension. The foregoing 25 percent limitation shall not apply to deductions for overpayments attributable to payments made for any month or months for which the Participant had worked in Disqualifying Employment (within the meaning of Section 8.06(d)(1)) before he attained Normal Retirement Age; provided, that the deduction does not affect the Participant's entitlement to the actuarial equivalent of his Normal Retirement Benefit after attainment of Normal Retirement Age (taking into account the payments made before his attainment of Normal Retirement Age). If a Pensioner dies before recoupment of overpayments has been completed, deductions shall be made from the benefits payable to his Beneficiary, subject to the 25 percent limitation on the rate of deduction with respect to work in Disqualifying Employment (as defined in 8.06(d)(2)) after the Participant attained Normal Retirement Age.
- (3) In the event that a monthly benefit is suspended pursuant to Section 8.06(a)(3), the six-month suspension periods provided for therein shall be waived if the Pensioner returns to Covered Employment and earns a number of months of Pension Credit, equal to the number of months during which he was formerly engaged for at least one (1) hour in Disqualifying Employment of the type described in Section 8.06(d)(1)(E). If such equal time is not achieved, the suspension shall be decreased on a pro rata basis determined by dividing the number of months of Pension Credit subsequently

worked in Covered Employment by the number of months during which the individual previously worked at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. Such percentage shall not be greater than 100%.

A Participant or Employee's right to waiver of the suspension periods provided for in the preceding paragraph shall be limited to his first return to Covered Employment after being employed for at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment again and is again employed at least one (1) hour in the Sheet Metal Industry in a position not covered by a collective bargaining agreement between the Union and an employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in the preceding paragraph

(h) Amount of Benefit on Resumption of Payment

The monthly amount of pension when resumed after suspension shall be redetermined in accordance with paragraphs (1) through (5) if applicable.

- (1) Except as provided in paragraph (3) or (5) below, upon resumption of benefits after a suspension of benefits before Normal Retirement Age, the monthly amount of the original benefit shall be recomputed based on the Pensioner's age at the time benefits are resumed reduced by the number of months for which he had previously received benefits.
- (2) A Pensioner who returns to Covered Employment shall be entitled to have his original benefit, as adjusted in accordance with paragraph (1) above, increased by the amount of benefit that he accrued during his period of reemployment; provided, however, that in the event that the Pensioner incurs a One-Year Break in Service prior to his return to Covered Employment, no benefit shall accrue until the Pensioner has completed a Year of Service following his return to Covered Employment. As soon as practicable following each January 1, the Pensioner's benefit shall be redetermined, taking into account his additional Contribution Hours earned since the later of the preceding January 1 or his Effective Date of Pension, and such redetermined amount shall be payable each month of the ensuing year, retroactive to January 1 of such year. If a Pensioner works or is paid for Disqualifying Employment, as defined in Section 8.06(d), during a year, then the additional benefit described in the preceding sentence shall be reduced (but not below zero) by the Actuarial Equivalent of the total distributions made to the Pensioner by the close of the Plan Year. If the Pensioner has not attained Normal Retirement Age, the additional benefit shall be reduced in accordance with Section 5.05(b), 5.06(c), or 5.07(b) to reflect his actual age when benefits are resumed.
- (3) A Pensioner who returns to Covered Employment and earns at least 5 years of Future Service Credit shall be entitled to a complete recomputation of his benefit amount in accordance with Section 5.15 as though he had not previously received any benefits.

- (4) A Joint and Survivor Annuity in effect immediately prior to suspension of benefits shall remain effective if the Pensioner's death occurs while his benefits are in suspension. Notwithstanding the foregoing, if a Pensioner has returned to Covered Employment and his Effective Date of Pension was before Normal Retirement Age, and if the Pensioner's death occurs while his benefits are in suspension, and if the Pensioner is not married to the same spouse on his date of death as he was on his Effective Date of Pension, then the additional benefits that the Pensioner accrued following his return to Covered Employment shall be paid pursuant to the terms of Section 6.03 if the Pensioner was married as of the date of his death, or pursuant to the terms of Section 7.01 if the Pensioner was not married as of the date of his death. Any additional benefits that are payable as described in the preceding sentence shall not be taken into account in determining the benefit payable under the 60-Month Certain feature or the 120 Certain Payments Option, as applicable. If a Pensioner has returned to Covered Employment, and his Effective Date of Pension was on or after Normal Retirement Age, he shall not be entitled to a new election as to the form of his pension payments under Article 6 when his benefits are resumed unless he is entitled to a complete recomputation of his benefits in accordance with Section 5.15. If a Pensioner has returned to Covered Employment and his Effective Date of Pension was before Normal Retirement Age, he shall be entitled to a new election as to the Joint and Survivor Annuity (or, in the case of an unmarried Participant, as to the Lifetime Pension), but only with respect to such additional benefits the Pensioner accrued following his return to Covered Employment, unless he is entitled to a complete recomputation of his benefit in accordance with Section 5.15, in which case he shall be entitled to a new election as to the form of his pension payments under Article 6.
- (5) Subject to paragraph (3) above, a Pensioner who had elected a Level Income Option prior to suspension of benefits who recommences benefits before the date his pension amount would have decreased under the original level Income Option election, shall have his original benefit recomputed, after offset of the Actuarial Equivalent of the benefits received before suspension, under a Level Income Option based on his age at the time benefits recommence and the original estimated Social Security Amount. If the Pensioner recommences benefits after the date his pension amount would have decreased under the original Level Income Option election, then his original benefit is recomputed based on the Normal Retirement Benefit accrued at his Effective Date of Pension, adjusted to reflect any early retirement reduction based on his age when benefits recommence, and offset by the Actuarial Equivalent of the benefits received before suspension. Any reduction for a Joint and Survivor Annuity originally elected shall be applied to the recomputed benefit.

#### **Section 8.07 Vested Status (Nonforfeitability)**

- (a) ERISA and the Code require that Participants acquire a nonforfeitable interest in their Accrued Benefit and Normal Retirement Benefit in accordance with certain prescribed standards.

- (b) “Vested Status” is attained when a Participant acquires a nonforfeitable right to his Normal Retirement Benefit or a nonforfeitable right to 100 percent of his Accrued Benefit in accordance with subsection (c) below.
- (c) A Participant shall attain Vested Status as follows:
- (1) Notwithstanding subsection (c)(2) or (c)(3) below, a Participant’s right to his Normal Retirement Benefit shall become nonforfeitable upon attainment of Normal Retirement Age.
  - (2) If a Participant has one or more Hours of Work in Covered Employment or Continuous Non-Covered Employment on or after January 1, 1997, he shall acquire a non-forfeitable right to 100 percent (100%) of his Accrued Benefit upon completion of five (5) Years of Service.
  - (3) Effective for Plan Years beginning on or after January 1, 1989, except as provided in subsection (c)(2) above:
    - (A) If a Participant’s participation in the Plan is covered by a Collective Bargaining Agreement, he shall acquire a non-forfeitable right to 100 percent (100%) of his Accrued Benefit upon completion of ten (10) Years of Service.
    - (B) If a Participant’s participation in the Plan is not covered by a Collective Bargaining Agreement, he shall acquire a non-forfeitable right to 100 percent (100%) of his Accrued Benefit upon completion of five (5) Years of Service; provided, that such Participant has one or more Hours of Work in Covered Employment or Continuous Non-Covered Employment on or after January 1, 1989.
  - (4) Effective September 1, 1999, each employee of Baker-Smith Sheet Metal, Inc. (“Baker-Smith”), who was covered under the terms of the Sheet Metal Workers’ National Pension Fund’s Standard Form of Participation Agreement for Employers that have Agreed to Contribute on Behalf of their Non-Bargaining Unit Employees, dated March 21, 1990 and effective March 1, 1990, between the Sheet Metal Workers’ National Pension Fund and Baker-Smith (the “Special Class Participation Agreement”), shall have a nonforfeitable right to that portion of his or her Accrued Benefit which is based on Pension Credit earned through September 1, 1999, as a result of service that was covered under the Special Class Participation Agreement; provided, that such Employee was a Participant as of September 1, 1999 and was not covered by Baker-Smith’s Owner-Member Registration Statement as in effect prior to January 1, 2002.
  - (5) The preceding provisions are the sole rules for attaining Vested Status, and a Participant who has not attained Vested Status in accordance with the preceding provisions shall not attain Vested Status by satisfying the eligibility rules for a Standard Early Retirement Pension or Disability Benefits.
- (d) All of a Participant’s Years of Service with one or more Contributing Employers shall be counted in determining the Employee’s Vested Status under this Section 8.07 except:

- (1) Years of Service during a period for which a Contributing Employer did not maintain this Plan or a predecessor plan; and
  - (2) Years of Service which are disregarded under Section 4.13 (relating to Breaks in Service).
- (e) ERISA and the Code provide certain limitations on any Plan Document amendment that may change the Plan's vesting schedule. In accordance with these limitations, if the Plan's vesting schedule is amended or the Plan Document is amended in such a way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage in his Accrued Benefit, or if the Plan Document is deemed amended by an automatic change to or from the Minimum Vesting Schedule in Section 13.05 (relating to a "Top Heavy Plan"), each Participant with at least three (3) Years of Service may elect within a reasonable period after adoption of the amendment, deemed amendment or change, to have his nonforfeitable interest in his Accrued Benefit determined under the Plan Document without regard to such amendment, deemed amendment or change. If this Plan becomes a Top Heavy Plan and then ceases to be a Top Heavy Plan, each Participant with not less than three years of service must be permitted to elect, within a reasonable time after the schedule in (b) above reverts to the vesting schedule otherwise applicable, to have his nonforfeitable percentage computed under Section 13.05(b).

The period during which the election may be made shall commence with the date the amendment, deemed amendment or change is adopted or deemed to be made and shall end on the latest of:

- (1) 60 days after the amendment is adopted;
  - (2) 60 days after the amendment becomes effective; or
  - (3) 60 days after the Employee is issued written notice of the amendment by his Employer or the Plan.
- (f) No amendment to the Plan Document (including a change in the actuarial basis for determining optional or early retirement benefits) shall be effective to the extent that it has the effect of decreasing a Participant's Accrued Benefit. Notwithstanding the preceding sentence, a Participant's Accrued Benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code or otherwise pursuant to Treasury Regulations. For purposes of this subsection (f), a Plan Document amendment that has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy or (2) eliminating an optional form of benefit (as determined under applicable Treasury Regulations), with respect to benefits attributable to service before the amendment shall be treated as reducing Accrued Benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Participant who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit (within the meaning of Section 411(a)(9) of the Code), a medical benefit, a social security supplement, or a death benefit (including life insurance). Further, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage

(determined as of that date) of such Employee's Accrued Benefit will not be less than the percentage computed under the Plan without regard to such amendment.

#### **Section 8.08 Incompetence or Incapacity of a Pensioner**

In the event it is determined that any Pensioner is unable to care for his affairs because of mental or physical incapacity, the Trustees may pay the benefits due such Pensioner to his legal guardian, committee, or legal representative; or, in the absence of them, to any relative by blood or connection by marriage who is deemed by the Trustees to be equitably entitled thereto. Payment by the Trustees to such legal representative or relative of the Pensioner shall operate to discharge the Trustees from any liability to such Pensioner or to anyone representing him or his interest.

#### **Section 8.09 Non-Assignment of Benefits**

It is hereby expressly provided that no Participant, Pensioner or Beneficiary shall have the right to assign, alienate, transfer, sell, hypothecate, mortgage, encumber, pledge or anticipate any retirement payments or portions thereof and any such assignment, alienation, transfer, sale, hypothecation, mortgage, encumbrance, pledge or anticipation shall be void and of no effect whatsoever unless such action is in compliance with Treasury Regulation Section 1.401(a)-13(c)(1) or any successor regulation that allows payment of a benefit or a portion of it to a third party if the Participant's or Pensioner's authorization of such payment is revocable at any time and if the third party acknowledges to the Plan Administrator (within the meaning of the Code) that it has no enforcement right in or to a benefit payment or portion thereof and provided that the Trustees, in their discretion (which discretion shall be exercised in a non-discriminatory manner) allow such action.

So that such retirement payments or portions thereof shall not in any way be subject to any legal process, execution, attachment or garnishment or be used for the payment of any claim against any Participant, Pensioner or Beneficiary, or be subject to the jurisdiction of any bankruptcy court or insolvency proceedings by operation of law or otherwise, the Trustees shall have the right to terminate or postpone any pension payments to a Pensioner.

Notwithstanding the foregoing or any other provision of the Plan Document to the contrary: (a) benefits shall be paid in accordance with the applicable requirements of any "qualified domestic relations order" as defined by Section 206(d)(3) of ERISA; and (b) the non-alienation restrictions set forth in this section shall not apply to any offset of a Participant's or Pensioner's benefit provided under the Plan against an amount that the Participant or Pensioner is ordered or required to pay to the Plan if the order or requirement to pay arises under a judgment, order, decree, or settlement agreement in connection with the Plan or ERISA, as described in section 401(a)(13)(C) of the Code.

Any qualified domestic relations order that refers to the division of "benefits," "pension," "pension benefits" or similar formulations shall be construed to apply to Disability Benefits.

#### **Section 8.10 No Right to Trust Assets**

Except as specifically provided in this Plan Document, no person other than the Trustees of the Fund shall have any right, title or interest in any of the income, or property of any character received or held by or for the account of the Fund, and no person shall have any right to benefits provided by the Fund nor shall any employee be entitled to any payment or other equity in the assets of the Fund except



as expressly provided herein. All contributions made to the Fund shall be held in trust for the exclusive benefit of Participants who qualify for pensions under the Plan Document and their Beneficiaries.

No employee, group of employees, Local or Employer, ceasing to maintain his or its status as a Participant, Local or Contributing Employer shall have any right to any of the assets of the Fund nor may any contributions to the Fund on behalf of a Participant be transferred to any other pension fund, local union, or Employer (except as provided for in Articles 10 and 11 of the Plan Document or pursuant to a transaction described in Section 8.14), or be paid to any employee except in the form of pension benefits as provided for in the Plan Document.

### **Section 8.11 Limitations on Benefits**

This Section, which was amended effective January 1, 2008, implements the requirements of Section 415 of the Code, which limits the annual benefits that may be paid to a Participant from a defined benefit pension plan. The terms of Section 415 of the Code and the Treasury Regulations promulgated thereunder (as amended from time to time) will govern and are incorporated by reference herein, in the event of any conflicts with the terms of this Section 8.11.

- (a) In addition to other limitations set forth in the Plan Document, and notwithstanding any other provision of the Plan Document, the Annual Benefit otherwise payable to a Participant at any time shall not exceed the maximum permissible amount set forth in subsection (d) below. If the benefit the Participant would otherwise accrue in a Plan Year would produce an Annual Benefit in excess of the maximum permissible amount, the rate of accrual will be reduced so that the Annual Benefit will equal the maximum permissible amount under subsection (d) below. The rules for determining the maximum Annual Benefit payable to a Participant for limitation years prior to January 1, 2002 are set forth in Appendix A.
- (b) In determining the maximum permissible amount of Annual Benefits payable under the Plan, if a Participant has Pension Credit attributable to work performed for more than one Employer, his Annual Benefit payable under the Plan, and the limitations thereon, shall be determined separately with respect to each Employer. The Annual Benefit payable under the Plan attributable to a particular Employer shall be equal to the total Annual Benefit payable under the Plan multiplied by the ratio of Pension Credit attributable to such Employer to total Pension Credit.
- (c) If the Annual Benefit payable to a Participant is not more than \$1,000 multiplied by the Participant's number of Years of Service or parts thereof (not in excess of 10 years) with the Employer, and the Employer has not maintained a defined contribution plan, a welfare benefit plan, or an individual medical account in which such Participant participated, then the limitation in subsection (a) above shall not apply.
- (d) **Maximum Permissible Benefit**
  - (1) The maximum permissible benefit shall be \$160,000 (as adjusted in accordance with (2) below).
  - (2) As of each January, the dollar limitation specified in paragraph (1), above, will be automatically adjusted by multiplying such limit by the cost-of-living adjustment

prescribed by the Secretary of Treasury pursuant to Section 415(d) of the Code in such a manner as the Secretary shall prescribe. The new limitation will apply to Plan Years in which the date of adjustment occurs and to Plan Years thereafter.

- (3) If the Participant has less than 10 Years of Participation with the Employer, the dollar limitation specified in paragraph (1), above, is reduced by one-tenth for each Year of Participation (or part thereof) less than 10.
  - (4) If the Annual Benefit of a Participant commences prior to age 62, the dollar limitation specified in paragraph (1) above (after reduction in (3), above, if necessary), shall be the actuarial equivalent of an Annual Benefit beginning at age 62, reduced for each month by which benefits commence before the month in which the Participant attains age 62. To determine actuarial equivalence for purposes of this subsection, the interest rate assumption is the greater of the rate for determining an Actuarially Equivalent lump-sum distribution under Section 8.05(b) or 5 percent and the mortality table is the applicable mortality table (as defined in Section 1.01A). Any decrease in the dollar limitation determined in accordance with this paragraph (4) shall not reflect the mortality decrement to the extent that benefits will not be forfeited upon the death of the Participant.
  - (5) If the Annual Benefit of a Participant commences after age 65, the dollar limitation specified in paragraph (1), above, (after reduction in (3), above, if necessary) shall be adjusted so that it is the actuarial equivalent of an Annual Benefit of such dollar limitation beginning at age 65. To determine actuarial equivalence, under this subsection, the interest rate assumption used is the lesser of the rate for determining an Actuarially Equivalent lump-sum distribution under Section 8.05(b) or 5 percent and the mortality table is the applicable mortality table (as defined in Section 1.01A).
- (e) This subsection (e) shall apply to any Participant who is covered, or has ever been covered, by another plan maintained by an Employer. If a Participant is, or has ever been, covered under more than one defined benefit plan maintained by an Employer, the sum of the Participant's Annual Benefits from all such plans of that Employer may not exceed the maximum permissible amount under subsection (d). For this purpose, all qualified defined benefit plans (without regard to whether a plan has been terminated) maintained by an Employer will be treated as one defined benefit plan, except that multiemployer plans (as defined in Section 414(f) of the Code), such as the Plan, shall not be aggregated with other multiemployer plans.
- (f) Special Definitions

For purposes of this Section 8.11, the following special definitions shall apply even to the extent that a different definition is provided in Article 1:

- (1) "Annual Benefit" shall mean: A retirement benefit from the Plan, which is payable annually in the form of a straight life annuity. Except as provided below, a benefit payable in a form other than a straight life annuity must be adjusted to an actuarially equivalent straight life annuity before applying the limitations of this Section 8.11. The actuarial equivalent straight life annuity shall be computed using whichever of the following produces the greater annual amount: (A) the interest rate and the mortality table (or other tabular factor) specified in the Plan Document for adjusting

benefits in the same form; and (B) a 5 percent interest rate and the applicable mortality table (as defined in Section 1.01A of the Plan Document). The Annual Benefit does not include any assets transferred from a qualified plan that was not maintained by an Employer. No actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) the value of benefits that are not directly related to retirement benefits (such as the qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (iii) the value of post-retirement cost-of-living increases made in accordance with Section 415(d) of the Code and Treasury Regulation Section 1.415(b)-1(c)(5).

For purposes of adjusting the retirement benefit to a straight life annuity in the case of a benefit that is subject to Code Section 417(e)(3), effective for distributions in Plan Years beginning in 2004 and 2005, the actuarial equivalent of such other form of benefit is determined as the greater of: (A) the benefit computed using the Plan interest rate and Plan mortality table (or tabular factor) specified in the Plan Document for actuarial equivalence for the particular form of benefit payable; and (B) the benefit computed using a 5 ½ percent interest rate and the applicable mortality table (as defined in Section 1.01A of the Plan Document). Effective for distributions in Plan Years beginning after 2005, the actuarial equivalent of such other form of benefit is determined as the greatest of: (i) the benefit computed using the Plan interest rate and mortality table (or other tabular factor) specified in the Plan Document for actuarial equivalence for the particular form of benefit payable; (ii) the benefit computed using a 5 ½ percent interest rate and the applicable mortality table; and (iii) the benefit computed using the interest rate used to determine the amount of a lump-sum distribution (as specified in Section 1.01A of the Plan Document) and the applicable mortality table (as defined in Section 1.01A of the Plan Document), divided by 1.05.

- (2) “Employer” shall mean: A Contributing Employer and all members of a controlled group of corporations (as defined in Section 414(b) of the Code, as modified by Section 415(h) of the Code), all commonly controlled trades and businesses (as defined in Section 414(c) of the Code, as modified by Section 415(h) of the Code), or affiliated service groups (as defined in Section 414(m) of the Code) of which the Contributing Employer is a part, and any other entity required to be aggregated with the Contributing Employer pursuant to Section 414(o) of the Code.
- (3) “Year of Participation” shall mean: The Participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each Calendar Year in which (1) he is credited with at least one month of Future Service Credit under Article 4, and (2) the Participant is included as a Participant under the Article 3 of the Plan Document) for at least one day of the Calendar Year. If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of Future Service Credit credited to the Participant for such Calendar Year. A Participant who is permanently and totally disabled within the meaning of Section 415(c)(3)(C)(i) of the Code for a Calendar Year shall receive a Year of Participation with respect to that Calendar Year. In addition, for a Participant to receive a Year of Participation (or part thereof) for a Calendar Year, the Plan must be established no later than the last day of such Calendar Year. In no event will more than one Year of Participation be credited for any 12-month period.

(g) Miscellaneous

For purposes of applying the requirements of Section 415 of the Code, the limitation year under the Plan shall be the Plan Year. All other qualified plans maintained by an Employer must use the same limitation year as this Plan.

(h) Limitation Years after December 31, 2007

Effective for limitation years beginning after December 31, 2007, the following rules shall apply for purposes of applying the limitations of this Section:

- (1) In no event shall the annual amount of benefits accrued or payable from the Plan in a limitation year beginning on or after January 1, 2008 exceed the annual limit determined in accordance with Code Section 415. If the benefit otherwise accrued or payable in a limitation year would exceed the maximum permissible benefit, the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the maximum permissible benefit.
- (2) The application of the provisions of this subsection shall not cause the maximum permissible benefit that is accrued or payable for any Participant to be less than the Participant's accrued benefit as of December 31, 2007 under the provisions of the Plan Document that were both adopted and in effect before April 5, 2007, to the extent permitted by law.
- (3) For the purpose of this subsection, in aggregating the benefits payable from this Plan with any plan that is not a multiemployer plan maintained by any Employer, only the benefits payable from this Plan that are provided by such Employer shall be treated as benefits provided under a plan maintained by the Employer, to the maximum extent permitted by law. In the event that the benefits accrued in any Plan Year by a Participant exceed the limits under Code Section 415 as a result of the mandatory aggregation of this Plan with the benefits under another plan maintained by an Employer, the benefits of such other plan shall be reduced to the extent necessary to comply with Code Section 415.
- (4) The automatic annual adjustment of the defined benefit dollar limitation under Section 415(d) of the Code, as provided in Section (d)(2) above, shall apply to Participants who have had a separation from Covered Employment.
- (5) The maximum permissible benefit adjustments under subsections (d)(4), for benefits commencing prior to age 62, and (d)(5), for benefits commencing after age 65, shall be based on a 5 percent interest assumption and the applicable mortality table (as defined in Section 1.01A).

## **Section 8.12 Required Minimum Distributions**

(a) General Applicability

Subject to the requirements of Article 6, the requirements of this Section 8.12 shall apply to any distribution of a Participant's interest and shall override over any distribution options and

rules under the Plan Document which are inconsistent with the requirements of this Section. Except as otherwise provided below, the provisions of Section 8.12 shall apply to Calendar Years beginning on or after January 1, 1985.

Notwithstanding any provision in this Section 8.12 to the contrary, except that the required beginning date of distributions shall be as specified in Section 8.12(b), distributions required under this Section 8.12 shall be determined and made in accordance with the rules of Section 401(a)(9) of the Code and the regulations thereunder (whether proposed or final), including the minimum distribution incidental benefit requirements of Proposed Treasury Regulation Section 1.401(a)(9)-2.

(b) Required Beginning Date of Distributions

Regardless of whether a Participant has applied for a distribution or has elected to receive his pension beginning on a later date, the entire interest of a Participant must be distributed or begin to be distributed not later than the Participant's Required Beginning Date. For purposes of this Section 8.12, a Participant's Required Beginning Date shall be the first day of April of the Calendar Year following the Calendar Year in which the Participant attains age seventy and one-half (70-1/2).

(c) Limitations on Period of Distribution

- (1) As of the first Distribution Calendar Year (as defined in paragraph (2) below), distributions may only be made over one of the following periods (or a combination thereof), unless made in the form of a lump-sum:
  - (A) the life of the Participant;
  - (B) the life of the Participant and a Designated Beneficiary;
  - (C) a period certain not extending beyond the life expectancy of the Participant;  
or
  - (D) a period certain not extending beyond the joint and last survivor expectancy of the Participant and a Designated Beneficiary.
- (2) For purposes of this Section 8.12 the following special definitions shall apply:
  - (A) The term "Distribution Calendar Year" shall mean a Calendar Year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the Calendar Year immediately preceding the Calendar Year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the Calendar Year in which distributions are required to begin pursuant to subsection (d) below.
  - (B) The term "Designated Beneficiary" shall mean the individual who is designated as the Beneficiary under the Plan in accordance with Section 401(a)(9) of the Code and the regulations thereunder.

- (C) The terms “Life Expectancy” shall mean the life expectancy (or joint and last survivor expectancy) calculated using the attained age of the Participant (or Designated Beneficiary) as of the Participant’s (or Designated Beneficiary’s) birthday in the applicable Calendar Year. For this purpose, the “applicable Calendar Year” shall be the first Distribution Calendar Year, or if annuity payments commence before the Required Beginning Date, the “applicable Calendar Year” shall be the year such payments commence. Life expectancy and joint and last survivor expectancy shall be computed by use of the expected return multiples in Tables V and VI of Treasury Regulation Section 1.72-9.

(d) Determination of Amount Required to be Distributed Each Year

- (1) For purposes of meeting the requirements of Section 401(a)(9) of the Code and the regulations thereunder, when the Participant’s interest under the Plan is paid in the form of an annuity distribution, the following requirements shall apply:
  - (A) the distribution must be paid in periodic payments at intervals of no more than one year in length;
  - (B) the period of distribution must be over a life (or lives) or over a period certain not longer than a life expectancy (or joint life and last survivor expectancy) described in Section 401(a)(9)(a)(ii) or Section 401(a)(9)(B)(iii) of the Code, whichever is applicable;
  - (C) the life expectancy (or joint life and last survivor expectancy) for purposes of determining the period certain shall be determined without recalculation of life expectancy;
  - (D) once payments have begun over a period certain, the period certain may not be lengthened, even if the period certain is shorter than the maximum permitted;
  - (E) payments must either be non-increasing or increase only as follows:
    - (i) with any percentage increase in a specified and generally cost-of-living index;
    - (ii) to the extent of the reduction to the amount of the Participant’s payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in subsection (b) above dies and the payments continue otherwise in accordance with that subsection over the life of the Participant (e.g., a pop-up);
    - (iii) because of an increase in benefits under the Plan.
  - (F) If the distribution is the form of a life annuity (or a life annuity with a period certain not exceeding 20 years), the amount which must be distributed on or

before the Participant's Required Beginning Date (or, in the case of distributions after the Participant's death, the date distributions are required to begin pursuant to subsection (e) below) shall be the payment which is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next Calendar Year. Payment intervals are the periods for which payments are received, (e.g., monthly or annually).

- (2) If the form of distribution is an annuity made in accordance with this subsection, any additional benefits accruing to the Participant after his Required Beginning Date shall be distributed as a separate and identifiable component of the annuity beginning with the first payment interval ending in the Calendar Year in which such amount accrues.
- (3) If any part of a Participant's interest is distributed in a form other than as an annuity, it shall be distributed in a manner that satisfies the requirements of the Section 401(a)(9) of the Code and the regulations thereunder.
- (4) For purposes of determining the minimum required distribution that shall be made to a Participant who has not filed an application for benefits, it shall be assumed that the benefit is to be paid in the form of the Joint and Survivor Annuity, and that the Participant is 3 years older than his or her spouse. A Participant who files an application for benefits under Section 8.01 after benefits commence under this subsection will have his or her benefit effective as of the first day of the month following the date of the Trustees' receipt of his application adjusted to the extent required by the Participant's benefit election.

(e) Death Distribution Provisions

- (1) Distributions beginning before Participant's death

If a Participant dies after distribution of his interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.

- (2) Distributions beginning after Participant's death

If a Participant dies before distribution of his interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the Calendar Year containing the fifth (5th) anniversary of the Participant's death, except to the extent that an election is made to receive distributions in accordance with (A) or (B) below:

- (A) if any portion of the Participant's interest is payable to a Designated Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the Designated Beneficiary commencing on or before December 31st of the Calendar Year immediately following the Calendar Year in which the Participant died;
- (B) if the Designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with (A) above shall not be

earlier than the later of (i) December 31 of the Calendar Year immediately following the Calendar Year in which the Participant died and (ii) December 31 of the Calendar Year in which the Participant would have attained age seventy and one-half (70-1/2).

If the Participant has not made an election pursuant to this subsection (2) by the time of his death, the Participant's Designated Beneficiary must elect the method of distribution no later than the earlier of (i) December 31 of the Calendar Year in which distributions would be required to begin under this subsection, or (ii) December 31 of the Calendar Year which contains the fifth (5th) anniversary of the date of death of the Participant. If the Participant has no Designated Beneficiary, or if the Designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by December 31 of the Calendar Year containing the fifth (5th) anniversary of the Participant's death.

- (3) For purposes of (2) above, if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of (2) above, with the exception of paragraph (B), shall be applied as if the surviving spouse were the Participant.
- (4) For purposes of this Section 8.12(e), any amount paid to a child of the Participant will be treated as if it had been paid to the Participant's surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.
- (5) Also for purposes of this Section 8.12(e), distribution of a Participant's interest is considered to begin on the Participant's Required Beginning Date (or if (3) above is applicable, the date distribution is required to begin to the Participant's surviving spouse pursuant to (2) above. If a distribution in the form of an annuity described in Section 8.12(e) above irrevocably commences to the Participant before the Required Beginning Date, the date distribution is considered to begin is the date distribution actually commences.

### **Section 8.13 Eligible Rollover Distributions**

(a) Election

Notwithstanding any provision of the Plan Document to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Trustees, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a direct rollover.

(b) Special Definitions

For purposes of this Section 8.13, the following definitions shall apply:

- (1) "Eligible Rollover Distribution" shall mean any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover



Distribution does not include (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; (2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and (3) distributions that are made to correct a failed nondiscrimination test or because legal limitations on certain contributions were exceeded.

- (2) "Eligible Retirement Plan" shall mean an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a tax sheltered annuity contract described in Section 403(b) of the Code, a deferred compensation plan described in Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan, or a qualified trust described in Section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution. With respect to any portion of an Eligible Rollover Distribution that is not includible in gross income, however, an Eligible Retirement Plan includes only an individual retirement account or annuity described in section 408(a) or 408(b) of the Internal Revenue Code or a defined contribution plan described in section 401(a) or 403(b) of the Internal Revenue Code that separately accounts for such Eligible Rollover Distribution, including accounting separately for the portion not includible in gross income. Effective January 1, 2008, the definition of Eligible Rollover Distribution also includes a Roth IRA to the extent described in Section 402(c)(8) of the Code. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to an Employee's or former Employee's surviving spouse, or to a spouse or former spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code. Also, effective January 1, 2010, a non-spousal Beneficiary may elect a direct rollover into an inherited IRA.
- (3) "Distributee" shall include an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.
- (4) "Direct Rollover" shall mean payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

#### **Section 8.14 Mergers or Transfers of Assets or Liabilities**

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan each Participant shall (if the plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (as if this Plan had then terminated).

## **Section 8.15    Restrictions for Highly Compensated Employees**

Notwithstanding any provision to the contrary, the following restrictions shall apply for Plan Years beginning on or after January 1, 1994.

- (a) **Restriction of Benefits upon Plan Termination.** In the event that the Plan is terminated, the benefit of any Highly Compensated Employee (and any Former Highly Compensated Employee) shall be limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.
- (b) **Restrictions on distributions.** Except as provided in (c) below, in any Plan Year, the payment of benefits to or on behalf of a Restricted Employee shall not exceed an amount equal to the payments that would be made to or on behalf of the Restricted Employee in that Plan Year under: (i) a straight life annuity that is the Actuarial Equivalent of the Accrued Benefit and other benefits to which the Restricted Employee is entitled under the Plan (other than a social security supplement); and (ii) a social security supplement, if any, that the Restricted Employee is entitled to receive.
- (c) The restrictions of (b) above shall not apply if any one of the following requirements is satisfied:
  - (1) After taking into account payment to or on behalf of the Restricted Employee of all benefits payable to or on behalf of that Restricted Employee under the Plan, the value of the Plan's assets must equal or exceed 110 percent of the value of the Plan's current liabilities, as defined in Section 412(l)(7) of the Code;
  - (2) The value of the benefits payable to or on behalf of the Restricted Employee must be less than one percent (1%) of the value of the Plan's current liabilities before distribution; or
  - (3) The value of the benefits payable to or on behalf of the restricted employee must not exceed the amount described in Section 411(a)(11)(A) of the Code.

For purposes of the foregoing, the Plan may use any reasonable and consistent method for determining the value of the Plan's current liabilities and the value of the Plan's assets.

- (d) The following definitions shall apply for purposes of this Section 8.15.
  - (1) The term "Highly Compensated Employee" shall have the same meaning given such term in Section 414(q) of the Code.
  - (2) The term "Former Highly Compensated Employee" shall mean a former Employee who is treated as a Highly Compensated Employee under Section 414(q) of the Code.
  - (3) The term "Restricted Employee" generally means any Highly Compensated Employee or Former Highly Compensated Employee. However, a Highly Compensated Employee or Former Highly Compensated Employee will not be treated as a Restricted Employee in the current Plan Year if the Highly Compensated Employee or Former Highly Compensated Employee is not one of the 25

nonexcludable employees (as such term is defined in Treasury Regulation Section 1.401(a)(4)-12) and former Employees with the largest amount of compensation in the current or any prior Plan Year.

- (e) This Section shall be construed in a manner consistent with Treasury Regulation Section 1.401(a)(4)-5(b).

## **ARTICLE 9 NPF COLA BENEFIT**

### **Section 9.01 Rehabilitation Plan Reductions**

The NPF COLA Benefit was an annual increase (payable as a 13<sup>th</sup> check), which took effect after retirement and supplemented the monthly pension benefits provided by the Plan to eligible Participants who separated from Covered Employment on or after January 1, 1991 and their Beneficiaries. Except to the extent an amount was payable under the NPF COLA Benefit to such an eligible Participant (or his or her Beneficiary) on the 2002 Allocation Date (*i.e.*, October 31, 2002), the annual supplemental increase under the NPF COLA Benefit constituted a benefit increase that would not be eligible for a guarantee under Section 4022A of ERISA on the first day of the Plan's initial year of Critical Status, which was January 1, 2008. This is because any annual supplemental increase that did not first become payable, on or before the 2002 Allocation Date, would have taken effect less than 60 months before January 1, 2008. Consequently, the NPF COLA Benefit was one of the adjustable benefits that was reduced pursuant to the Rehabilitation Plan when the Plan was in Critical Status. Beginning with the 2008 Plan Year, the Plan ceased making any payments under the NPF COLA Benefit (including scheduled increases in the future), which had not taken effect before 2003 (*i.e.*, that was not payable on the 2002 Allocation Date). This had the effect of rolling back the annual supplemental increases payable under the NPF COLA Benefit for some and eliminating them altogether for others. Those reductions were, and remain, permanent.

### **Section 9.02 No NPF COLA Benefit payable unless a 13<sup>th</sup> check was payable for 2002 Allocation Date**

No payment is made under NPF COLA Benefit after January 1, 2008 unless the annual supplemental increase payable under the NPF COLA Benefit had been in effect 60 months before that date. This means that an annual supplemental increase (*i.e.*, 13<sup>th</sup> check) under the NPF COLA Benefit must have been payable on the Participant's Allocation Date for 2002 (October 31, 2002). Any Participant who had not retired before December 1, 2001, and, therefore, did not receive an annual supplemental increase under the NPF COLA Benefit for the 2002 Allocation Date, will not receive any payment under the NPF COLA Benefit. A Participant who was retired and received an annual supplemental increase under the NPF COLA Benefit for the 2002 Allocation Date will continue to receive a payment under the NPF COLA Benefit, but it will not exceed the amount of the 13<sup>th</sup> check that was paid for the 2002 Allocation Date (*i.e.*, it remains fixed at that amount). This also applies to the Participant's Beneficiary (and alternate payees).

### **Section 9.03 Calculation of NPF COLA Benefit Payable before 2003**

Sections 9.01 through 9.05 of Appendix A describe, among things, how the NPF COLA Benefit was calculated for the 2002 Allocation Date and earlier Allocation Dates.

### **Section 9.04 Former Ad Hoc COLA**

Section 9.06 of Appendix A describes a former Plan Document provision, which enabled the Trustees to amend the Plan Document from time to time to provide an Ad Hoc COLA payment with respect to Participants who separated from Covered Employment before January 1, 1991. No amendments providing for an Ad Hoc COLA payment were made for any Plan Year after 2001.

## **ARTICLE 10 RECIPROCITY – PRO RATA PENSIONS**

### **Section 10.01 Purpose**

Pro Rata Pensions are provided under this Plan for Employees who would otherwise lack sufficient credit to be eligible for any pension because their years of employment were divided between pension plans or, if eligible for a pension, whose pension would be less because of such division of employment.

### **Section 10.02 Identification of the Home Fund**

- (a) For the purposes of this Article 10, the Fund shall recognize as the “Home Fund” that pension fund which has executed the International Reciprocal Agreement for Sheet Metal Workers’ Pension Funds and which was established in part by the Local Union which first represented an Employee for the purpose of collective bargaining.
- (b) The designation of a Home Fund may be changed:
  - (1) by an Employee if he transfers to another Local Union which provides a Related Plan by giving notice both to his former Home Fund and to his new Home Fund; or
  - (2) by any other Employee if he has earned at least one pension credit in the jurisdiction of a Local Union which participates in a Related Plan by giving notice to his former and new Home Funds.

### **Section 10.03 Related Pensions**

The Trustees recognize as a Related Plan or Plans (1) one or more other plans of pension funds which have executed the International Reciprocal Agreement for Sheet Metal Workers’ Pension Funds (“Reciprocal Agreement”) including the adoption of Exhibit A of such Reciprocal Agreement, or (2) one or more plans of Canadian retirement funds which have entered into a reciprocity agreement.

#### **Section 10.04 Related Pension Credits**

Related Pension Credits earned under a Related Plan shall be determined in accordance with the rules and regulations of the Related Plan. Such Related Pension Credit, including pension credit earned before the effective date of this Plan, to the extent creditable under a Related Plan, shall be recognized as Related Pension Credits. The Trustees of the Related Plan shall certify to this Plan the amount of such Related Pension Credits which have been earned and credited under the Related Plan.

#### **Section 10.05 Combined Pension Credit**

The total of any Employee's Pension Credit under this Plan and Related Pension Credit together comprises the employee's Combined Pension Credit. Not more than one year of Combined Pension Credit shall be counted in any Plan Year.

Nothing in this Article shall be construed to grant duplicate pension credit under two or more Related Plans for the same period of covered employment. Therefore, no Related Pension Credits shall be credited to an Employee in the case of pension credits earned simultaneously for covered employment in a local union jurisdiction for which contributions are made to both another pension fund and the Plan. In this case, such service shall not be considered to be Related Pension Credits as defined herein.

#### **Section 10.06 Eligibility**

An Employee shall be eligible for a Pro Rata Pension under this Plan if he satisfies all of the following requirements:

- (a) He would be eligible for any type of pension under this Plan (other than a Pro Rata Pension) if his Combined Pension Credit were treated as Pension Credit under this Plan.
- (b) In addition to other requirements necessary to be eligible under (a), he has, under this Plan, at least one year of Pension Credit based on hours of employment for which contributions were payable to this Fund.
- (c) He is found to be eligible for a Pro Rata Pension from this Plan and at least one Related Plan.

#### **Section 10.07 Breaks in Service**

In applying the rules of this Plan with respect to cancellation of service credit, any period in which an employee has earned Related Pension Credit shall not be counted in determining whether there has been a period of no covered employment sufficient to constitute a break in service.

#### **Section 10.08 Election of Pro Rata Pension**

In order to receive a Pro Rata Pension from this Plan an Employee must irrevocably elect to receive his benefit in this form rather than any other form of benefit under the Plan.

### **Section 10.09 Pro Rata Pension Amount**

The amount of the Pro Rata Pension payable by each plan signatory to the Reciprocal Agreement and under which an Employee qualifies for a pension shall be based on years of pension credit and benefit levels earned under each such plan.

### **Section 10.10 Payment of Pro Rata Pensions**

The payment of a Pro Rata Pension shall be subject to all of the conditions contained in this Plan applicable to all other types of pensions, including, but not limited to, retirement as herein defined and timely application. Pro Rata Pension payments subject to this Article shall be limited to monthly pension payments to a Pensioner or to monthly pension payments to the survivor of a Pensioner.

### **Section 10.11 Applicability to Pension Benefits Only**

This Article applies to pension benefits only. It shall not apply to death benefits and any other form of ancillary benefit.

### **Section 10.12 Limited Transfer of Contributions**

No contributions shall be transferred between funds that are signatory only to Exhibit A of the Reciprocal Agreement except as set forth herein (other than in connection with a transaction described in Section 8.14 (e.g., transfer of assets or liabilities)). If an Employee whose Home Fund has adopted Exhibit A of the Reciprocal Agreement only, or both Exhibit A and Exhibit B, works in the jurisdiction of a fund signatory only to Exhibit A and earns less than one year of pension credit in said fund, then all contributions made on his behalf to said fund may be transferred to his Home Fund within a reasonable period of time after he has returned to covered employment (or been available therefore) in the jurisdiction of his Home Fund. Such transfer of contributions shall only be made upon such conditions as the Trustees deem appropriate or under such conditions as may be found in the Reciprocal Agreement to the extent not inconsistent with this Plan or applicable law.

## **ARTICLE 11 TRANSFER OF CONTRIBUTIONS BETWEEN PENSION PLANS**

### **Section 11.01 Purpose**

A pension is provided under this Plan for employees who would otherwise lack sufficient pension credit to be eligible for any pension because their years of employment were divided between Pension Plans or, if eligible for a pension, whose pension would be less because of such division of employment. For these reasons, it is appropriate in some circumstances to permit the transfer of contributions between certain pension plans covering Employees.

Effective September 1, 2009, the Fund may enter into any other reciprocity arrangement or agreements that it deems appropriate, which may supersede all or a portion of the provisions in this Article 11. In the event Article 11 is superseded in whole or in part, the terms of any new reciprocity arrangement or agreement will be attached as Appendix D to the Plan, to the extent applicable, and any such provisions will be incorporated by reference in this Article 11.

## **Section 11.02 Identification of the Home Fund and Home Local Union**

- (a) For the purposes of this Article 11, the Fund shall recognize as the “Home Fund” that fund which has executed the International Reciprocal Agreement for Sheet Metal Workers’ Pension Funds and which has adopted Exhibit B of the Reciprocal Agreement, and which was established in part by the Local Union in which an Employee holds membership or which first represented the Employee for the purposes of collective bargaining (“Home Local Union”).
- (b) The designation of a Home Fund may be changed:
  - (1) by an Employee if he transfers to another Local Union which provides a Cooperating Pension Fund by giving notice both to his former Home Fund and to his new Home Fund; or
  - (2) by any other Employee if he has earned at least one pension credit in the jurisdiction of a Local Union which provides a Cooperating Pension Fund by giving notice to his former and new Home Funds.
- (c) Upon request of an Employee designating a new Home Fund, a lump sum transfer from the former Home Fund to the new Home Fund may be made, provided the terms and conditions of such a transfer are agreed to by the Trustees of both such funds. Nothing contained herein will limit the applicability of reciprocal pension credits under Article 10 or the Reciprocal Agreement.

## **Section 11.03 Cooperating Pension Funds**

By resolution duly adopted, the Trustees recognize all other pension funds which have executed the Reciprocal Agreement and which have adopted Exhibit B of such Reciprocal Agreement as a Cooperating Pension Fund.

## **Section 11.04 Transfer of Contributions**

Each Cooperating Pension Fund shall collect and forward contributions to a traveling Employee’s Home Fund, at least quarterly, in accordance with the following:

- (a) All contributions required to be paid into this Fund on behalf of any traveling Employee working within its territorial jurisdiction unless it is determined that the credit given by the Home Fund of said Employee does not reflect the difference, if any, by which the contribution rate of this Fund is greater than the contribution in the Home Fund. If such a determination is made, this Fund shall forward to the Home Fund an amount based on the lesser of the contribution rate of this Fund or the Home Fund.
- (b) Contributions shall only be forwarded to the Employee’s Home Fund if the transfer is authorized by the Employee in writing on a form provided for that purpose.
- (c) The Cooperating Fund shall at the same time provide to the Home Fund the traveling Employee’s employment records. In making such transfers of contributions, the Cooperating

Fund will act solely as the agent of the Home Fund and the Employee will continue to remain subject to the rules of eligibility of such Home Fund.

- (d) Additional conditions for the purposes of this section:
- (1) In the event an Employee's Home Local Union's collective bargaining agreement requires contributions only to the Home Fund, and the Employee works under the collective bargaining agreement of another local union jurisdiction that provides contributions to a local pension fund and this Plan, then the local pension fund shall transfer to the Employee's Home Fund the lesser of the contribution rate in effect in the Home Fund or the local pension fund. In the event that the local pension fund of the jurisdiction in which he is working has a higher contribution rate than his Home Fund, then the difference shall be transferred to this Pension Fund.
  - (2) In the event an Employee's Home Local Union's collective bargaining agreement requires contributions to the Home Fund and this Pension Fund, and the member works under a collective bargaining agreement in another local union jurisdiction which provides contributions to both a local pension plan and this Pension Fund, then the local pension plan shall transfer to the Home Fund the lesser of the contribution rate in effect in the Home Local Pension Plan or the local pension plan. In the event the contribution rate in effect in the Home Local Pension Plan is less than the contribution rate of the local pension fund of the jurisdiction in which he is working, then the difference shall be transferred to this Pension Fund.

#### **Section 11.05 Eligibility for Benefits and Service Credit**

Upon transfer of contributions by a Cooperating Pension Fund, an employee shall receive credit in his Home Fund for any time worked under a collective bargaining agreement requiring contributions to the Cooperating Pension Fund as if such time were worked in the jurisdiction of the Home Fund. For the purpose of computing a break in service, time worked for which contributions were due a Cooperating Pension Fund shall be considered to be time worked for credit under the Home Fund, provided that contributions for such time worked are transferred.

#### **Section 11.06 Credit for Contributions**

In determining the benefits payable under the Home Fund, credit shall be given for contributions forwarded to said fund by any Cooperating Pension Funds as well as those contributions received by the Home Fund directly.

#### **Section 11.07 Payment of Pension**

The payment of the pension shall be subject to the provisions of the Home Fund's Plan rules and regulations.



## **ARTICLE 12    TERMINATION OF EMPLOYER AND EMPLOYEE PARTICIPATION**

### **Section 12.01    General Scope**

This Article sets forth the basis for terminating an Employer's participation in the Plan and the effect of such termination on the Participants who are employed by such Employer. In no event shall the termination of any Employer under this Article 12 result in an impermissible reduction or forfeiture of Accrued Benefits under Section 411 of the Code or 204 of ERISA and the regulations thereunder. Furthermore, notwithstanding any provision to the contrary, nothing in this Article 12 shall be construed to limit or modify the Employer's liability for its failure to make contributions to the Plan prior to an Employer's termination or prior to the termination of coverage under the Plan of one or more classes of Employees, or to limit or modify any liability of the Employer under Title IV, Subtitle E, Part 1 of ERISA.

### **Section 12.02    Termination and Modification of Contribution Obligations**

#### (a)    Introduction

The financing of benefits provided by the Plan is based on the continued contributions of Employers, as required by the Collective Bargaining Agreements or other similar agreements, as well as the Plan Document and Trust Document. Therefore, the failure of an Employer to make required contributions to the Plan, as well as certain other events, may jeopardize the actuarial soundness of the Plan.

#### (b)    Termination of Status as a Contributing Employer

The Trustees may, in their sole discretion, terminate an Employer's status as a Contributing Employer in the event that:

- (1)    a Contributing Employer ceases to make contributions to the Fund at any time after its Contribution Date in violation of its Collective Bargaining Agreement, other agreement and/or the terms of the Plan Document and Trust Document;
- (2)    the number of Employees employed by the Contributing Employer at any time shall be less than 50 percent of the number of Employees employed by the Contributing Employer on its Contribution Date;
- (3)    the Contributing Employer enters into a Collective Bargaining Agreement or other agreement requiring contributions to the Fund, and then fails to renew such agreement, or enters into a Collective Bargaining Agreement or other agreement which does not require the continuation of contributions to the Fund, or requires contributions at a reduced Contribution Rate (which was not approved by the Trustees);
- (4)    the Contributing Employer fails to contribute at such minimum Contribution Rate as the Trustees may impose in order to preserve the actuarial soundness of the Fund and to adequately fund benefits provided under the Plan.

- (5) the Contributing Employer fails to make any increase in contributions as the Trustees may require in order to preserve the actuarial soundness of the Fund and to fund adequately benefits provided under the Plan; or
  - (6) the Contributing Employer is chronically or repeatedly delinquent with respect to its contributions obligations to the Fund, and/or the Contributing Employer fails to comply with the terms of any agreement or arrangement pertaining to the payment or resolution of delinquent contributions.
- (c) Effect of Termination
- (1) In the event that an Employer's status as a Contributing Employer is terminated, then:
    - (A) notwithstanding any provision to the contrary in any Collective Bargaining Agreement or other similar agreement to which the Employer is a party, the Employer shall cease to maintain the Plan and shall cease to have any obligation to contribute under the Plan for work performed after the date of the Employer's termination as a Contributing Employer;
    - (B) any person employed by such former Employer shall cease to be a Covered Employee and shall cease to accrue any Pension Credit under Article 4 of the Plan Document with respect to work performed for the former Employer after the former Employer's termination date; and
    - (C) all Hours of Work and Contribution Hours with the former Employer after the former Employer's termination date shall be disregarded.

Notwithstanding any provision to the contrary, a Participant's Accrued Benefit shall not be any less than it was on the date immediately preceding the date on which the former Employer was terminated as a Contributing Employer.

- (2) In the event it is determined by a court of competent jurisdiction, or other forum of competent jurisdiction, such as the American Arbitration Association, that an Employer's obligation to contribute under the plan has not ceased, then:
  - (A) the Employer's status as Contributing Employer shall be retroactively reinstated (as of the termination date or such later date specified by the court, federal agency or other forum of competent jurisdiction);
  - (B) any Pension Credit that would otherwise have been credited to a Participant pursuant to Article 4 of the Plan Document had the Employer not been terminated shall be retroactively credited to the Participant as of the reinstatement date;
  - (C) any Hours of Work and Contribution Hours that were disregarded pursuant to subsection (c)(1) above shall be retroactively credited to a Participant (as of the reinstatement date) in accordance with the terms of the Plan Document, except to the extent that Years of Service may be disregarded pursuant to Section 411(a)(4)(G)(i)(II) of the Code; and

- (D) the Employer shall make any contributions it was obligated to make during its termination period, plus interest (determined by using the rate prescribed under Section 6621 of the Code).

(d) Termination of Coverage of One or More Classes of Employees

- (1) The Trustees may, in their sole discretion, terminate the coverage under the Plan of one or more classes of Employees, in lieu of terminating the Employer's status as a Contributing Employer, upon the occurrence of any event described in subsection (b) above.
- (2) In the event that the coverage under the Plan of one or more classes of Employees is terminated, then the Employer's obligation to contribute under the Plan for such class or classes of Employees shall cease with respect to work performed by such class or classes of Employees after their termination of coverage under the Plan, but the Employer shall remain obligated to contribute under the Plan for such other class or classes of Employees who continue to be covered under the Plan. Any person included in such terminated class or classes of Employees shall cease to be a Covered Employee, and any work performed for an Employer by such an employee after coverage under the Plan has been terminated shall be treated as work performed in Non-Covered Employment. Therefore, no Pension Credit shall be granted under Article 4 of the Plan Document for any work performed by a class of employees whose coverage under the Plan has been terminated. Any Hours of Work in Continuous Non-Covered Employment shall be taken into account in accordance with the terms of the Plan Document, except that Years of Service may be disregarded for vesting purposes pursuant to Section 411(a)(4)(G)(i)(II) of the Code.
- (3) Notwithstanding any provision to the contrary, a Participant's Accrued Benefit shall not be any less than it was on the date immediately preceding the date on which his coverage under the Plan was terminated.
- (4) If it is determined by a court of competent jurisdiction, or other appropriate forum that the employer's obligation to contribute on behalf of a terminated class of Employees has not ceased, the coverage under the Plan of such class of Employees shall be retroactively restored, along with any Pension Credit that would have been credited to a Participant had his coverage under the Plan not been terminated, and the Employer shall be obligated to make retroactive contributions on behalf of the class of Employees for any work performed during the termination period, plus interest (determined by using the rate prescribed under Section 6621 of the Code).

**Section 12.03 Termination Due to Noncompliance with the Code, ERISA or Participation Rules**

- (a) In the event that a Contributing Employer fails to comply with any requirements of the Code, ERISA, or participation rules established by the Trustees, and the Employer fails to correct such non-compliance to the full satisfaction of the Trustees, the Trustees may, in their sole

discretion, terminate the coverage under the Plan of one or more classes of Employees, if the non-compliance only relates to such class or classes of Employees.

- (b) If the Employer's status as a Contributing Employer is terminated due to non-compliance, the Employer shall cease to maintain the Plan and shall cease to have any obligation to contribute under the Plan for work performed after the date of the Employer's termination as a Contributing Employer, and the provisions of Section 12.02(c) shall apply to the Employer and the Participants employed by such Employer.
- (c) If the coverage under the Plan of one or more classes of Employees is terminated pursuant to this Section 12.03, the Employer's obligation to contribute under the Plan for such class or classes of Employees shall cease with respect to work performed by such class or classes of Employees after their termination of coverage under the Plan, but the Employer shall remain obligated to contribute under the Plan for such other class or classes of Employees who continue to be covered under the Plan. In such event, the provisions of Sections 12.02(d)(2), (3) and (4) shall apply to the Employer and any person included in the class of Employees whose coverage under the Plan has been terminated pursuant to this Section 12.03.

#### **Section 12.04 Withdrawal of Employer**

Notwithstanding any other provision to the contrary, an Employer's status as a Contributing Employer shall automatically terminate whenever the Employer has a complete withdrawal (within the meaning of Section 4203 of ERISA), whether or not such complete withdrawal results from the Employer's termination as a Contributing Employer pursuant to this Article 12. When an Employer has a complete or partial withdrawal, the Employer shall be liable to the Plan for the amount of withdrawal liability determined under Title IV, Subtitle E, Part 1 of ERISA, subject to the terms and conditions set forth in the document that is approved by the Trustees and that specifies the procedure for determining such withdrawal liability, which document is incorporated by reference herein and forms a part of the Plan.

### **ARTICLE 13 TOP-HEAVY PROVISIONS**

#### **Section 13.01 General Considerations**

If the Plan is or becomes a Top-Heavy Plan, as defined in section 13.03, in any Plan Year beginning after December 31, 1983, the provisions of Sections 13.04 and 13.05 will supersede any conflicting provisions in this Plan Document.

#### **Section 13.02 Definitions and Special Rules Applicable to this Article 13**

All definitions and special rules and the construction in this Article 13 shall be construed and applied in conjunction with Section 416 of the Code.

- (a) "Key-Employee" shall mean any Participant or former Participant (including any deceased Participant) who, at any time during the Plan Year that includes the determination date was:

- (1) an officer of an Employer having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002);
- (2) a 5-percent owner of an Employer; or
- (3) a 1-percent owner of an Employer having an annual compensation of more than \$150,000.

For purposes of subsection (a)(1) and (a)(3), annual compensation means compensation within the meaning of Section 415(c)(3) of the Code.

For purposes of subsection (a)(1), no more than 50 Employees (or, if lesser, the greater of 10 percent or 3 of the Employees) shall be treated as officers.

For the purposes of subsections (a)(2) and (a)(3), the terms “five-percent owner” and “one percent owner” respectively, mean any person who owns (or is considered as owning within the meaning of Section 318 of the Code) more than five percent, or one percent, of the outstanding stock of the Employer corporation, or stock possessing more than five percent, or one percent, of the total combined voting power of all stock of the Employer corporation. If the Employer is not a corporation, the terms “five percent owner” and “one percent owner” respectively, mean any person who owns an interest more than five percent, or more than one percent, in the Employer.

The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) and the applicable regulations and other guidance of general applicability issued thereunder.

- (b) “Determination Date” shall mean the last day of the preceding Plan Year, or with respect to a new Participant, the last day of the first Plan Year in which he was a Participant.
- (c) “Aggregation Group” shall mean:
  - (1) in the case of required aggregation, a group of plans consisting of each plan of an Employer (as determined in accordance with the provisions of Sections 414(b), 414(c), 414(m) and 415(h) of the Code) in which a Key Employee is a participant, and will include any other plan of such Employer which enables the Plan to meet the requirements of Section 401(a)(4) and 410 of the Code;
  - (2) in the case of permissive aggregation, an Employer may treat any plan not required to be included in an Aggregation Group as being a part of such group if such group would continue to meet the requirements of Sections 401(a)(4) and 410 of the Code with such plan being taken into account.
- (d) “Valuation Date” shall mean, for purposes of computing the Top-Heavy Ratio, January 1 of each Plan Year.
- (e) “Top-Heavy Ratio” shall mean:

- (1) If an Employer maintains one or more defined benefit pension plans and the Employer has not maintained any defined contribution plans (including any Simplified Employee Pension Plan) which during the one-year period ending on the Determination Date(s) has or has had account balances, the Top-Heavy Ratio for this Plan alone or for any Aggregation Group is a fraction, the numerator of which is the sum of the present values of accrued benefits of all Key Employees as of the Determination Date(s) (including any part of any accrued benefit distributed in the one-year period ending on the Determination Date(s)), and the denominator of which is the sum of all accrued benefits (including any part of any accrued benefit distributed in the one-year period ending on the Determination Date(s)). Notwithstanding the foregoing, the phrase “five-year period” shall be substituted for the phrase “one-year period” in the preceding sentence for any distribution made for a reason other than separation from service, death, or disability.
- (2) If an Employer maintains one or more defined benefit plans and it maintains or has maintained one or more defined contribution plans (including any Simplified Employee Pension Plan) which during the one-year period ending on the Determination Date(s) has or has had any account balances, the Top-Heavy Ratio for any Aggregation Group is a fraction, the numerator of which is the sum of the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees, determined in accordance with (1) above, and the sum of account balances under the aggregated defined contribution plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the present values of accrued benefits under the aggregated defined benefit plan or plans, determined in accordance with (1) above, for all Participants and the sum of the account balances under the aggregated defined contribution plan or plans for all Participants as of the Determination Date(s). The account balances under a defined contribution plan in both numerator and denominator of the Top-Heavy Ratio are adjusted for any distribution of an account balance made in the one-year period ending on the Determination Date(s), except that in the case of a distribution made for a reason other than severance from employment, death, or disability, this provision shall be applied by substituting the phrase “five-year period” for the phrase “one-year period.”
- (3) For purposes of (1) and (2) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within, or ends with, the 12 month period ending on the Determination Date, except as provided in Section 416 of the Code, for the first and second plan years of a defined benefit plan. The account balances and accrued benefits of a Participant (1) who is not a Key Employee but who was a Key Employee in a prior year, or (2) who has not performed any service for any Employer maintaining the Plan at any time during the one-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Section 416 of the Code. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Date(s) that fall within the same calendar year.

### **Section 13.03 Identification of Top-Heavy Plan**

For any Plan Year beginning after December 31, 1983, this Plan is a “Top-Heavy Plan” if any of the following conditions exist:

- (a) If the Top-Heavy Ratio for this Plan exceeds 60 percent and this Plan is not part of any required Aggregation Group or permissive Aggregation Group;
- (b) If this Plan is part of a required Aggregation Group (but which is not part of a permissive Aggregation Group) and the Top-Heavy Ratio for the Aggregation Group exceeds 60 percent;  
or
- (c) If this Plan is part of a required Aggregation Group and part of a permissive Aggregation Group and the Top-Heavy Ratio for the permissive Aggregation Group exceeds 60 percent.

### **Section 13.04 Provisions of this Plan, if Top-Heavy**

Notwithstanding any other provision of the Plan Document, for any Plan Year in which this Plan is determined to be a Top-Heavy Plan:

- (a) Each Participant who is not a Key Employee and who has completed 870 Hours of Service shall accrue a benefit expressed as a life annuity commencing at Normal Retirement Age of not less than 2% of his highest average Compensation for the period of consecutive years not exceeding five for which the Participant had the highest compensation.
- (b) No additional benefit accruals shall be provided pursuant to (a) to the extent that the total accruals on behalf of the Participant attributable to Employer contributions will provide a benefit expressed as a life annuity commencing at Normal Retirement Age that equals or exceeds 20% of the Participant’s highest average Compensation for the period of consecutive years not exceeding five for which the Participant had the highest Compensation.
- (c) For purposes of determining the period of consecutive years not exceeding five for which the Participant had the highest Compensation, a year shall not be taken into account if such year ends in a Plan Year beginning before January 1, 1984 or such year begins after the close of the last year in which the Plan was a Top-Heavy Plan.
- (d) The provisions of (a) above shall not apply to any Participant to the extent that the Participant is covered by any other plan or plans of an Employer under which the minimum allocation or benefit requirements applicable to this Top-Heavy Plan will be met in the other plan or plans.

### **Section 13.05 Minimum Vesting Schedule for the Top-Heavy Plan**

- (a) For any Plan Year in which this Plan is a Top-Heavy Plan, the minimum vesting schedule set forth in (b) below shall apply to all benefits within the meaning of Section 411(a)(7) of the Code. No reduction in vested benefits may occur in the event the Plan ceases to be a Top-Heavy Plan in a subsequent Plan Year. Notwithstanding the foregoing, this Section does not apply to the accrued benefits of any Participant who does not have an Hour of Service after

the Plan initially becomes a Top-Heavy Plan. Such Participant's accrued benefits will be determined without regard to this Section.

- (b) For any Plan Year in which this Plan is a Top-Heavy Plan, the nonforfeitable interest of each Participant in employer-derived, accrued benefits shall be determined on the basis of the following:

<b>Years of Service Percentage Vesting</b>	
0-2	0%
2-3	20%
3-4	40%
4-5	60%
5 or more	100%

If this Plan becomes a Top-Heavy Plan and then ceases to be a Top-Heavy Plan, each Participant with not less than five years of service, must be permitted to elect, within a reasonable time after the above schedule reverts to the vesting schedule otherwise applicable, to have his nonforfeitable percentage computed under the above schedule.

### **Section 13.06 Basis of Application of Top-Heavy Rules**

Each Employer shall be considered to maintain the Plan for the purposes of this Article. The determination of Top-Heavy status under this Article shall be applied on an Employer-by-Employer basis.

## **ARTICLE 14 AMENDMENT, TERMINATION AND GENERAL PROVISIONS**

### **Section 14.01 Amendment**

The Plan Document may be amended at any time by the Trustees, consistent with the provisions of the Trust Document. However, no amendment shall be effective if it is deemed to decrease the accrued benefit (within the meaning of ERISA) of any Participant, except:

- (a) as necessary to establish or maintain the qualification of the Plan or the Trust Fund under the Code and to maintain compliance of the Plan with the requirements of ERISA to the extent permitted by the Internal Revenue Service, or
- (b) if the amendment meets the requirements of Section 302(c)(8) of ERISA and Section 412(c)(8) of the Code, and the Secretary of Labor has been notified of such amendment and has either approved it or, within 90 days after the date on which such notice was filed, the Secretary fails to disapprove; or
- (c) to the extent permitted under Section 305 of ERISA or any other applicable Section of ERISA or the Code.



## **Section 14.02 Non-Reversion**

In no event shall any of the corpus or assets of the Fund revert to the Employers or be subject to any claims of any kind or nature by the Employers, except for the return of erroneous contributions within the time limits prescribed by law and to the extent such return is approved by the Trustees. Nothing in this provision shall be construed to create an obligation on the part of the Fund, or right on the part of the Employer, to the return of erroneous contributions.

## **Section 14.03 Limitation of Liability**

The Plan has been established on the basis of an actuarial calculation which has established, to the extent possible, that the contributions will, if continued, be sufficient to maintain the Plan on a permanent basis, fulfilling the funding requirements of ERISA. Except for liabilities which may result from provisions of ERISA and the Code, nothing in this Plan shall be construed to impose any obligation beyond the obligation of the Employer to make contributions as stipulated in its Collective Bargaining Agreement with the Union.

There shall be no liability upon the Trustees individually, or collectively, or upon the Union to provide the benefits established by this Plan, if the Fund lacks the assets to make such payments.

## **Section 14.04 Administrative Interpretations**

The Trustees may adopt such administrative interpretations of this Plan as they consider necessary to carry out the intent and purpose of the Plan, and provide for effective administration thereof.

## **Section 14.05 Termination**

- (a) Right to Terminate – The Trustees are empowered to discontinue or terminate this Plan in whole or in part. The rights of all affected Participants to benefits accrued to the date of termination, partial termination, or discontinuance, to the extent funded as of such date shall be nonforfeitable.
- (b) Allocation – In the event of termination, the assets then remaining in the Plan after providing for any administrative expenses, shall be allocated among the Pensioners, Beneficiaries, and Participants in accordance with the provisions of ERISA and related regulations.

# **ARTICLE 15 HEALTH BENEFITS FOR PENSIONERS AND BENEFICIARIES**

## **Section 15.01 Retiree Health Benefits**

The Plan offers certain limited retiree health benefits. These retiree health benefits are ancillary benefits and do not in any way constitute a part of any Participant's Accrued Benefit and can be terminated or modified at any time. Retiree health benefits are subordinate to the Plan's retirement benefits, and at no time shall the amount of contributions by Contributing Employers for health benefits plus any death benefit protection exceed 25% of the aggregate contributions made after such date other than contributions to fund Past Service Credit. The retiree health benefits payable on or before December 31, 2009, including eligibility for such

benefits, are determined under the terms of the Plan Document as then in effect. Effective January 1, 2010, the retiree health benefits payable after December 31, 2009, including eligibility for such benefits, shall be determined in accordance with the provisions below.

(a) Benefit

Provided that an Eligible Provider charges a Payee for Medicare supplemental coverage or Medicare health plan coverage (unless such charge was not required before January 1, 2010), the Plan shall pay a monthly benefit on behalf of each eligible Payee toward the cost of Medicare supplemental coverage or Medicare health plan coverage (or other retiree health coverage approved by the Trustees) actually obtained by the Payee through an Eligible Provider. The amount of the monthly benefit shall be the lesser of \$31 or the total monthly premium actually payable to the Eligible Provider for Medicare supplemental coverage or Medicare health plan coverage (unless such charge was not required before January 1, 2010) or such other retiree health coverage approved by the Trustees. This amount may be changed or terminated at any time. The payment of the monthly benefit shall be made directly to the Eligible Provider and not to the eligible Payee. For purposes of this Article:

- (1) “Medicare supplemental coverage” means (A) coverage under a Medicare supplemental policy, as that term is defined in 42 USC §1395ss(g), or (B) coverage under a welfare benefit plan subject to the provisions of Title I of ERISA which the Trustees, in their sole discretion, have determined is sufficiently similar in nature to coverage under a Medicare supplemental policy, as so defined, and not otherwise foreclosed under the provisions of this subsection (a).
- (2) “Medicare health plan” means a Medicare health plan as described in the glossary on the website “Medicare.gov,” including a Medicare Advantage Prescription Drug (MA-PD) Plan.
- (3) For any period before March 1, 2013, an “Eligible Provider” is limited to the Sheet Metal Workers’ Health Plan and any multiemployer health plan that is maintained under a collective bargaining agreement between the Union and the employer, which offers Medicare supplemental coverage or Medicare health plan coverage to the Payee and has provided to the Plan any certification, acknowledgement or information as the Plan may require. On and after March 1, 2013, an Eligible Provider is any plan or program, which has been approved by the Trustees and is listed in Appendix F.
- (4) “Payee” means a Pensioner whose last employment in the Sheet Metal Industry was under a collective bargaining agreement or other agreement between an employer and the Union and the Pensioner’s spouse.

(b) Limitations

The Plan’s liability is expressly limited to providing the foregoing retiree medical benefit. The Plan specifically does not offer or provide Medicare supplemental insurance, Medicare health plan coverage or any other type of medical insurance or any other

coverage for actual treatment or care. In no event, will a benefit under this Article be payable on more than two persons. In addition, in the event that this benefit is overpaid, for any reason, it may be recouped from any future benefit payments, including pension payments. Retiree medical benefits may be terminated or modified at any time.

(c) Eligibility

(1) For a Payee who becomes eligible to receive the retiree medical benefit provided in this Article, the Payee's eligibility shall commence on the first day of the first month on which all of the following conditions have been satisfied or as of such other date as the Trustees (or any committee of the Trustees) may prescribe with respect to any condition listed in (A) through (F) below:

(A) The Payee is eligible for Medicare Parts A and B;

(B) The Pensioner has been, from the later of his Effective Date of Pension or January 1, 2002 until May 30, 2013, a member in good standing with the Union, or if the Participant died prior to his retirement before June 1, 2013, he was a member in good standing as of his date of death. Effective June 1, 2013, the Pensioner must maintain membership in good standing as a "retired/disabled member" as provided in the SMWIA's constitution, and in no event will a "limited member" be considered a member in good standing on or after June 1, 2013 for eligibility purposes under this Article. In the event the Participant dies prior to retirement after May 30, 2013, the Participant must have been a member in good standing of his Local Union as of his date of death and must have paid dues through his date of death at such rate as the Participant's Local Union may have established; however, in no event should this dues amount have been less than the amount of the per capita dues the SMWIA established under the SMWIA's constitution. To the extent administratively feasible, the Pensioner must elect to have the Fund deduct Union dues from each monthly benefit payment made to him after October 31, 2016.

(C) The Pensioner worked 3,500 Hours of Work in Covered Employment during the five (5) consecutive Calendar Years immediately preceding the Calendar Year of his Effective Date of Pension in a job classification that has a Contribution Rate under a Collective Bargaining Agreement or other agreement, which is equal to or greater than the Contribution Rates listed below, or effective June 1, 2013, the Pensioner worked 3,500 Hours of Work in Covered Employment within the five (5) consecutive Calendar Years immediately preceding the date he or she was found disabled by the U.S. Social Security Administration (or Railroad Retirement Board), if the Pensioner is receiving a Full Disability Benefit:

Effective Date	Construction Work	Non-Construction Work
January 1, 2002	\$0.72	\$0.36
September 1, 2004	\$1.00	\$0.50
September 1, 2005	\$1.10	\$0.55
September 1, 2006	\$1.21	\$0.61
September 1, 2007	\$1.34	\$0.67
September 1, 2008	\$1.48	\$0.74
September 1, 2009	\$1.63	\$0.82
September 1, 2010	\$1.80	\$0.90
September 1, 2011	\$1.85	\$0.95
September 1, 2012	\$1.90	\$1.00
September 1, 2013	\$1.95	\$1.05
September 1, 2014	\$2.00	\$1.10
September 1, 2015	\$2.05	\$1.15
September 1, 2016	\$2.10	\$1.20
September 1, 2017	\$2.15	\$1.25
September 1, 2018	\$2.30	\$1.40
September 1, 2019	\$2.45	\$1.55
September 1, 2020	\$2.60	\$1.70
September 1, 2021	\$2.75	\$1.85
September 1, 2022	\$2.90	\$2.00
September 1, 2023	\$3.05	\$2.15

(NOTE: The Contribution Rates listed above may be changed at any time.)

- (D) The Participant has **not** performed at least one hour of employment on or after September 1, 1988, in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer. This provision can be obviated if he terminates the non-covered employment and earns a number of months of Pension Credit, as determined under Article 4, equal to the number of months during which he was previously employed for at least one (1) hour in the non-covered employment. A Participant's or Employee's opportunity to reestablish eligibility for this retiree medical benefit will be limited to his first return to Covered Employment; and
- (E) The Payee has made application for the retiree medical benefit on a form provided by the Fund and has presented satisfactory evidence that the foregoing conditions are satisfied.
- (F) For purposes of this Article, the Effective Date of Pension means the Effective Date of Pension under the Plan, or, if earlier, the date on which a Pensioner began to receive pension benefits under another multiemployer defined benefit pension plan that is, on the date the Participant retired under that plan, a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds or the Sheet Metal Workers' International Association Master Reciprocal Agreement, or (ii) effective September 1, 2012, the date that the Pensioner was found to be disabled by the U.S. Social Security

Administration (or Railroad Retirement Board), if the Pensioner is receiving a Full Disability Benefit.

- (2) A Payee's eligibility for retiree medical benefits ceases on the day on which one or more of the preceding conditions (or such other conditions as the Plan may impose) are no longer met.
- (d) Additional Provisions for Terminating Eligibility - Any Payee's eligibility for retiree medical benefits under this Article ceases:
- (1) if the Pensioner fails to remain a Union member in good standing from the later of his Effective Date of Pension or January 1, 2002 until the Pensioner's date of death; or
  - (2) (i) if the Contribution Rate for the job classification in which the Pensioner last worked before his Effective Date of Pension fails to reach the required minimum Contribution Rate as shown in subsection (c)(1)(C) above (or such other rates as the Plan prescribes), but the Payee's retiree medical benefits will not terminate until January 1 of the subsequent Calendar Year;  
  
(ii) however, subsection (i) above will not apply to a Pensioner whose most recent employment was in Non-Construction Work and the failure to pay the required Contribution Rate is the result of the last Contributing Employer ceasing affiliation with the Union or going out of business. Nothing in this provision limits the force and effect of subsections (c)(1)(D) or (d)(4); or
  - (3) if the Pensioner ceases to qualify for a pension or the Pensioner's spouse is not entitled to a monthly pension benefit from the Plan after the Pensioner's death; or
  - (4) if, after the Pensioner's Effective Date of Pension, he performs at least one hour of employment on or after September 1, 1988, in the Sheet Metal Industry that is not covered by a collective bargaining agreement between the Union and the employer. This provision can be obviated if he terminates the non-covered employment and earns a number of months of Pension Credit, as determined under Article 4, equal to the number of months during which he was previously employed for at least one (1) hour in the non-covered employment.
  - (5) In the event that any Payee is terminated, withdraws or otherwise loses eligibility for benefits under this Article, he/she may not reenroll or again receive this benefit, absent Board of Trustees approval. In the event that the Trustees approve reenrollment, they may condition it, and continued participation, on any terms deemed appropriate.
- (e) Transition Rule for Spousal Eligibility – Effective January 1, 2002, notwithstanding any provision of this Article to the contrary, in the event that a Payee is eligible for, and receiving (except for death), retiree health coverage under Article before his or

her spouse, the initial eligibility rules in effect at the time of the earlier application will be applied.

### **Section 15.02 Contributions to Code Section 401(h) Account**

The contributions required to support the retiree health benefits in this Article shall be determined by multiplying the number of individuals who are receiving the retiree health benefit by the amount of the subsidy, dividing that number by the average monthly income received by the Fund as determined no less than bi-annually, and rounding up to the next highest whole percentage number. Upon the Fund's receipt of the contributions, such contributions shall be allocated to a separate account.

### **Section 15.03 Separate Account**

All amounts determined under Section 15.02 and the earnings thereon shall be maintained in a separate account. The assets in the separate account may not be used for or diverted to any purpose other than to provide the benefits in this Article. Similarly, no assets accumulated to provide retirement benefits may be used for or diverted to provide the retiree health benefits. Any reserves accumulated in the separate account may be invested to the extent permitted in the Trust Document. The separate account shall be maintained in accordance with Code Section 401(h).

### **Section 15.04 Termination**

In the event of termination of the retiree health benefits provided under this Article, the following rules will apply:

- (a) No Payee whose Effective Date of Pension is subsequent to the termination date will receive or be entitled to any retiree health benefits.
- (b) The assets accumulated in the separate account established to maintain the retiree health benefits under this Article, if any, shall be used to continue benefits to Payees who were eligible for them before the termination date so long as any assets remain. However, if after the satisfaction of all benefits provided herein there remain any assets, such remainder shall be distributed in accordance with the requirements of Code Section 401(h).

### **Section 15.05 Forfeitures**

In the event any individual's interest in the retiree health benefits is forfeited prior to the termination of the Plan, an amount equal to the amount of the forfeiture will be applied as soon as possible to reduce Employer contributions to fund the retiree health benefits under this Article.

## **ARTICLE 16 DISABILITY BENEFITS**

### **Section 16.01 General**

This Article 16 subsumes and replaces sections 5.07 through 5.12 of the Plan Document in effect before November 1, 2004, and also governs a Participant's continued eligibility to receive Disability Benefits that were awarded under any prior edition of the Plan Document. The provisions of this Article 16 are subject to, and may be superseded by, the Rehabilitation Plan and Schedules.

### **Section 16.02 Types of Disability Benefits Payable**

- (a) The only type of Disability Benefit that may be applied for after November 30, 2007 is the Full Disability Benefit described herein. Except as provided in Section 16.08, the monthly amount of a Full Disability Benefit that becomes effective under Section 16.05 on or after January 1, 2008 is equal to the monthly amount of the form of early retirement pension that the Participant would have been eligible to receive if he had attained age 55 and retired on the effective date of his Full Disability Benefit. Any Disability Benefit that became effective before January 1, 2008 will continue to be paid as such, subject to the terms and conditions of this Article 16, as well as any future amendments.
- (b) The monthly amount of a Full Disability Benefit that became effective on or after January 1, 1994 but before January 1, 2008 (or is treated as such under Section 16.08), is equal to the monthly amount of the Normal Retirement Pension that the Participant would have been eligible to receive if he had attained Normal Retirement Age on the effective date of his Full Disability Benefit.
- (c) An "Industry-Related Disability Benefit," as further described in this Article 16, encompasses the benefit known under the terms of the Plan Document in effect before November 1, 2004 as an "Industry-Related Disability Pension" benefit. No applications for an Industry-Related Disability Benefit will be accepted after November 30, 2007. Participants applying for a Disability Benefit after November 30, 2007 must satisfy the eligibility criteria for a Full Disability under Section 16.03 below. The monthly amount of the Industry-Related Disability Benefit is 10% greater than the monthly amount of the Standard Early Retirement Pension that the Participant would have been eligible to receive on the effective date of his Industry-Related Disability Benefit, except that it will be assumed the Participant had attained age 55 if his actual age on such date was under 55, or, if applicable, 10% greater than the monthly amount of the Special Early Retirement Pension that he would have been eligible to receive on the effective date of his Industry-Related Disability Benefit. Notwithstanding the foregoing, the monthly amount of a Participant's Industry-Related Disability Benefit will never exceed the monthly amount that he would have received as a Full Disability Benefit if he had satisfied the eligibility requirements for a Full Disability Benefit on the effective date of his Industry-Related Disability Benefit.
- (d) A Disability Benefit that is based on a disability onset date before January 1, 1994 will be treated as an "Industry-Related Disability Benefit" for purposes of this Article 16, except as otherwise provided. Under the terms of the Plan Document in effect before November 1,

2004, a Disability Benefit that was based on a disability onset date before January 1, 1994 was known as a “Disability Pension.”

### **Section 16.03 Eligibility for a Full Disability Benefit**

- (a) A Participant who applies for a Disability Benefit after November 30, 2007 will be eligible for a Full Disability Benefit that commences after December 31, 2007 if he satisfies all of the following criteria:
  - (1) The U.S. Social Security Administration has found him to be disabled for the purposes of, and he is eligible to receive, Social Security Disability Insurance benefits, as verified by proof of approval for Social Security Disability Insurance benefits from the U.S. Social Security Administration. In addition, for disabilities that occur on or after January 1, 2007, a finding of full disability under the federal Railroad Retirement Act will suffice for all purposes under this Article 16 the same as a finding by the U.S. Social Security Administration;
  - (2) He has not attained age 55;
  - (3) He has at least 10 years of Pension Credit, including at least five (5) years of Future Service Credit;
  - (4) He worked in Covered Employment for at least 435 hours in the 24-month period that immediately preceded the date that he became disabled as reported on his application to the U.S. Social Security Administration; and
  - (5) He has not at any time after September 1, 1988 performed any employment in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and the employer.
- (b) In the event that a Participant would be ineligible for a Full Disability Benefit pursuant to Section 16.03(a)(5), his ineligibility may be obviated if he terminates the non-covered employment described in Section 16.03(a)(5), returns to Covered Employment, and earns a number of months of Pension Credit, as determined under Article 4, equal to the number of months during which he was previously employed for at least one (1) hour in the non-covered employment described in 16.03(a)(5). A Participant’s or Employee’s opportunity to reestablish eligibility for a Full Disability Benefit under this paragraph will be limited to his first return to Covered Employment.
- (c) If a completed application for a Full-Disability Benefit (including all required documentation and information) was received by the Fund before December 1, 2007, his eligibility will be governed by the terms of the Plan Document in effect at the time the application was submitted to the Fund.



#### **Section 16.04 Eligibility for an Industry-Related Disability Benefit**

- (a) A Participant will be eligible to commence receiving an Industry-Related Disability Benefit if a completed application for an Industry-Related Disability Benefit (including all required documentation and information) was received by the Fund on or before November 30, 2007, and the Trustees determine, in their sole and absolute discretion, that the Participant became totally and permanently unable to perform work in the Sheet Metal Industry, after January 1, 1994 but before December 1, 2007, as a result of a physical or mental health impairment, and at a time when:
- (1) He has not attained Normal Retirement Age;
  - (2) He has at least 10 years of Pension Credit, including, for applications received on or after January 1, 2004, at least five (5) years of Future Service Credit;
  - (3) He has worked in Covered Employment for at least 435 hours in the 24-month period that immediately preceded the date that the Trustees determine he became totally and permanently unable to perform work in the Sheet Metal Industry as a result of a physical or mental health impairment; and
  - (4) He has not at any time after September 1, 1988 performed any employment in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and the employer.
- (b) In the event that a Participant was ineligible for an Industry-Related Disability Benefit pursuant to Section 16.04(a)(4), his ineligibility may be obviated if, he terminated the non-covered employment of the type described in Section 16.04(a)(4) and then returned to Covered Employment and earned a number of months of Pension Credit before December 1, 2007, which is equal to the number of months during which he was previously employed for at least one (1) hour in the non-covered employment of the type described in Section 16.04(a)(4). A Participant's or Employee's opportunity to reinstate eligibility for an Industry-Related Disability Benefit pursuant to this paragraph will be limited to his first return to Covered Employment.
- (c) Recipients of Disability Benefits who had a disability onset date before January 1, 1994 will be deemed to be receiving Industry-Related Disability Benefits for purposes of this Article 16, including Section 16.06 (governing the termination of Disability Benefits), except that the amount of any such recipient's Disability Benefit is the same as the amount of a Full Disability Benefit, and the initial eligibility and effective date rules are found under the terms of the Plan Document in effect at the time the Participant separated from Covered Employment. The Participant's ongoing eligibility for his Disability Benefit is governed by this Article 16.
- (d) A Participant applying for, or receiving, an Industry-Related Disability Benefit may be required to submit to such health examinations and/or tests as requested by the Trustees.
- (e) No new Industry-Related Disability Benefits will be awarded after December 31, 2007, except that the effective date of an Industry-Related Disability Benefit may be after December 31, 2007 by reason of the six-month waiting period in Section 16.05(b) below.

## **Section 16.05 Effective Dates of Disability Benefits**

- (a) Full Disability Benefit. Subject to all other applicable Plan Document terms, for any Participant who meets the requirements for a Full Disability Benefit, his Full Disability Benefit will be effective on the later of: (i) the first day of the seventh (7th) month after the date upon which the U.S. Social Security Administration finds him disabled as provided under Section 16.03(a)(1); (ii) the first day of the seventh (7th) month after the last month in which the Participant worked in Covered Employment; or (iii) the first day of the month after a fully completed application for a Full Disability Benefit is received.
  
- (b) Industry-Related Disability Benefit. Subject to all other applicable Plan Document terms, for any Participant who meets the requirements for an Industry-Related Disability Benefit, his Industry-Related Disability Benefit will be effective on the later of: (i) the first day of the seventh (7th) month after the date upon which the Participant became totally and permanently unable to perform work in the Sheet Metal Industry, after January 1, 1994 but before December 1, 2007, as a result of a physical or mental health impairment, as determined by the Trustees under Section 16.04(a); (ii) the first day of the seventh (7th) month after the last month in which the Participant worked in Covered Employment; or (iii) the first day of the month after a fully completed application for an Industry-Related Disability Benefit is received.

## **Section 16.06 Termination of Disability Benefits**

Continued receipt of Disability Benefits is subject to all the provisions below and all other applicable provisions of the Plan Document.

- (a) As a condition of the ongoing receipt of Disability Benefits, a Disability Benefit recipient is required to provide, upon request, such proof as the Trustees determine to be necessary for purposes of verifying that the Participant has not recovered from the disability upon which his initial eligibility for Disability Benefits was based.
  
- (b) A Full Disability Benefit recipient who is under Normal Retirement Age will be deemed no longer disabled for any purpose under the Plan Document, and his Disability Benefit will terminate under the following circumstances:
  - (1) The Participant is deemed to have recovered from his disability pursuant to subsection (f)(1)(A) below.
  
  - (2) The Full Disability Benefit recipient performs any work of any kind whatsoever, regardless of compensation, for an employer engaged in the Sheet Metal Industry and that employer is not signatory to a collective bargaining agreement between the Union and the employer. For this purpose, an employer may be the Full Disability Benefit recipient himself. Termination under this subsection will be effective the first day of the month in which the prohibited employment occurs; or
  
  - (3) The Full Disability Benefit recipient performs any work whatsoever in Disqualifying Employment (as defined in Section 8.06(d)(1)).

- (c) An Industry-Related Disability Benefit recipient who is under age 55 will be deemed no longer disabled for any purpose under the Plan, and his Disability Benefits will terminate under the following circumstances:
- (1) The Participant is deemed to have recovered from his disability pursuant to subsection (f)(1)(B) below.
  - (2) The Industry-Related Disability Benefit recipient performs any work of any kind whatsoever, regardless of compensation, for an employer engaged in the Sheet Metal Industry and that employer is not signatory to a collective bargaining agreement between the Union and the employer. For this purpose, an employer may be the Industry-Related Disability Benefit recipient himself. Termination under this subsection will be effective the first day of the month in which the prohibited employment occurs; or
  - (3) The Industry-Related Disability Benefit recipient performs any work in Disqualifying Employment (as defined in Section 8.06(d)(1)) that would result in a suspension of benefits under Section 8.06, if he were age 55 or over.
- (d) (1) Effective for Plan Years beginning on or after January 1, 2005, an Industry Related Disability Benefit recipient who earns more than \$35,000 from any employment whatsoever during a Plan Year in which he is under age 55 will be deemed no longer disabled for any purpose under the terms of the Plan Document, and his Industry-Related Benefit will terminate on December 31 of that Plan Year.
- (2) Effective for each Plan Year commencing on or after January 1, 2014, the annual \$35,000 earnings limitation in paragraph (1) is adjusted to \$40,000, in order to reflect cumulative percentage increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as reported by the Bureau of Labor Statistics in the United States Department of Labor) for each consecutive 12-month period beginning with the 3rd quarter of 2004 and ending with the 3rd quarter of 2013. That adjusted earnings limitation (\$40,000) will be further increased for each Plan Year beginning on or after January 1, 2015 but before January 1, 2021, by the amount of any percentage increase in the CPI-W (as reported by the Bureau of Labor Statistics in the United States Department of Labor) for the 12-month period ending with the 3rd quarter of the preceding year (e.g., for the 2015 Plan Year, the adjusted \$40,000 earnings limitation will be increased by the amount of any percentage increase in the CPI-W from the 3rd quarter of 2013 through the 3rd quarter of 2014). The last such increase would be for the Plan Year commencing on January 1, 2020, and would reflect any change in the CPI-W from the 3rd quarter of 2018 through the 3rd quarter of 2019 (as reported by the Bureau of Labor Statistics in the United States Department of Labor). The \$35,000 earning limitation in paragraph (1) remains unaffected for Plan Years beginning before January 1, 2014, and nothing herein affects any Participant who was deemed no longer disabled and whose Industry-Related Disability Benefit was terminated because the Participant exceeded the \$35,000 earnings limitation in paragraph (1) during any Plan Year commencing before January 1, 2014.

- (e) Notwithstanding subsection (d) above, a Disability Benefit recipient who is in pay status as of January 1, 2003, and who has a disability onset date before January 1, 1994, will be deemed no longer disabled for any purposes under the terms of the Plan Document if he earns more than \$35,000 in any Plan Year. In that case, his Disability Benefit will terminate the later of December 31st of the year in which the earnings limitation is exceeded or December 31, 2003, unless he has attained Normal Retirement Age as of such date.
- (f) Recovery from Disability.
  - (1) A Disability Benefit recipient who has not attained Normal Retirement Age will be deemed to have recovered from his disability and his Disability Benefit will terminate if:
    - (A) the Participant is receiving a Full Disability Benefit with a disability onset date after December 31, 1993, and he ceases to be eligible to receive Social Security Disability Insurance benefits; or
    - (B) the Participant is receiving an Industry-Related Disability Benefit, and the Trustees determine, in their sole and absolute discretion, that the Participant has ceased to be totally and permanently unable to work in the Sheet Metal Industry as a result of a physical or mental health impairment.
  - (2) The termination of Disability Benefits under subsection (f)(1)(A) above will take effect as of the first day of the month following the month in which the Participant first ceases to be eligible for Social Security Disability Insurance benefits. The termination of Disability Benefits under subsection (f)(1)(B) above will take effect as of the first day of the month following the month that the Participant first ceased to be totally and permanently unable to work in the Sheet Metal Industry as a result of a physical or mental health impairment, as determined by the Trustees.
- (g) A Disability Benefit recipient who has attained Normal Retirement Age and who ceases to be disabled for any reason after such date will continue to receive his Disability Benefits as if it were a Normal Retirement Pension, but with no adjustment in the amount or form of his Disability Benefit. However, the continued receipt of Disability Benefits by any recipient who is age 55 or over, including a Disability Benefit recipient who has attained Normal Retirement Age, will be subject to the suspension of benefits rules in Section 8.06, as well as all other applicable terms and conditions specified in the Plan Document.

#### **Section 16.07 Effect of Termination of Disability Benefits on Future Benefits**

If a Participant's Disability Benefit is terminated pursuant to Section 16.06, any pension to which he may be entitled under Article 5 will not be affected by the prior receipt of any Disability Benefits that the Participant was eligible to receive. However, in accordance with Section 8.05(a)(5), if a Participant received Disability Benefits after the time he ceased to be eligible to receive those benefits, the amount of those payments received after the loss of his eligibility will be recouped from the benefits subsequently payable to the Participant or his Beneficiary, unless the Participant has already repaid the Plan.

**Section 16.08 Conversion from an Industry-Related Disability Benefit to Full Disability Benefit and Full Disability Applications Received Before December 1, 2007**

- (a) A recipient of an Industry-Related Disability Benefit may elect, before January 1, 2010, to convert to a Full Disability Benefit if, and only if, he meets the requirements of (1) and (2) below on or before November 30, 2007, and the requirements of (3) below before January 1, 2010:
  - (1) the Industry-Related Disability Benefit recipient meets the eligibility requirements of Section 16.03(a) and his proof of approval for Social Security Disability Insurance (or Railroad Retirement Disability Insurance) benefits from the U.S. Social Security Administration (or Railroad Retirement Board) specifies a date of disability that coincides with the date on which the Participant became totally and permanently unable to perform work in the Sheet Metal Industry as a result of a physical or mental health impairment, as determined by the Trustees;
  - (2) he worked in Covered Employment for at least 435 hours in the 24-month period that immediately preceded the date that he was found to be disabled by the U.S. Social Security Administration (or Railroad Retirement Board); and
  - (3) proof of approval for Social Security Disability Insurance (or Railroad Retirement Disability Insurance) benefits from the U.S. Social Security Administration (or Railroad Retirement Board) is provided to the Fund Office prior to the conversion.
  
- (b) Conversion before January 1, 2010 from an Industry-Related Disability Benefit to a Full Disability Benefit will be effective as follows:
  - (1) For Participants who were found disabled before January 1, 2000 by the U.S. Social Security Administration (or Railroad Retirement Board), the conversion from an Industry-Related Disability Benefit to a Full Disability Benefit will take effect as of the month following the month in which proof of approval for Social Security Disability Insurance benefits from the U.S. Social Security Administration is received by the Fund Office.
  - (2) For Participants who were found disabled by the U.S. Social Security Administration after December 31, 1999 and who have submitted proof of approval for Social Security Disability Insurance (or Railroad Retirement Disability Insurance) benefits from the U.S. Social Security Administration (or Railroad Retirement Board) to the Fund Office before January 1, 2005, the conversion from an Industry-Related Disability Benefit to a Full Disability Benefit will be retroactive to the effective date of the Industry-Related Disability Benefit.
  - (3) For Participants whose proof of approval for Social Security Disability Insurance (or Railroad Insurance Disability) benefits from the U.S. Social Security Administration (or Railroad Retirement Board) is received by the Fund Office after December 31, 2004 but before January 1, 2010, the conversion from an Industry-Related Disability Benefit to a Full Disability Benefit will be effective on the later of: (i) the month following the month in which the Fund receives such proof of approval; or (ii) the

effective date on which the Social Security Disability Insurance (or Railroad Retirement Insurance) benefits commence.

- (c) If a completed Full Disability Benefit (including all required documentation and information) was received by the Fund on or before November 30, 2007 but becomes effective under Section 16.05 after that date, the Full Disability Benefit will be treated as if it became effective before January 1, 2008 for purposes of Section 16.02(b) above.

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## **APPENDIX A – PLAN PROVISIONS THAT ARE NO LONGER GENERALLY APPLICABLE**

This Appendix sets forth certain historical rules applicable to various Articles of the Plan Document.

### **Section 2.05 Acceptance of Special Class of Employees of a Contributing Employer**

Prior to September 1, 1999, a Covered Employee or Employee includes any member of a class of employees of a Contributing Employer not within the bargaining unit represented by the Union or any owner, officer or director of a corporation who is not an Owner-Member, provided that such employee is accepted for Participation by the Trustees as part of a special class of employees of a Contributing Employer for participation in the Fund. Such special class shall consist of the employees who are employed by a Contributing Employer and who are not represented for the purpose of collective bargaining by the Union; however, the acceptance and continued coverage of such special class employees shall be subject to the following conditions:

- (a) The employer of the said special class of employees is also a Contributing Employer for those of his employees who are represented by the Union for the purpose of collective bargaining;
- (b) The special class of employees is sufficiently clear so there is no question as to the identity of the employees in the class;
- (c) The special class consists of all employees not represented by the Union for purposes of collective bargaining and necessary data regarding such employees is submitted to the Trustees;
- (d) The Local and the Contributing Employer make joint written application to the Trustees for the participation by the special class of employees and the application is approved by the Trustees in writing;
- (e) The basis of contribution for the special class of employees is set forth in a written statement or agreement signed by the Contributing Employer. The written statement or agreement shall be in the form of a participation agreement or such other form approved by the Trustees;
- (f) The acceptance of such special class of employees will not adversely affect the actuarial soundness of the Fund as determined by the Trustees after consultation with the actuaries for the Fund, and will not adversely affect the tax qualified status of the Plan under Section 401(a) of the Code;
- (g) Pursuant to Section 2.08 of the Plan Document, if it is determined at any time that the participation of such special class of employees would adversely affect the tax-qualified status of the Plan under Section 401(a) of the Code, the Trustees may take any such actions as they deem necessary or appropriate in order to

maintain the ongoing tax-qualified status of the Plan under Section 401(a)(4) of the Code; and

- (h) The Employer agrees in writing to continue contributions for such special class of employees as long as he has any other employee for whom he is obligated to contribute to the Fund pursuant to a Collective Bargaining Agreement with the Union. Notwithstanding the foregoing, an Employer may be allowed to cease participation for one or more of its special class employees under this Section in order for the Employer to contribute on behalf of Owner-Members under Section 2.07; provided, that the Employer is not delinquent to the Fund at the time the Employer requests the change, and provided further, that the Employer complies with any other conditions that the Trustees may impose.

Effective September 1, 1999, no employee may qualify as a Covered Employee by virtue of being part of a special class of employees; such employee may, however, qualify as a Covered Employee by virtue of Section 1.13.

### **Section 2.07 Owner-Members**

Prior to January 1, 2002, the Trustees could allow Owner-Member participation in the Plan under all of the following conditions:

- (a) The Contributing Employer of the Owner-Member is a party to a Collective Bargaining Agreement which includes the Owner-Member in the Collective Bargaining Unit.
- (b) The Contributing Employer and Local jointly submit a Registration Statement approved by the Trustees which, among other things, requires:
  - (1) the Employer to participate on behalf of all of the Owner-Members employed by the Employer; and
  - (2) subject to the provisions of subsection (d) below, an Employer of Owner-Members to contribute for a number of hours equal to the greater of (i) all Hours of Work by or paid to such Owner-Members or (ii) such minimum hours requirement as may be imposed by the applicable Collective Bargaining Agreement; provided that in no event shall the hours be less than 1680 hours per year. In any event, the determination of the appropriate minimum hours requirement under this provision will rest solely with the Trustees.
- (c) The effective date of a Contributing Employer's Registration Statement shall be the first date contributions may be made to the Fund on behalf of its Owner-Members. Such effective date shall not be earlier than January 1, 1990, unless the Employer and Local jointly request that the Trustees recognize the bargaining unit status of all Owner-Members employed by such Contributing Employer as having

been in effect as of an earlier date. In no event can the effective date of the Registration Statement be earlier than the date of incorporation of the Employer.

- (d) The Trustees may permit an Employer to make back contributions on behalf of an Owner-Member; provided that such back contributions are made on the greater of the actual Hours of Work by such Owner-Member during such year, or 1720 hours, per year. Such contributions shall be paid with interest at such rates as the Trustees may impose. In these circumstances, the Registration Statement may be given retroactive effect in accordance with subsection (c) above.

#### **Section 4.02 Pension Credit for Service before the Contribution Date (Past Service Credit)**

- (a) Qualification for Past Service Credit — One-Year Test Rule

In order to qualify for Past Service Credit for any years of employment prior to his Contribution Date,<sup>1</sup> a Participant must have worked both in a job classification and at a place of business that were covered by a collective bargaining agreement between a Participating Local and an Employer for at least 150 days, or earned at least \$2,500 from that Employer, in one of the 3 Calendar Years immediately preceding the Calendar Year of his Contribution Date. In the case of a Participant who participates in the Plan pursuant to an agreement other than a Collective Bargaining Agreement, the Participant must have worked in a job classification which subsequently became Covered Employment for at least 150 days, or earned at least \$2,500 in that job classification, in one of the 3 Calendar Years immediately preceding the Calendar Year of his Contribution Date. This One Year Test Rule will be waived if a Participant meets one or more of the following criteria:

- (1) Waiver on Account of Military Service

The Participant left employment with a Contributing Employer to enter military service and was prevented from meeting the requirements of the “One-Year Test Rule” — solely as the result of his actually serving in the military during the years specified;

- (2) Waiver on Account of Future Service Credit

The Participant has earned 60 months of Future Service Credit;

- (3) Waiver on Account of Certain Non-Covered Employment

In the event that a Contributing Employer did not have a collective bargaining agreement in effect for any one or more of the 3 Calendar

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<sup>1</sup> As noted in Section 4.02 of the Plan Document, his Employer’s Contribution Date must have been before January 1, 2000, except as provided in subsection (h) below.

Years immediately preceding the Calendar Year of the Participant's Contribution Date, work performed by the Participant during such period may be counted toward the 150 day or \$2,500 requirement in one of the specified 3 Calendar Years, if such work was performed during such period in both a job classification and place of business which were covered by the first collective bargaining agreement subsequently entered into by the Contributing Employer and the Union.

(b) General Rule for Granting Past Service Credit

If a Participant qualifies for Past Service Credit by having met the requirements of the "One-Year Test Rule," he shall be credited with one (1) year of Past Service Credit for each year prior to his Contribution Date in which he worked at least 150 days or earned \$2500 while working for one or more Contributing Employers in Covered Employment. If a Participant performed work in Covered Employment under the Local 543 collective bargaining agreement that was in effect on May 1, 1982 (when Local Union 543 agreed that it would become a Participating Local), such work will be treated as work in Covered Employment for a Contributing Employer.

For purposes of this Section 4.02 of Appendix A, "Covered Employment" shall mean:

- (1) employment which was in a job classification and at a place of business covered by a collective bargaining agreement of a union which subsequently became a Participating Local; and/or
- (2) employment in a job classification not covered by a Collective Bargaining Agreement or other agreement requiring contributions to the Fund, but which job classification later becomes covered by a Collective Bargaining Agreement or other agreement which requires contributions to be made to the Fund.

(c) Special Rule for Certain Non-Covered Employment

- (1) Past Service Credit will be granted on a special basis for work performed in a job classification which ceased to be covered under a Collective Bargaining Agreement because of the termination or expiration of such Collective Bargaining Agreement and the failure of the Local Union and Employer to renew such agreement. In that case, if the job classification subsequently became covered by a new Collective Bargaining Agreement between the Local Union and the same Employer, a Participant shall be granted Past Service Credit for such period of Non-Covered Employment on the basis of one (1) year of Past Service Credit for each year of Future Service Credit subsequently earned. Such Past Service Credit shall be granted hereunder notwithstanding the provisions of Section 4.02(a) of Appendix A and Section 4.07 of the Plan Document.

- (2) Subject to the conditions of Section 4.11 of Appendix A, and notwithstanding the provisions of subsection 4.02(e) and (f) of Appendix A, effective October 1, 1984, Past Service Credit will be granted for employment in a job classification and at a place of business covered by a collective bargaining agreement with Sheet Metal Workers' Local Union #22.
- (d) No Past Service Credit may be granted for any period of employment as a sole proprietor or partner in an unincorporated business.
- (e) Except as provided in subsections (g) or (h), Past Service Credit granted in accordance with Section 4.03 of the Plan Document shall be subject to the following maximum limitations:

<b>Contribution Date</b>	<b>Maximum Years of Past Service Credit</b>
Prior to January 1, 1983	24
January 1, 1983 through December 31, 1985	20
After December 31, 1985 and before January 1, 2000, subject to Subsection (f)	15
After December 31, 1999	10

Past Service Credit, as described above, shall be granted as a matter of right for applicable periods of time worked in Covered Employment prior to an Employee's Contribution Date. The Employee shall be responsible for furnishing adequately documented proof of time worked in Covered Employment prior to his Contribution Date. The Trustees shall have the sole discretion to determine whether proof of time worked in Covered Employment prior to an Employee's Contribution Date is adequately documented. It is recognized, however, that it may be difficult for many, if not most, Employees to furnish proof of time worked in Covered Employment prior to their Contribution Dates. If the Trustees, in their sole discretion, determine that an Employee cannot furnish such adequately documented proof, the Trustees may presume that an Employee who was a member of the Participating Local on his Contribution Date was engaged in Covered Employment and worked 150 days in such Covered Employment during each consecutive year of apprenticeship and membership prior thereto.

- (f) Except as provided in subsection (g) or (h), or Section 4.03 of the Plan Document, no Past Service Credit shall be granted: (i) to any Participant whose Contribution

Date is on or after March 22, 1995; (ii) to any Participant for work performed for an Employer who previously ceased to have an obligation to contribute to the Fund and again became obligated to contribute to the Fund on or after July 1, 1995; or (iii) to any Participant for any work performed for an Employer whose Contribution Date is on or after August 5, 1995.

- (g) Effective August 5, 1995, notwithstanding paragraph (f) above, upon the acceptance of Crown, Cork & Seal Co. in Local Union No. 218 (“Crown Cork – 218”) as a Contributing Employer, Past Service Credit shall be granted in accordance with the other provisions of this Section 4.02 to the Employees of Crown Cork – 218 for periods of employment with Crown Cork – 218 before Crown Cork – 218’s Contribution Date. Notwithstanding the preceding sentence, the amount of Past Service Credit granted to the Employees of Crown Cork – 218 shall not exceed 10 years. Any grant of Past Service Credit pursuant to this paragraph (g) shall also be subject to the other provisions of Article 4 of the Plan Document.
- (h) Effective as of the Contribution Date below, Employees of the following Employers shall be granted one month of Past Service Credit, up to a maximum of 84 months, for each month of Future Service Credit earned subsequent to the Employer’s Contribution Date for periods of employment with the Employer before the Employer’s Contribution Date stated below, provided that the Employee was working in Covered Employment for the Employer on the Employer’s Contribution Date and the Employee has been credited with 12 months of Future Service Credit after that Contribution Date:

G.E.W. Mechanical Contractors, Inc., Local #49, Contribution Date of 6/1/95  
Carpenter Mechanical Corp., Local #38, Contribution Date of 3/1/96  
Harry P. Carpenter & Sons, Inc., Local #38, Contribution Date of 4/1/96  
Prawl Engineering Corporation, Local #3, Contribution Date of 6/1/96  
Tonn & Blank (Service Addendum), Local #20, Contribution Date of 7/1/96  
Air Duct, Inc., Local #270, Contribution Date of 9/1/96  
Central WV Heating & A/C, Local #33, Contribution Date of 10/1/96  
Matthews Daniels, Inc., Local #10, Contribution Date of 12/1/96  
Air Fluid Management, Local #3, Contribution Date of 1/1/97  
Gray’s Refrigeration, Inc., Local #20, Contribution Date of 4/1/97  
Lymo Construction Company, Inc., Local #17, Contribution Date of 7/1/97  
Shodder Manufacturing Co., Local #33, Contribution Date of 9/1/97  
Mason’s HVAC Inc., Local #270, Contribution Date of 10/1/97  
T. R. Bulger, Local #20, Contribution Date of 3/1/98  
B&G Mechanical and A&A Mechanical, Local #110, Contribution Dates of 10/1/98 and 11/1/96, respectively  
Celtic Sheet Metal, Local #38, Contribution Date of 11/1/97  
Mountain Aire-Service America, Local #33, Contribution Date of 11/1/98  
METRA-NIRC, Local #256, Contribution Date of 1/1/99  
Sullivan Plumbing Co., Local #218, Contribution Date of 2/1/99  
Schnaare’s Heating & Air Conditioning, Local #18, Contribution Date of 3/1/99

Universal Mechanical, Inc., Local #36, Contribution Date of 4/2/99  
Commercial Air Tech, Inc., Local #63, Contribution Date of 5/1/99  
D.R. Kohlman, Inc., Local #18, Contribution Date of 9/1/99  
Carver Heating & Air Conditioning, Local #10, Contribution Date of 10/1/99  
Hoffman Heating and Cooling, Local #265, Contribution Date of 10/1/99  
Triangle Sheet Metal, Inc., Local #18, Contribution Date of 11/1/99  
MTM Mechanical, Local #18, Contribution Date of 1/1/00

In the case of D.R. Kohlman (“Kohlman”), Carver Heating & Air Conditioning (“Carver”) and MTM Mechanical (“MTM”), Past Service Credit in accordance with this subsection (h) shall be accorded to any Participant employed by Kohlman, Carver, or MTM in the 24-month period preceding those Employers’ respective Contribution Dates, who was engaged in Covered Employment with any Contributing Employer as of Kohlman, Carver, or MTM’s respective Contribution Date. Any grant of Past Service Credit pursuant to this paragraph (h) shall also be subject to the applicable provisions of Article 4 of the Plan Document, except Sections 4.02 and 4.03 of the Plan Document.

- (i) Months of Past Service Credit shall be granted on a proportional basis based on days of employment, earnings or months of Union membership or apprenticeship.

#### **Section 4.10 Pension Credit for Periods of Unemployment**

For Plan Years beginning prior to January 1, 2000 and only for purposes of receiving Pension Credit under Article 4 of the Plan Document, a Participant shall be credited with Hours of Work in Covered Employment equal to the number of hours for which he receives unemployment benefits from a trust fund maintained by his Local Union and Contributing Employer; provided that all of the following conditions are met:

- (a) he is age 62 or over on his Effective Date of Pension;
- (b) his Effective Date of Pension occurs not more than one (1) year after the payment of such unemployment benefits; and
- (c) the crediting of such Hours of Work in Covered Employment will result in his pension being based on a higher Contribution Rate than if such Hours of Work were not credited.

The number of Hours of Work that are to be credited under this Section for Pension Credit purposes shall be determined by dividing the amount of each unemployment benefit by the weighted average straight time hourly wage rate in effect during the period for which the unemployment benefit is payable.

The Hours of Work in Covered Employment that are to be credited under this Section for Pension Credit purposes shall be credited as though they were worked at the prevailing Contribution Rate that was in effect in the jurisdiction of his Local Union during the period for which the unemployment benefit was paid.

**Section 4.11 Pension Credit for Periods of Employment under Sheet Metal Workers' Local Union #22's Jurisdiction**

Notwithstanding the provisions of Sections 4.02(e) and 4.02(f) of Appendix A, if a Participant's effective date of participation in the Plan is prior to December 20, 1996, he shall receive Past Service Credit under Section 4.02(c)(2) of Appendix A for employment in the jurisdiction of Sheet Metal Workers' Local Union #22 prior to December 20, 1996, subject to the following conditions and limitations:

- (a) the Participant must earn at least one (1) year of Future Service Credit, and
- (b) any benefit to which the Participant becomes entitled under the Plan shall be reduced by the amount of any benefit to which he is entitled under a pension plan separately maintained by Sheet Metal Workers' Local Union #22.

**Section 5.02 Normal Retirement Pension for Effective Dates of Pension Before January 1, 2000**

A Participant who has attained Normal Retirement Age, and whose Effective Date of Pension is before January 1, 2000, shall be entitled to retire on a Normal Retirement Pension, the amount of which shall be determined in accordance with the provisions of Sections 5.02 (a) and 5.02(b) below, as applicable, based only on Pension Credit earned before January 1, 2000.

(a) Full Service Category

(1) Eligibility Requirements

To receive a Normal Retirement Pension under this category, the Participant must have:

- (A) at least 25 years of Pension Credit; and
- (B) at least 12 months of Future Service Credit.

(2) Application of Benefit Levels (Effective Date of Pension on or after July 1, 1997 – Participants With At Least 30 Years of Future Service Credit)

Effective July 1, 1997, for any Participant with at least 30 Years of Future Service Credit whose Effective Date of Pension is on or after July 1, 1997, the amount of Normal Retirement Pension payable under this category shall be the sum of:

- (A) the amount payable under this Section 5.02(a) without consideration of this subsection (2), plus



- (B) the amount determined under paragraph (A) multiplied by one percent (1%) for each full year of Pension Credit, and by one-twelfth of one percent (1/12%) for each additional full month of Pension Credit, in excess of 30 years.
- (3) Application of Benefit Levels (Separation from Covered Employment on or after July 1, 1995)
- (A) Effective July 1, 1995, this subsection (3) shall apply to any Participant who separates from Covered Employment on or after July 1, 1995.
  - (B) Effective July 1, 1995, subject to paragraph (C) below, the amount of the Normal Retirement Pension payable under this category to a Participant who performed Construction Work shall be determined by the following table:

Contribution Rate Increment	Monthly Pension Based on 25 Years of Pension Credit, Per Contribution Rate Increment	Additional Monthly Normal Retirement Pension for each Year of Future Service Credit in excess of 25 up to a maximum of 30 Years of Future Service Credit, per Contribution Rate Increment
First 3 Contribution Rate Increments	\$90.00	\$3.60
Next 6 Contribution Rate Increments	\$95.00	\$3.80
Next 6 Contribution Rate Increments	\$100.00	\$4.00
Contribution Rate Increments over 15	\$105.00	\$4.20

**Example:** Assume an eligible Participant described in paragraph (A) above is at 5 Contribution Rate Increments (as defined in paragraph (D) below) and retires with 30 years of Future Service Credit. The monthly Normal Retirement Pension for his first 25 Years of Future Service Credit would be \$460.00 [(3 x \$90.00) + (2 x \$95.00)], and his monthly Normal Retirement Pension for his last five (5) years of Future Service Credit would be: \$92.00 = 5 x [(3 x \$3.60) + (2 x \$3.80)]. Thus, his total Monthly Normal Retirement Pension would be \$552.00 [\$460.00 + \$92.00].

Effective July 1, 1995, subject to paragraph (C) below, the amount of the Normal Retirement Pension payable under this category to a Participant who performed Non-Construction Work shall be determined as follows:

- (i) 25-Year Monthly Pension:

With 25 Years of Pension Credit, a Participant's monthly Normal Retirement Pension shall be equal to the total number of Contribution Rate Increments times \$110.00.

- (ii) Additional Monthly Normal Retirement Pension for Years of Future Service Credit in Excess of 25 up to a Maximum of 30 Years of Future Service Credit:

For each year of Future Service Credit greater than 25 years of Future Service Credit, but not in excess of 30 years of Future Service Credit, the Participant's additional monthly Normal Retirement Pension shall be equal to the total number of Contribution Rate Increments times \$4.40.

**Example:** If an eligible Participant described in paragraph (A) above has 5 Contribution Rate Increments and retires with 30 years of Future Service Credit, his monthly Normal Retirement Pension for his first 25 years of Future Service Credit would be \$550.00 [(5 X \$110.00)], and his additional monthly Normal Retirement Pension for his last five (5) years of Future Service Credit would be \$110.00 = 5 X [(5 X \$4.40)]. Thus, his total monthly Normal Retirement Pension would be \$660.00 [\$550.00 + \$110.00].

- (C) Effective July 1, 1995, notwithstanding any provision to the contrary in this subsection (3), a Participant's Normal Retirement Pension shall be separately determined with respect to Pension Credit earned on or after July 1, 1995. For Pension Credit earned prior to July 1, 1995, a Participant's Normal Retirement Pension shall be determined under the terms of the Plan Document in effect on June 30, 1995. For Pension Credit earned on or after July 1, 1995, the Participant's Normal Retirement Pension shall be the product of:

- (i) the amount of his Normal Retirement Pension as determined under paragraph (B) above; multiplied by
- (ii) a fraction, the numerator of which is the Actual Contribution Rate ("ACR") (as defined in paragraph (F) below), and the denominator of which is the sum of the ACR and two (2) times the difference between the Required Contribution Rate ("RCR") (as defined in paragraph (E) below) in effect at the time the Participant earned the Pension Credit and the Actual Contribution Rate.

$$\frac{\text{ACR}}{\text{ACR} + 2(\text{RCR} - \text{ACR})}$$

- (D) For purposes of this subsection (3), the “Contribution Rate Increment” shall be based upon the Contribution Rate of the Participant’s Employer(s) and shall be calculated as follows:
- (i) If no Contribution Rate increase took effect between October 1, 1994 and June 30, 1995, or if a Contribution Rate increase took effect between October 1, 1994 and June 30, 1995, but was negotiated or allocated on or after October 1, 1994, the Contribution Rate Increment shall be the amount of the Employer’s Contribution Rate as of September 30, 1994 divided by:
    - (I) twelve cents (\$0.12) if the Employer has not increased its Contribution Rate in effect on December 31, 1990 by a factor of one cent (\$0.01) per twelve cents (\$0.12); or
    - (II) thirteen cents (\$0.13) if the Employer has increased its Contribution Rate in effect on December 31, 1990 by a factor of one cent (\$0.01) per thirteen cents (\$0.13).
  - (ii) If a Contribution Rate increase took effect between October 1, 1994 and June 30, 1995, but was negotiated or allocated before October 1, 1994, the Contribution Rate Increment shall be the amount of the Employer’s Contribution Rate as of June 30, 1995 divided by:
    - (I) twelve cents (\$0.12) if the Employer has not increased its Contribution Rate in effect on December 31, 1990 by a factor of one cent (\$0.01) per twelve cents (\$0.12); or
    - (II) thirteen cents (\$0.13) if the Employer has increased its Contribution Rate in effect on December 31, 1990 by a factor of one cent (\$0.01) per thirteen cents (\$0.13).
  - (iii) Except as provided in (iv) below, in the case of an Employer who begins contributing to the Plan on or after July 1, 1995, the Employer’s Contribution Rate Increment shall be the Contribution Rate in effect on the date the Employer first begins contributing to the Plan divided by:
    - (I) fifteen cents (\$0.15) if the Employer first begins contributing to the Plan on or after July 1, 1995 but before January 1, 1997;

- (II) sixteen cents (\$0.16) if the Employer first begins contributing to the Plan on or after January 1, 1997 but before January 1, 1998; or
  - (III) seventeen cents (\$0.17) (or such higher amount as may be in effect on or after January 1, 1998) if the Employer first begins contributing to the Plan on or after January 1, 1998.
- (iv) Notwithstanding the foregoing, if an Employer described in (iii) above is signatory to a Collective Bargaining Agreement which provides for uniform Contribution Rates within the jurisdiction of a Local, the Employer's Contribution Rate Increment shall be the same as the Contribution Rate Increment of all other Contributing Employers within the jurisdiction of such Local.
- (v) Notwithstanding the foregoing, and subject to the provisions of (vi) below, if a graduated Contribution Rate for apprentices has been negotiated into a Collective Bargaining Agreement, the Contribution Rate Increment for an apprentice, at any given point in time, shall be determined by:
- (I) dividing the Contribution Rate applicable to the apprentice by the Contribution Rate applicable to journeymen, and
  - (II) multiplying the amount in (I) above by the Contribution Rate Increment for journeymen.
- (vi) The provisions of (v) above shall apply only if:
- (I) the Contribution Rate for journeymen equals or exceeds the Required Contribution Rate in effect at any given point in time, and
  - (II) the Contribution Rates for apprentices and journeymen are in the same proportion as the wage rates for apprentices and journeymen.
- If the provisions of (v) above do not apply, the Contribution Rate Increment for apprentices shall be equal to the Contribution Rate Increment for journeymen.
- (vii) A Participant's Contribution Rate Increment for Pension Credits attributable to service with the SMWIA on or after January 1, 1998 shall be the greater of 12 or such

Participant's Contribution Rate Increment determined under (i) through (iv) above, as applicable; except that for a Participant who is a Vice-President of the SMWIA on or after January 1, 1998 shall be the greater of 2.4 or such Participant's Contribution Rate Increment determined under (i) through (iv) above, as applicable. However, with respect to a Participant who commences employment with the SMWIA after March 31, 1999, his or her Contribution Rate Increment for Pension Credits attributable to service with the SWMIA shall be (i) 12 or (ii) 2.4 if the Participant is a Vice President of the SWMIA. In no event shall this subsection cause any Participant's Accrued Benefit to be less than it was on any prior date.

(viii) If during any Calendar Year, a Participant earns Pension Credit under more than one Contribution Rate Increment, the Participant's Contribution Rate Increment shall be determined as follows:

(I) FIRST, determine each Contribution Rate Increment under which the Participant earned Pension Credit during the Calendar Year;

(II) SECOND, determine the Participant's Hours of Work in Covered Employment under each such Contribution Rate Increment;

(III) THIRD, multiply each Contribution Rate Increment by the Hours of Work in Covered Employment under the Contribution Rate Increment (the result of each is called the "product"); and

(IV) FOURTH, take the sum of the products determined in (III) above and divide by the Participant's total number of Hours of Work in Covered Employment during the Calendar Year.

(E) For purposes of this subsection (3), the "Required Contribution Rate" shall be determined as follows:

(i) For the period commencing July 1, 1995 and ending on December 31, 1996, the Required Contribution Rate shall be the product of fifteen cents (\$0.15) multiplied by the Employer's Contribution Rate Increment (and truncated to two decimal places).

(ii) For the period commencing January 1, 1997 and ending on December 31, 1997, the Required Contribution Rate shall

be the product of sixteen cents (\$0.16) multiplied by the Employer's Contribution Rate Increment (and truncated to two decimal places).

- (iii) For any period on or after January 1, 1998, the Required Contribution Rate shall be the product of seventeen cents (\$0.17) (or such higher amount as may be in effect on or after January 1, 1998) multiplied by the Employer's Contribution Rate Increment (and truncated to two decimal places).
  - (iv) For purposes of subsection (3)(C)(ii) above, if during any Calendar Year more than one Required Contribution Rate applies to a Participant, the Required Contribution Rate shall be prorated by dividing the total amount of contributions that would have been made on behalf of the Participant at the applicable Required Contribution Rates during the Calendar Year by his total Hours of Work in Covered Employment during the Calendar Year. The prorated Required Contributions Rate shall be truncated to two decimal places.
- (F) For purposes of subsection (3)(C)(ii) above, the "Actual Contribution Rate" shall mean the Contribution Rate in effect at the time the Participant earned the Pension Credit. However, if a Participant earned Pension Credit at more than one Contribution Rate during any Calendar Year, the Actual Contribution Rate shall be prorated by dividing the total amount of contributions the Employer(s) is/are obligated to make on behalf of the Participant during the Calendar Year by his total Hours of Work in Covered Employment during the Calendar Year. Notwithstanding any provision to the contrary, the Actual Contribution Rate shall, in no event, exceed the Required Contribution Rate as determined under paragraph (E) above.
- (G) In no event shall this subsection (3) cause any Participant's Accrued Benefit to be less than it was on June 30, 1995, nor shall the application of paragraph (C) above cause any Participant's Accrued Benefit to be less than it was on any prior date.
- (H) Effective July 1, 1995, if a Participant earns Future Service Credit on or after July 1, 1995 at a Contribution Rate that exceeds the Required Contribution Rate during the Calendar Year, his monthly Normal Retirement Pension, as determined under paragraphs (B) and (C) above, shall be increased to reflect the Future Service Credit earned at the Excess Contribution Rate. The amount by

which the Participant's monthly Normal Retirement Pension shall be increased is the product of:

- (i) the Excess Contribution Rate; times
  - (ii) \$38.00 for a Participant who performed Construction Work or \$40.00 for a Participant who performed Non-Construction Work; times
  - (iii) the Future Service Credit earned during the Calendar Year.
- (I) For purposes of paragraph (H) above, the "Excess Contribution Rate" shall be equal to:
- (i) the total amount of contributions the Employer(s) is/are obligated to make on behalf of the Participant on the basis of the Contribution Rate(s) at which the Participant earned Future Service Credit during the Calendar Year; minus
  - (ii) the total amount of contributions that would have been required to be made on behalf of the Participant had the Participant earned all of his Future Service Credit during the Calendar Year at the Required Contribution Rate(s) in effect at the time such Future Service Credit was earned; divided by
  - (iii) the Participant's total number of Hours of Work in Covered Employment during the Calendar Year.
- (J) For purposes of this subsection (3), a Participant shall be deemed to earn no more than one (1) year of Future Service Credit during any single Calendar Year. For example, if a Participant receives two (2) years of Future Service Credit in a Calendar Year under Section 4.09 of the Plan Document, he shall be treated as having earned one (1) year of Future Service Credit in each of the two Consecutive Calendar Years.
- (4) Application of Benefit Levels (Effective Dates of Pension on or after January 1, 1991)
- (A) Effective January 1, 1991, the Benefit Levels set forth in paragraph (B) below are for Participants whose Effective Date of Pension is on or after January 1, 1991, and who have been employed by Contributing Employers who have increased their Contribution Rate by a factor of one cent (\$0.01) per twelve cents (\$0.12) of the Contribution Rate as of December 31, 1990 (the "Required Pension Fund Increase").

(B) Effective January 1, 1991, the amount of the Normal Retirement Pension payable under this category for a Participant who performed Construction Work shall be determined in accordance with the table set forth below:

Contribution Rate	25 Year Monthly Normal Retirement Pension	Additional Monthly Normal Retirement Pension for each year of Future Service Credit in excess of 25 Years of Future Service Credit up to a maximum of 30 Years of Future Service Credit
\$ .13	\$ 90	\$ 3.60
.26	180	7.20
.39	270	10.80
.52	365	14.60
.65	460	18.40
.78	555	22.20
.91	650	26.00
1.04	745	29.80
1.17	840	33.60
1.30	940	37.60
1.43	1040	41.60
1.56	1140	45.60
1.69	1240	49.60
1.82	1340	53.60
1.95	1440	57.60
2.08	1545	61.80
2.21	1650	66.00
2.34	1755	70.20
2.47	1860	74.40
2.60	1965	78.60
2.73	2070	82.80
2.86	2175	87.00
2.99	2280	91.20
3.12	2385	95.40
3.25	2490	99.60
3.38	2595	103.80
3.51	2700	108.00

Effective January 1, 1991, the amount of the Normal Retirement Pension payable under this category for a Participant who performed Non-Construction Work shall be determined in accordance with the table set forth below:



Contribution Rate	25 Year Monthly Normal Retirement Pension	Additional Monthly Normal Retirement Pension for each year of Future Service Credit in excess of 25 Years of Future Service Credit up to a maximum of 30 Years of Future Service Credit
\$ .13	\$ 110	\$ 4.40
.26	220	8.80
.39	330	13.20
.52	440	17.60
.65	550	22.00
.78	660	26.40
.91	770	30.80
1.04	880	35.20
1.17	990	39.60
1.30	1100	44.00
1.43	1210	48.40
1.56	1320	52.80
1.69	1430	57.20
1.82	1540	61.60
1.95	1650	66.00
2.08	1760	70.40
2.21	1870	74.80
2.34	1980	79.20
2.47	2090	83.60
2.60	2200	88.00
2.73	2310	92.40
2.86	2420	96.80
2.99	2530	101.20
3.12	2640	105.60
3.25	2750	110.00
3.38	2860	114.40
3.51	2970	118.80

- (C) Except as provided in paragraph (D) below, a Contribution Rate which falls between any two rates outlined above will produce a monthly Normal Retirement Pension amount which is proportional to the two rates between which it falls.
- (D) Effective January 1, 1991, in accordance with paragraph (A) above, an increase in a Contribution Rate which is less than the Required Pension Fund Increase will not produce a greater monthly Normal Retirement Pension amount under this subsection (4).

- (E) If a Participant does not meet the requirements of this subsection (4), his Normal Retirement Pension benefit under this category shall be determined in accordance with the provisions of subsection (5) below or Section 5.15 of the Plan Document, as applicable.
  - (F) Notwithstanding any provision in this subsection (4) to the contrary, a Participant's Accrued Benefit, as determined under this subsection (4), shall not be less than his Accrued Benefit as of December 31, 1990, or if later, as of the day immediately preceding the date the Benefit Levels under paragraph (B) above were adopted by the Trustees.
- (5) Application of Benefit Levels (Effective Dates of Pension on or after March 1, 1987)
- (A) Effective September 1, 1988, the Benefit Levels set forth in paragraph (B) below are for Participants who meet all of the following requirements, but who do not meet the requirements of paragraph (A) of subsection (4) above:
    - (i) The Participant's Effective Date of Pension is on or after March 1, 1987;
    - (ii) The Participant was employed by Contributing Employers with a Contribution Date of June 1, 1979 or later or who have increased their Contribution Rate by a factor of one cent (\$0.01) per eleven cents (\$0.11) of contribution in effect prior to June 1, 1979; and
    - (iii) The Participant had 300 or more Hours of Work in Covered Employment on or after March 1, 1986, unless the failure to meet such requirement was due to:
      - (I) involuntary unemployment and the Participant had 300 or more Hours of Work in Covered Employment on or after March 1, 1984; was continuously available for Covered Employment on or after the date of unemployment, as verified by the Employer, the Business Manager of the Local Union or any other source required for verification; and did not perform at least one hour of employment in the Sheet Metal Industry that was not under a collective bargaining agreement between the Union and the Employer on or after September 1, 1988; or

(II) total and permanent disability as defined under former Section 5.06 of the Plan Document that was in effect as of October 1990, provided the Participant had 300 or more Hours of Work in Covered Employment on or after March 1, 1984 and did not perform at least one hour of employment in the Sheet Metal Industry that was not under a Collective Bargaining Agreement between the Union and the Employer on or after September 1, 1988.

(iv) If a Participant does not meet the requirements of paragraph (A) of this subsection (5), his Normal Retirement Pension benefit under this category shall be determined in accordance with the provisions of Section 5.15.

(B) Effective September 1, 1988, the amount of the Normal Retirement Pension payable to a Participant who performed Construction Work under this category shall be determined by the table set forth below:

Contribution Rate	25 Year Monthly Normal Retirement Pension	Additional Monthly Normal Retirement Pension for each Year of Future Service Credit in excess of 25 years of Future Service Credit up to a maximum of 30 Years of Future Service Credit.
\$ .12	\$ 90	\$ 3.60
.24	180	7.20
.36	270	10.80
.48	365	14.60
.60	460	18.40
.72	555	22.20
.84	650	26.00
.96	745	29.80
1.08	840	33.60
1.20	940	37.60
1.32	1040	41.60
1.44	1140	45.60
1.56	1240	49.60
1.68	1340	53.60
1.80	1440	57.60
1.92	1545	61.80
2.04	1650	66.00
2.16	1755	70.20

2.28	1860	74.40
2.40	1965	78.60
2.52	2070	82.80
2.64	2175	87.00
2.76	2280	91.20
2.88	2385	95.40
3.00	2490	99.60
3.12	2595	103.80
3.24	2700	108.00

Effective September 1, 1988, the amount of the Normal Retirement Pension payable to a Participant who performed Non-Construction Work under this category shall be determined by the table set forth below:

Contribution Rate	25 Year Monthly Normal Retirement Pension	Additional Monthly Normal Retirement Pension for each Year of Future Service Credit in excess of 25 years of Future Service Credit up to a maximum of 30 Years of Future Service Credit.
\$ .12	\$ 110	\$ 4.40
.24	220	8.80
.36	330	13.20
.48	440	17.60
.60	550	22.00
.72	660	26.40
.84	770	30.80
.96	880	35.20
1.08	990	39.60
1.20	1100	44.00
1.32	1210	48.40
1.44	1320	52.80
1.56	1430	57.20
1.68	1540	61.60
1.80	1650	66.00
1.92	1760	70.40
2.04	1870	74.80
2.16	1980	79.20
2.28	2090	83.60
2.40	2200	88.00
2.52	2310	92.40
2.64	2420	96.80
2.76	2530	101.20

2.88	2640	105.60
3.00	2750	110.00
3.12	2860	114.40
3.24	2970	118.80

- (C) A Contribution Rate which falls between any two rates outlined above will produce a monthly Normal Retirement Pension amount which is proportional to the two rates which it falls.
- (D) Notwithstanding any provision in this subsection (5) to the contrary, no Participant's Accrued Benefit, as determined under this subsection (5), shall be less than his Accrued Benefit as of August 31, 1988, or if later, as of the day immediately preceding the date the Benefit Levels under paragraph (B) above were adopted by the Trustees.

(6) Determination of Contribution Rate

For purposes of subsections (4) and (5) above, and except as otherwise provided in subsection (7) below, the Normal Retirement Pension to which an individual will be entitled to at retirement will be based on the highest Contribution Rate under which he earned at least 12 months of Future Service Credit. Effective for the Plan Year beginning on January 1, 1995, and only for such Plan Year, solely for the purpose of determining the highest Contribution Rate under which a Participant whose Effective Date of Pension is before January 1, 1996 earned at least 12 months of Future Service Credit, the terms of Section 4.09 of the Plan Document, as was in effect on December 31, 1994, shall apply. Otherwise, the terms of Section 4.09 of the Plan Document, as was in effect on January 1, 1995, shall apply.

Effective July 1, 1995, notwithstanding any provision in this Section 5.02 to the contrary, no Contribution Rate increase after June 30, 1995 shall be taken into account for purposes of subsections (4) and (5) above.

(7) Except as otherwise provided in subsections (8) and (9) below:

(A) If a Participant leaves the jurisdiction of a Participating Local to work in the jurisdiction of another Participating Local which has either a higher or lower Contribution Rate, then such Participant will receive Pension Credit for employment in the other Participating Local as follows:

- (i) Less than 12 months of Future Service Credit at the higher or lower Contribution Rate: such credit shall be taken into

consideration in determining the highest Contribution Rate under subsection (6) above, but only to the extent that it does not exceed the rate contemporaneously in effect in the jurisdiction of the Participating Local that he is a member of or in whose jurisdiction he is regularly employed. Such credit shall also be counted as Future Service Credit in determining eligibility for pension benefits.

- (ii) At least 12 months but less than 60 months of Future Service Credit earned in the other jurisdiction: such credit shall be taken into consideration in determining the Participant's final pension benefit in accordance with paragraph (C) below.
  - (iii) 60 or more months of Future Service Credit in the other jurisdiction: such credit shall be taken into consideration in determining the highest Contribution Rate under subsection (4) above, unless the highest Contribution Rate at which he earns 12 months of Future Service Credit in the other jurisdiction is lower than the highest Contribution Rate at which he earned 12 months of Future Service Credit in the first jurisdiction, in which case his Benefit Level shall be determined in accordance with paragraph (C) below.
- (B) If a Participant works for Contributing Employers in the jurisdiction of the same Local Union at different Contribution Rates, he shall receive credit and his benefit shall be determined as described in subsection (6), (7), (8), or (9) of this Section 5.02(a), whichever is applicable.
- (C) If a Participant leaves the jurisdiction of a Participating Local and earns at least 12 months of Future Service Credit under one or more other participating Local Unions, then the Normal Retirement Pension to which he shall be entitled at retirement shall be based on a weighted average Contribution Rate which shall be determined as follows:
- (i) The Participant's Future Service Credit under each local agreement where he earned 12 or more months of Future Service Credit shall be determined.
  - (ii) The highest Contribution Rate at which he earned at least 12 or more months of Future Service Credit under each such local agreement shall be determined.
  - (iii) Based on the number of years in (i) above and the Contribution Rate in (ii) above, his weighted average

Contribution Rate shall be determined and then applied to his total years of Future Service Credit earned within all participating local jurisdictions.

- (iv) Past Service Credit shall be valued at the greater of the Participant's Contribution Rate in (iii) above or the highest Contribution Rate at which he first earned 12 or more months of Future Service Credit in his original Participating Local.
- (D) If a Participant works for the same Contributing Employer during the same Calendar Year in the same jurisdiction at different Contribution Rates provided for under different Collective Bargaining Agreements, the Contribution Rate for determining his benefit accrual for that Calendar Year shall be determined as follows:
- (i) If the Participant earns a full year of Future Service Credit at the highest Contribution Rate, his benefit accrual for that Calendar Year shall be based on such rate.
  - (ii) If the Participant does not earn a full year of Future Service Credit at the highest Contribution Rate, his benefit accrual for that Calendar Year shall be based on his weighted average Contribution Rate for all Hours of Work in that Calendar Year for said Contributing Employer.

Notwithstanding the provisions of this subsection (7), a Participant's Accrued Benefit shall not be less on any later date than it was on any earlier date.

- (8) Subsection (7) above shall not apply when a Participant leaves the jurisdiction of a Participating Local to work in the jurisdiction of a Participating Local:
- (A) whose Contribution Rate is not more than 0.13 (or such other differential amount as the Trustees may impose) higher or lower than the Contribution Rate of the Participating Local he left; or
  - (B) both jurisdictions are or have become jurisdictions within the same Local Union, whose Contribution Rates in both jurisdictions are identical on the Participant's Effective Date of Pension and he had earned a minimum of 12 months of Future Service Credit while such rates were identical.
- (9) Notwithstanding any provision in this Section 5.02(a) to the contrary, if a Contributing Employer becomes obligated to contribute to the Plan at a Contribution Rate that is lower than previously in effect, then the portion

of the Participant's Accrued Benefit which is attributable to employment with that Contributing Employer as of the date prior to the effective date of such lower Contribution Rate shall be frozen at the level determined by applying this Section 5.02(a) to all Pension Credit earned prior to such date. The portion of the Participant's Accrued Benefit which is attributable to employment with that Contributing Employer after the effective date of such lower Contribution Rate shall be determined under the provisions of this Section 5.02(a) without regard to any earlier employment, and shall then be aggregated with the frozen portion of the Participant's Accrued Benefit. Thus, the Participant's Accrued Benefit after the date the Contributing Employer became obligated to contribute at the lower rate shall not be less than his Accrued Benefit immediately before such date.

- (10) Effective March 1, 1987, Past Service Credit granted in accordance with Section 4.02(c)(2) of Appendix A shall be treated as if it were Future Service Credit in determining the Normal Retirement Pension payable under this Section 5.02(a), but only to the extent such period of employment is recognized as pension credit or the equivalent by the pension plan separately maintained by Sheet Metal Workers' Local Union #22, as certified by the Sheet Metal Workers' Local Union #22 pension plan in writing to the Participant and/or the Fund in a form and manner acceptable to the Trustees.

(b) Reduced Service/Vested Category

(1) Eligibility Requirements

To receive a Normal Retirement Pension under this reduced service/vested category, the Participant must:

- (A) (Reduced Service Category) have at least 15 years of Pension Credit and at least 12 months of Future Service Credit; or
- (B) (Vested Category) have attained Vested Status under Section 8.07 or have at least 10 years of Pension Credit, five of which are Future Service Credit.

(2) Amount of Normal Retirement Pension

The amount of a Participant's Normal Retirement Pension under this category shall be a percentage of the Normal Retirement Pension to which the Participant would be entitled under the full service category of Section 5.02(a) above (i.e., with 25 years of Pension Credit) determined by dividing by 25 the years and months of the Participant's Pension Credit.

- (c) For purposes of this Section 5.02 of Appendix A, the term "Benefit Level" shall mean the dollar amount of monthly pension, subject to such adjustment in



individual cases as may be required under the Plan Document (or Section 8.11 of this Appendix A), that can be provided by a given Contribution Rate in accordance with this Section 5.02.

### **Section 5.16 Contribution Rate Increases On or After October 1, 1994 but Before July 1, 1995**

The following rules shall apply if the Contribution Rate in effect on September 30, 1994 was increased on or after October 1, 1994 but before July 1, 1995:

- (a) Except as provided in paragraph (c) below, if a Participant earns Future Service Credit under a Contribution Rate that was increased between October 1, 1994 and June 30, 1995, and the increase was negotiated or allocated before October 1, 1994, then for purposes of determining the Participant's monthly Normal Retirement Pension under the table set forth in Section 5.02(a)(3)(B) of Appendix A, the Contribution Rate that will be taken into account under such table shall be the Contribution Rate in effect on June 30, 1995, subject to Section 5.02(a)(6), (7), (8) and (9) of Appendix A; provided, however, that the Benefit Levels set forth in Section 5.02(a)(3)(B) of Appendix A are applicable to the Participant.
- (b) Except as provided in paragraph (c) below, if a Participant earns Future Service Credit under a Contribution Rate that was increased between October 1, 1994 and June 30, 1995, and such Contribution Rate increase was negotiated or allocated on or after October 1, 1994 but before July 1, 1995, then for purposes of determining the Participant's monthly Normal Retirement Pension under the table set forth in Section 5.02(a)(3)(B) of Appendix A, the Contribution Rate that will be taken into account under such table shall be the Contribution Rate in effect on September 30, 1994, subject to Section 5.02(a)(6), (7), (8) and (9) of Appendix A; provided, however, that the Benefit Levels set forth in Section 5.02(a)(3)(B) of Appendix A are applicable to the Participant. Further, if any Future Service Credit is credited to such Participant for the period October 1, 1994 through June 30, 1995 under a Contribution Rate that exceeds the Required Contribution Rate in effect for such period, his monthly Normal Retirement Pension, as determined under the preceding sentence, shall be increased to reflect the Future Service Credit credited at the Excess Contribution Rate. The amount by which the Participant's monthly Normal Retirement Pension shall be increased is equal to the product of:
  - (1) the Excess Contribution Rate; times
  - (2) \$38.00 for a Participant who performed Construction Work or \$40.00 for a Participant who performed Non-Construction Work; times
  - (3) the Future Service Credit earned during the period.
- (c) Notwithstanding the foregoing or any other provision in this Section 5.16 of Appendix A, if a Contribution Rate increase was made by an Employer within the jurisdiction of Local Union #27 on or after June 1, 1995 but before July 1, 1995,

then the Contribution Rate that will be taken into account under the table set forth in Section 5.02(a)(3)(B) of Appendix A shall be the Contribution Rate in effect on September 30, 1994, and there shall be no increase in the Normal Retirement Pension for Future Service Credit credited at an Excess Contribution Rate between June 1, 1995 and July 1, 1995.

- (d) For purposes of this Section 5.16 of Appendix A, the “Required Contribution Rate” shall mean the Contribution Rate in effect on December 31, 1990 divided by twelve cents (\$0.12) and multiplied by thirteen cents (\$0.13). However, if the Employer’s Contribution Date was on or after January 1, 1991 but before July 1, 1995, the Required Contribution Rate for purposes of this Section 5.16 of Appendix A shall be the Contribution Rate in effect on the Employer’s Contribution Date.
- (e) For purposes of this Section 5.16 of Appendix A, the “Excess Contribution Rate” shall be equal to:
  - (1) the total amount of contributions the Employer(s) is/are obligated to make on behalf of the Participant on the basis of the Contribution Rate at which the Participant earned Future Service Credit during the period October 1, 1994 through June 30, 1995; minus
  - (2) the total amount of contributions that would have been required to be made on behalf of the Participant had the Participant earned all of his Future Service Credit during the period October 1, 1994 through June 30, 1995 at the Required Contribution Rate; divided by
  - (3) the Participant’s total number of Hours of Work in Covered Employment during the period October 1, 1994 through June 30, 1995.

### **Section 8.11 Limitations on Benefits**

- (a) This Section 8.11 of Appendix A sets forth the provisions for determining the limitations on the maximum permissible Annual Benefit payable to a Participant for limitation years prior to January 1, 2002. In addition to other limitations set forth in the Plan Document, and notwithstanding any other provision of the Plan Document, the Annual Benefit otherwise payable to a Participant at any time shall not exceed the maximum permissible amount set forth in subsection (d) below. If the benefit the Participant would otherwise accrue in a Plan Year would produce an Annual Benefit in excess of the maximum permissible amount, the rate of accrual will be reduced so that the Annual Benefit will equal the maximum permissible amount under subsection (d) below.
- (b) In determining the maximum permissible amount of Annual Benefits under the Plan, if a Participant has Pension Credit attributable to work performed for more than one Employer, his Annual Benefit under the Plan, and the limitations thereon, shall be determined separately with respect to each Employer. The

Annual Benefit under the Plan attributable to a particular Employer shall be equal to the total Annual Benefit under the Plan multiplied by the ratio of Pension Credit attributable to such Employer to total Pension Credit.

- (c) If the Annual Benefit payable to a Participant is not more than \$1,000 multiplied by the Participant's number of Years of Service or parts thereof (not in excess of 10 years) with the Employer, and the Employer has not maintained a defined contribution plan, a welfare benefit plan, or an individual medical account in which such Participant participated, then the limitation in subsection (a) above shall not apply.
- (d) Maximum Permissible Benefit
  - (1) The maximum permissible benefit shall be the lesser of:
    - (A) \$90,000 (as adjusted in accordance with (2) below); or
    - (B) 100% of the Participant's Highest Average Compensation (as adjusted pursuant to Section 415(d)(1)(B) of the Code and the regulations thereunder).
  - (2) Effective January 1, 1988, and each January thereafter, the dollar limitation specified in paragraph (1), above, will be automatically adjusted by multiplying such limit by the cost-of-living adjustment prescribed by the Secretary of Treasury pursuant to Section 415(d) of the Code in such a manner as the Secretary shall prescribe. The new limitation will apply to Plan Years in which the date of adjustment occurs and to Plan Years thereafter.
  - (3) If the Participant has less than 10 years of participation with the Employer, the dollar limitation specified in paragraph (1), above, is reduced by one-tenth for each Year of Participation (or part thereof) less than ten. If the Participant has less than ten Years of Service with the Employer, the Compensation limitation is reduced by one-tenth for each Year of Service (or part thereof) less than ten. Years of Service shall include future years occurring before the Participant's Normal Retirement Age. Such future years shall include the year which contains the date the Participant reaches Normal Retirement Age, only if it can be reasonably anticipated that the Participant will receive a Year of Service for such year.
  - (4) If the Annual Benefit of the Participant commences before the Participant's Social Security Retirement Age, but on or after age 62, the \$90,000 limitation (after reduction in accordance with (3) above, if necessary) shall be determined as follows:
    - (A) If a Participant's Social Security Retirement Age is 65, the \$90,000 limitation for benefits commencing on or after age 62 is

determined by reducing the \$90,000 limitation by  $\frac{5}{9}$  of one percent for each month by which benefits commence before the month in which the Participant attains age 65.

- (B) If a Participant's Social Security Retirement Age is greater than 65, the dollar limitation for benefits commencing on or after age 62 is determined by reducing the \$90,000 limitation by  $\frac{5}{12}$  of one percent for each of the additional months (up to 24 months) by which benefits commence before the month of the Participant's Social Security Age.
- (5) If the Annual Benefit of a Participant commences prior to age 62, the dollar limitation specified in paragraph (1), above, shall be the actuarial equivalent of an Annual Benefit beginning at age 62, as determined above, reduced for each month by which benefits commence before the month in which the Participant attains age 62. To determine actuarial equivalence, the interest rate assumption is the greater of the rate specified in Section 8.05 (with respect to lump-sum distributions) or 5 percent. Any decrease in the dollar limitation determined in accordance with this paragraph (5) shall not reflect the mortality decrement to the extent that benefits will not be forfeited upon the death of the Participant.
  - (6) If the Annual Benefit of a Participant commences after the Participant's Social Security Retirement Age, the \$90,000 limitation specified in paragraph (1), above, (after reduction in (3) above, if necessary) shall be adjusted so that it is the actuarial equivalent of an Annual Benefit of such dollar limitation beginning at the Participant's Social Security Retirement Age. To determine actuarial equivalence, the interest rate assumption used is the lesser of the rate as specified in Section 8.05 (with respect to lump-sum distributions) or 5 percent.
  - (7) If a Participant's Employer is an organization exempt from income tax under subtitle A of the Code, the following special rules shall apply for purposes of adjusting the \$90,000 limitation specified in paragraph (1), above, with respect to such a Participant:
    - (A) If the Annual Benefit of the Participant begins before age 62, the \$90,000 limitation (after reduction in (3) above, if necessary) shall be adjusted so that it is the actuarial equivalent of an Annual Benefit which is equivalent to such dollar limitation beginning at age 62. However, in no event shall the \$90,000 limitation be reduced below (i) \$75,000 if the Annual Benefit begins at or after age 55 or (ii) if the Annual Benefit begins before age 55, the actuarial equivalent of the \$75,000 limitation for age 55. To determine actuarial equivalence, the interest rate assumption used is the greater of the rate as specified in Section 8.05 of the Plan Document (with respect to lump-sum distributions) or 5 percent.

- (B) If the Participant's Annual Benefit begins after age 62 and before age 65, the \$90,000 limitation shall apply unadjusted.
- (C) If the Participant's Annual Benefit begins after age 65, the \$90,000 limitation shall be adjusted so that it is the actuarial equivalent of an Annual Benefit of such dollar limitation beginning at age 65. To determine actuarial equivalence in that case, the interest rate assumption shall be the rate specified in Section 8.05 of the Plan Document (with respect to lump-sum distributions) or 5 percent.

Notwithstanding the foregoing, the adjusted maximum permissible amount shall not be less than a Participant's current accrued benefit. A Participant's "current accrued benefit" is a Participant's Accrued Benefit, determined as if the Participant had separated from service as of the close of the last Plan Year beginning before January 1, 1987, when expressed as an Annual Benefit within the meaning of Section 415(b)(2) of the Code. In determining the amount of a Participant's current accrued benefit, the following shall be disregarded: (i) any change in the terms and conditions of the Plan after May 5, 1986; and (ii) any cost-of-living adjustment occurring after May 5, 1986.

- (e) This subsection (e) shall apply to any Participant who is covered, or has ever been covered, by another plan maintained by an Employer, including a qualified plan, a welfare benefit fund, or an individual medical account, or a simplified employee pension that provides an Annual Addition.
  - (1) If a Participant is, or has ever been, covered under more than one defined benefit plan maintained by an Employer, the sum of the Participant's Annual Benefits from all such plans of that Employer may not exceed the maximum permissible amount under subsection (d). For this purpose, all qualified defined benefit plans (without regard to whether a plan has been terminated) maintained by an Employer will be treated as one defined benefit plan, except that multiemployer plans (as defined in Section 414(f) of the Code), such as the Plan, shall not be aggregated with other multiemployer plans.
  - (2) For Plan Years before January 1, 2000, if an Employer maintains, or at any time maintained, one or more qualified defined contribution plans covering any Participant in this Plan, a welfare benefit fund, an individual medical account, or a simplified employee pension, the sum of the Participant's Defined Contribution Fraction and Defined Benefit Fraction, each as defined in the prior Plan, will not exceed 1.0 in any Plan Year. For purposes of this paragraph (2), all qualified defined contribution plans (without regard to whether a plan has been terminated) maintained by an Employer will be treated as one defined contribution plan, except that multiemployer plans (as defined in Section 414(f) of the Code) shall not be aggregated with other multiemployer plans.

(f) Special Definitions

For purposes of this Section 8.11 of, the following special definitions shall apply even to the extent that a different definition is provided in Article I of the Plan Document:

- (1) “Annual Benefit” shall mean: A retirement benefit under the Plan which is payable annually in the form of a straight life annuity. Except as provided below, a benefit payable in a form other than a straight life annuity must be adjusted to an actuarially equivalent straight life annuity before applying the limitations of this Section 8.11. The interest rate assumption used to determine actuarial equivalence will be the greater of the interest rate specified in Section 8.05 of the Plan Document (with respect to lump-sum distributions) or 5 percent. The Annual Benefit does not include any assets transferred from a qualified plan that was not maintained by an Employer. No actuarial adjustment to the benefit is required for (A) the value of a qualified joint and survivor annuity, (B) the value of benefits that are not directly related to retirement benefits (such as the qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (c) the value of post-retirement cost-of-living increases made in accordance with Section 415(d) of the Code and Treasury Regulation Section 1.415-3(c)(2)(iii).
- (2) “Annual Addition” shall mean: The sum of the following amounts credited to a Participant’s account for the Plan Year:
  - (A) Employer contributions;
  - (B) employee contributions;
  - (C) forfeitures;
  - (D) amounts allocated after March 31, 1984, to an individual medical account that is part of a pension or annuity plan maintained by an Employer are treated as Annual Additions to a defined contribution plan. Also, amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, that are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Section 419A(d)(3) of the Code) under a welfare benefit fund are treated as Annual Additions to a defined contribution plan; and
  - (E) allocations under simplified employee pension plan.
- (3) “Employer” shall mean: Employer shall mean a Contributing Employer and all members of a controlled group of corporations (as defined in Section 414(b) of the Code, as modified by Section 415(b) of the Code), all commonly controlled trades and businesses (as defined in Section

414(c) of the Code, as modified by Section 415(h) of the Code), or affiliated service groups (as defined in Section 414(m) of the Code) of which the Contributing Employer is a part, and any other entity required to be aggregated with the Contributing Employer pursuant to Section 414(o) of the Code.

- (4) “Highest Average Compensation” shall mean: The average Compensation for the three consecutive Years of Service with an Employer that produces the highest average.
- (5) “Projected Annual Benefit” shall mean: The Annual Benefit to which the Participant would be entitled under the Plan assuming:
  - (A) the Participant will continue employment until Normal Retirement Age (or current age, if later), and
  - (B) the Participant’s Compensation for the current Plan Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Plan Years.
- (6) “Social Security Retirement Age” shall mean: Age 65 in the case of a Participant attaining age 62 before January 1, 2000 (i.e., born before January 1, 1938), age 66 for a Participant attaining age 62 after December 31, 1999 and before January 1, 2017 (i.e., born after December 31, 1937, but before January 1, 1955) and age 67 for a Participant attaining age 62 after December 31, 2016 (i.e., born after December 31, 1954).
- (7) “Year of Participation” shall mean: The Participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each Calendar Year in which (1) he is credited with at least one month of Future Service Credit under Article 4 of the Plan Document, and (2) the Participant is included as a Participant under the Article 3 of the Plan Document) for at least one day of the Calendar Year. If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of Future Service Credit credited to the Participant for such Calendar Year. A Participant who is permanently and totally disabled within the meaning of Section 415(c)(3)(C)(i) of the Code for a Calendar Year shall receive a Year of Participation with respect to that Calendar Year. In addition, for a Participant to receive a Year of Participation (or part thereof) for a Calendar Year, the Plan must have been established no later than the last day of such Calendar Year. In no event will more than one Year of Participation be credited for any 12-month period.

(g) Miscellaneous

- (1) This Section 8.11 is intended to implement the requirements of Section 415 of the Code. In the event of any conflict between the provisions of this Section 8.11 and Section 415 of the Code, the provisions of Section 415 of the Code shall take precedence.
- (2) For purposes of applying the requirements of Section 415 of the Code, the limitation year under the Plan shall be the Plan Year. All other qualified plans maintained by an Employer must use the same limitation year as this Plan.

## **ARTICLE 9 (Appendix A). NPF COLA Benefit**

No payment is made under NPF COLA Benefit after January 1, 2008 unless the annual supplemental increase payable under the NPF COLA Benefit had been in effect 60 months before that date. This means that an annual supplemental increase (i.e., 13<sup>th</sup> check) under the NPF COLA Benefit must have been payable on the Participant's Allocation Date for 2002.<sup>2</sup> Any Participant who had not retired before December 1, 2001, and, therefore, did not receive an annual supplemental increase under the NPF COLA Benefit for the 2002 Allocation Date, will not receive any payment under the NPF COLA Benefit. A Participant who was retired and received an annual supplemental increase under the NPF COLA Benefit for the 2002 Allocation Date will continue to receive a payment under the NPF COLA Benefit, but it will not exceed the amount of the 13<sup>th</sup> check that was paid for the 2002 Allocation Date (i.e., it remains fixed at that amount). This also applies to the Participant's Beneficiary (and alternate payees). The provisions below describe how any NPF COLA Benefit that was payable on the 2002 Allocation Date was calculated and the eligibility rules that applied.

### **Section 9.01 Effective Date (prior to reduction under the Rehabilitation Plan)**

The provisions of this Article 9 generally became effective January 1, 1991, except to the extent that a different effective date is provided below in this Article 9 of Appendix A.

### **Section 9.02 NPF COLA Benefit (prior to reduction under the Rehabilitation Plan)**

The NPF COLA Benefit is an annual supplement to the monthly pension benefits provided by the Plan. The NPF COLA Benefit shall be payable on any Allocation Date to Participants and Beneficiaries who meet the eligibility rules of Section 9.03 below.<sup>3</sup>

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<sup>2</sup> Section 1.02 of the Plan Document defines the term "Allocation Date" to mean each October 31, so the Allocation Date for 2002 was October 31, 2002.

<sup>3</sup> As noted above, however, notwithstanding the provisions described in Section 9.03 through 9.05 of this Appendix A, as a result of the reductions that were made in 2008 under the Rehabilitation Plan, the NPF COLA Benefit is payable only with respect to a Participant who had retired before December 1, 2001 (and had separated from Covered Employment on or after January 1, 1991), and the amount of that COLA Benefit will not exceed the amount of the 13<sup>th</sup> check that was payable for the 2002 Allocation Date. **Those reductions were, and remain, permanent.**



**Section 9.03 Eligibility Rules for the NPF COLA Benefit (prior to reduction under the Rehabilitation Plan)**

- (a) A Participant shall be eligible to receive the NPF COLA Benefit only if the Participant meets the following requirements:
  - (1) The Participant has received pension benefits from the Plan for the twelve (12) consecutive month period ending on the Allocation Date, including any retroactive pension payments;
  - (2) The Participant is eligible to receive a pension benefit on such Allocation Date;
  - (3) The Participant has not at any time after January 1, 1991 performed any employment in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and the employer; provided, however, that, if the Participant had attained Vested Status under Section 8.07 of the Plan Document prior to the date on which he first performed such non-covered employment, this subsection (a)(3) shall not apply to the extent that it would result in a forfeiture of any part of his Accrued Benefit; and
  - (4) Effective January 1, 1995, the Participant separated from Covered Employment on or after January 1, 1991 (as determined under Article 5).
- (b) A Beneficiary (as defined in Section 1.03 of the Plan Document) shall be eligible to receive an NPF COLA Benefit only if (i) the Beneficiary meets the requirements of subsections (a)(1) and (2) above, determined as if the Beneficiary were the Participant (but including payments received by the Participant), and (ii) effective January 1, 1995, the Beneficiary's benefits are derived from a Participant who separated from Covered Employment on or after January 1, 1991 (as determined under Article 5 of the Plan Document). An eligible Beneficiary shall receive an NPF COLA Benefit in the same manner as an eligible Participant, but determined as if the amount payable to such Beneficiary had been payable since the commencement of benefits to the Participant.
- (c) In the event that a Participant is ineligible for an NPF COLA Benefit pursuant to subsection (a)(3) above, the Participant's eligibility shall be reinstated if he terminates the non-covered employment of the type described in subsection (a)(3) above and then returns to Covered Employment and earns a number of "Pension Credit" months, as that term is defined in Article 4 of the Plan Document, equal to the number of months during which he was previously employed for at least one hour in the Sheet Metal Industry at a position not covered by a collective bargaining agreement between the Union and the employer. Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not

covered by a collective bargaining agreement between the Union and the employer shall have his ineligibility waived provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.

- (d) A Participant or Employee's right to reinstatement of his entitlement of an NPF COLA Benefit pursuant to subsection (c) above shall be limited to his return to Covered Employment after being employed for at least one hour in the Sheet Metal Industry at a position not covered by a collective bargaining agreement between the Union and the employer. If the Participant or Employee then leaves Covered Employment and is again employed for at least one hour in the Sheet Metal Industry at a position not covered by a collective bargaining agreement between the Union and the employer, a subsequent return to Covered Employment shall not qualify for the remedial provisions set forth in subsection (c) above (to the extent consistent with Section 411 of the Code).

**Section 9.04 Calculation of NPF COLA Benefit (prior to reduction under the Rehabilitation Plan)**

- (a) Subject to subsection (b), (c) and (d) below, Section 9.05 below, and the limitations set forth in Section 8.11 of the Plan Document (relating to the limitations imposed by Section 415 of the Code), the amount of the NPF COLA Benefit payable to an eligible Participant or Beneficiary shall be equal to the product of:
  - (1) the amount of pension benefits, exclusive of benefits payable under this Article 9 of Appendix A, received by the eligible Participant or Beneficiary for the twelve (12) consecutive month period ending on the Allocation Date, multiplied by;
  - (2) two percent (2%), multiplied by;
  - (3) the number of whole years, measured from the Allocation Date, for which the Participant or Beneficiary has received a pension benefit from the Plan; provided that:
    - (A) years in excess of 15 shall not be taken into account, and
    - (B) for purposes of determining the amount payable to a Beneficiary, the years for which benefits were paid to the Participant from whom the Beneficiary's benefits derive shall be taken into account.
- (b) Effective for any Allocation Date before October 31, 1996, in the event that the applicable Contribution Rates of the Contributing Employers upon which the Participant's benefits are based have not been increased by at least the Required

Pension Fund Increase, or that only a portion of the Required COLA Fund Contribution Rate is applicable to such Contributing Employers, as of such Allocation Date, then the amount of the NPF COLA Benefit payable to an eligible Participant or Beneficiary on such Allocation Date shall be equal to the product of:

- (1) the amount determined under subsection (a) above, multiplied by;
  - (2) a fraction, the numerator of which is the sum of the portion of the Required Pension Fund Increase that has been made and the portion of the Required COLA Fund Contribution Rate that is applicable, and the denominator of which is the sum of the Required Pension Fund Increase and the Required COLA Fund Contribution Rate.
- (c) Effective for any Allocation Date on or after October 31, 1996, in the event that the applicable Contribution Rates of the Contributing Employers upon which the Participant's benefits are based have not been increased by at least the Required Pension Fund Increase as of such Allocation Date, then the amount of the NPF COLA Benefit payable to an eligible Participant or Beneficiary on such Allocation Date shall be equal to the product of:
- (1) the amount determined under subsection (a) above, multiplied by;
  - (2) a fraction, the numerator of which is the portion of the Required Pension Fund Increase that has been made, and the denominator of which is the Required Pension Fund Increase.
- (d) For purposes of this Section 9.04, the amount of pension benefits received by the Participant or Beneficiary for the twelve consecutive month period ending on the Allocation Date (i.e., the amount of annual pension benefits) shall be based on the amount he is receiving in accordance with the form of benefit payment elected by the Participant under the Plan, except that in the case of a Participant who has elected the Level Income Option, the amount of annual pension benefits shall be calculated by determining the annual benefit to which he was entitled before he elected said Level Income Option.
- (e) The following definitions shall apply for purposes of this Section 9.04, or whenever such defined terms are used elsewhere in this Article 9:
- (1) The term "Required Pension Fund Increase" shall mean the difference between (i) the amount of the Employer's "December 31, 1990 Contribution Rate Increment" times thirteen cents (\$0.13) and (ii) the Employer's Contribution Rate as of December 31, 1990.
  - (2) The term "December 31, 1990 Contribution Rate Increment" shall mean the Employer's Contribution Rate as of December 31, 1990, divided by twelve cents (\$0.12).

- (3) The term “Required COLA Fund Contribution Rate” shall mean the amount required to be contributed to the Sheet Metal Workers’ National COLA Fund by the Contributing Employers upon which the benefits payable to the Participant under the Sheet Metal Workers’ National COLA Fund are predicated.
- (f) Notwithstanding the other provisions of this Section 9.04, effective August 1, 2001, the amount of any NPF COLA Benefit, determined under this Article 9, payable to an eligible Participant who retires on a 55/30 Pension, or payable to an eligible Beneficiary with respect to a Participant who retired on a 55/30 Pension, shall be determined as if the amount of the Participant’s benefit was determined under the Special Early Retirement Pension, as described in Section 5.07 of the Plan Document (formerly Section 5.05 of the Plan Document), rather than under the provisions of Section 5.09 of the Plan Document (formerly Section 5.06 of the Plan Document).

#### **Section 9.05 NPF COLA Benefit After June 30, 1995 (prior to reduction under the Rehabilitation Plan)**

Effective July 1, 1995, notwithstanding any provision in the Plan Document to the contrary, no NPF COLA Benefit shall be payable with respect to any pension benefits accrued after June 30, 1995. In calculating the amount of the NPF COLA Benefit payable under Section 9.04 above, only the amount of pension benefits (exclusive of benefits payable under this Article) which accrued prior to July 1, 1995 (i.e., the amount of such pension benefits that is determined on the basis of Pension Credit credited on or before June 30, 1995) shall be taken into account. For purposes of determining the NPF COLA Benefit under this Article 9, each Participant’s pension benefit (exclusive of benefits payable under this Article) under the Plan shall be frozen as of June 30, 1995, and the amount of the NPF COLA Benefit payable to an eligible Participant or Beneficiary on any Allocation Date commencing after July 1, 1995 shall be calculated only on the basis of such frozen pension benefit (i.e., the portion of the pension benefit, other than benefits payable in accordance with this Article 9, which accrued prior to July 1, 1995). Pension benefits accrued after June 30, 1995 shall not be taken into account for purposes of calculating an eligible Participant’s or Beneficiary’s NPF COLA Benefit under Section 9.04 above.

#### **Section 9.06 Ad Hoc COLA**

- (a) Generally<sup>4</sup>

Effective for Plan Years beginning on or after January 1, 1995 [*but before January 1, 2002*], from time to time, the Trustees may, but need not, provide an Ad Hoc COLA payment for a Plan Year [*before the 2002 Plan Year*] to designated Participants and Beneficiaries by amending this Section 9.06 to

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<sup>4</sup> The italicized text was not in the original text of Section 9.06(a) of the Plan Document. The italicized text reflects the fact that 2001 was the last time Section 9.06 of the Plan Document was amended to provide an Ad Hoc COLA payment, and none will be made in the future.

provide an Ad Hoc COLA for such Plan Year; provided, that any such Ad Hoc COLA shall be payable only with respect to Participants who separated from Covered Employment before January 1, 1991 (as determined under Article 5). Whether this Section 9.06 will be amended to provide an Ad Hoc COLA payment for any particular Plan Year, and the amount and terms of any such Ad Hoc COLA payment, shall be determined by the Trustees in their sole discretion.

Any Ad Hoc COLA paid for a Plan Year shall be a gratuitous supplement to a benefit already accrued, and shall not be treated as part of the pension benefit received by the Participant or Beneficiary for such Plan Year (except to the extent required by Section 415 of the Code). Given the nature of an Ad Hoc COLA payment, no Participant or Beneficiary should have any expectation of receiving an Ad Hoc COLA payment during any particular Plan Year. Further, if this Section 9.06 is amended in substantially consecutive Plan Years to provide an Ad Hoc COLA payment for such Plan Years, it should not give rise to an expectation by a Participant or Beneficiary that the Plan Document will be amended in any subsequent Plan Year to provide an Ad Hoc COLA payment. Any Ad Hoc COLA paid pursuant to this Section 9.06 is not part of a Participant's or Beneficiary's annual pension benefit commencing at Normal Retirement Age, nor is it a part of any pension or retirement benefit to which a Participant or Beneficiary may be entitled to under the Plan. Therefore, any Ad Hoc COLA payment made under this Section 9.06 shall not be treated as a part of a Participant's or Beneficiary's Accrued Benefit, as an early retirement benefit and/or a retirement-type subsidy (as described in Code Section 411(d)(6)(B)(i)) or an optional form of benefit (as described in Code Section 411(d)(6)(B)(ii)).

*[Subsections (b) through (g) below describe the Ad Hoc COLA amendments for the 1995 Plan Year and certain other Plan Years thereafter. The last such amendment was for the 2001 Plan Year].*

(b) 1995 Ad Hoc COLA Payment

(1) Effective October 31, 1995, subject to the limitations set forth in Section 8.11 of the Plan Document (relating to the limitations set forth in Section 415 of the Code), an Ad Hoc COLA shall be paid for the Plan Year ending December 31, 1995 ("1995 Ad Hoc COLA") to each Eligible Participant and Eligible Beneficiary in an amount equal to the product of:

(A) The amount of pension benefits received by the Eligible Participant or Eligible Beneficiary from the Plan for the twelve (12) consecutive month period ending on October 31, 1995 (the "annual pension benefit"), multiplied by;

(B) Five percent (5%).

In calculating the 1995 Ad Hoc COLA payment, the amount of the annual pension benefit received by an Eligible Participant or Eligible Beneficiary shall be

based on the amount he received under the form of benefit payment elected by the Eligible Participant under the Plan Document, except that in the case of an Eligible Participant who elected the Level Income Option, the amount of the annual pension benefit shall be calculated by determining the annual pension benefit to which he was entitled before he elected said Level Income Option. In no event shall any COLA payment be treated as a pension benefit for purposes of determining an Eligible Participant's or Eligible Beneficiary's annual pension benefit under the Plan Document.

- (2) For purposes of this Section 9.06(b), the term "Eligible Participant" shall mean a Participant who:
  - (A) Received pension benefits from the Plan for the twelve (12) consecutive month period ending on October 31, 1995 and is eligible to receive a pension benefit on October 31, 1995;
  - (B) Retired from an area within the jurisdiction of a Participating Local whose Collective Bargaining Agreement (i) required signatory Employers to increase their Contribution Rates on or before October 31, 1995 by at least the Required Pension Fund Increase, and (ii) required signatory Employers to contribute to the Sheet Metal Workers' National COLA Fund at the Required COLA Fund Rate;
  - (C) Separated from Covered Employment prior to January 1, 1991 (as determined under Article 5 of the Plan Document); and
  - (D) Did not at any time after his Contribution Date perform any work in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and the employer.
- (3) For purposes of this Section 9.06(b), the term "Eligible Beneficiary" shall mean a Beneficiary (as defined in Section 1.03 of the Plan Document) who meets the requirements of (A) and (B) in subsection (b)(2) above, determined as if the Beneficiary were the Participant (but including pension payments received by the Participant), and whose benefits are derived from a Participant who separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document).
- (4) Notwithstanding any provision in this subsection (b) to the contrary, if a Participant (i) died after November 1, 1994 but before October 31, 1995, (ii) separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document), (iii) elected a form of pension benefit that does not continue after his death, and (iv) met the definition of "Eligible Participant" in subsection (b)(2) above (to the extent possible) on the date of his death, then a 1995 Ad Hoc COLA shall

be payable in an amount equal to five percent (5%) times the amount of pension benefits received from the Plan during the period November 1, 1994 through the date of his death. Such 1995 Ad Hoc COLA shall be paid as follows:

- (A) to the Participant's spouse;
- (B) if no spouse survives the Participant, to his children; or
- (C) if no children survive the Participant, to his parents.

If none of those persons survive the Participant, no 1995 Ad Hoc COLA shall be paid. This subsection (b)(4) shall also apply in the event of the death of a Beneficiary (as defined in Section 1.03 of the Plan Document) who met the definition of an Eligible Beneficiary under subsection (b)(3) above (to the extent possible) on the date of his death and who has a pension benefit that does not continue after the Beneficiary's death.

- (5) Notwithstanding any provision in this subsection (b) to the contrary, if a Participant or Beneficiary (as defined in Section 1.03 of the Plan Document) would have met the definition of an Eligible Participant or Eligible Beneficiary but for the requirement of subsection (b)(2)(B) above, such Participant or Beneficiary shall be eligible to receive a 1995 Ad Hoc COLA payment in an amount equal to:

- (A) the amount determined under subsection (b)(1) above, multiplied by;
- (B) a fraction, the numerator of which is the sum of the portion of the Required Pension Fund Increase that has been made as of October 31, 1995 and the portion of the Required COLA Fund Contribution Rate that is applicable, and the denominator of which is the sum of the Required Pension Fund Increase and the Required COLA Fund Contribution Rate.

This subsection (b)(5) shall also apply for purposes of subsection (b)(4) above.

(c) 1996 Ad Hoc COLA Payment

- (1) Effective October 31, 1996, subject to the limitations set forth in Section 8.11 of the Plan Document (relating to the limitations imposed by Section 415 of the Code), an Ad Hoc COLA shall be paid for the Plan Year ending December 31, 1996 to each Eligible Participant and Eligible Beneficiary in an amount equal to the product of:

- (A) The amount of pension benefits received by the Eligible Participant or Eligible Beneficiary from the Plan for the twelve (12)

consecutive month period ending on October 31, 1996 (the “annual pension benefit”), multiplied by;

- (B) Eight percent (8%).

In calculating the amount of the 1996 Ad Hoc COLA payment, the amount of the annual pension benefit received by an Eligible Participant or Eligible Beneficiary shall be based on the amount he received under the form of benefit payment elected by the Eligible Participant under the Plan Document, except that in the case of an Eligible Participant who elected the Level Income Option, the amount of the annual pension benefit shall be calculated by determining the annual pension benefit to which he was entitled before he elected said Level Income Option. In no event shall any COLA payment be treated as a pension benefit for purposes of determining an Eligible Participant’s or Eligible Beneficiary’s annual pension benefit under the Plan Document.

- (2) For purposes of this Section 9.06(c), the term “Eligible Participant” shall mean a Participant who:
  - (A) Received pension benefits from the Plan for the twelve (12) consecutive month period ending on October 31, 1996 and is eligible to receive a pension benefit on October 31, 1996;
  - (B) Retired from an area within the jurisdiction of a Participating Local whose Collective Bargaining Agreement required signatory Employers to increase their Contribution Rates on or before October 31, 1996 by at least the Required Pension Fund Increase;
  - (C) Separated from Covered Employment prior to January 1, 1991 (as determined under Article 5 of the Plan Document); and
  - (D) Did not at any time after his Contribution Date perform any work in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and the employer.
- (3) For purposes of this Section 9.06(c), the term “Eligible Beneficiary” shall mean a Beneficiary (as defined in Section 1.03 of the Plan Document) who meets the requirements of (A) and (B) in subsection (c)(2) above, determined as if the Beneficiary were the Participant (but including pension payments received by the Participant), and whose benefits are derived from a Participant who separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document).
- (4) Notwithstanding any provision in this subsection (c) to the contrary, if a Participant (i) died after November 1, 1995 but before October 31, 1996, (ii) separated from Covered Employment before January 1, 1991 (as



determined under Article 5 of the Plan Document), (iii) elected a form of pension benefit that does not continue after his death, and (iv) met the definition of "Eligible Participant" (to the extent possible) on the date of his death, then a 1996 Ad Hoc COLA shall be payable in an amount equal to eight percent (8%) times the amount of pension benefits received from the Plan by the Participant during the period November 1, 1995 through the date of his death. Such 1996 Ad Hoc COLA shall be paid as follows:

- (A) to the Participant's spouse;
- (B) if no spouse survives the Participant, to his children; or
- (C) if no children survive the Participant, to his parents.

If none of those persons survive the Participant, no 1996 Ad Hoc COLA shall be paid. This subsection (c)(4) shall also apply in the event of the death of a Beneficiary (as defined in Section 1.03 of the Plan Document) who met the definition of an Eligible Beneficiary (to the extent possible) on the date of his death and who has a pension benefit that does not continue after the Beneficiary's death.

- (5) Notwithstanding any provision in this subsection (c) to the contrary, if a Participant or Beneficiary (as defined in Section 1.03 of the Plan Document) would have met the definition of an Eligible Participant or Eligible Beneficiary but for the requirement of subsection (c)(2)(B) above, such Participant or Beneficiary shall be eligible to receive a 1996 Ad Hoc COLA payment in an amount equal to:

- (A) the amount determined under subsection (c)(1) above, multiplied by;
- (B) a fraction, the numerator of which is the portion of the Required Pension Fund Increase that has been made, and the denominator of which is the Required Pension Fund Increase.

This subsection (c)(5) shall also apply for purposes of subsection (c)(4) above.

(d) 1998 Ad Hoc COLA Payment

- (1) Effective October 31, 1998, subject to the limitations set forth in Section 8.11 of the Plan Document (relating to the limitations imposed by Section 415 of the Code), an Ad Hoc COLA shall be paid for the Plan Year ending December 31, 1998 to each Eligible Participant and Eligible Beneficiary in an amount equal to the product of:

- (A) the amount of pension benefits received by the Eligible Participant or Eligible Beneficiary from the Plan for the twelve (12)

consecutive month period ending on October 31, 1998 (the “annual pension benefit”), multiplied by;

(B) 0.026 (2.6%).

In calculating the 1998 Ad Hoc COLA payment, the amount of the annual pension benefit received by an Eligible Participant or Eligible Beneficiary shall be based on the amount he received under the form of benefit payment elected by the Eligible Participant under the Plan Document, except that in the case of an Eligible Participant who elected the Level Income Option, the amount of the annual pension benefit shall be calculated by determining the annual pension benefit to which he was entitled before he elected said Level Income Option. In no event shall any COLA payment be treated as part of an Eligible Participant’s or Eligible Beneficiary’s annual pension benefit for purposes of this Section 9.06(d).

(2) For purposes of this Section 9.06(d), the term “Eligible Participant” shall mean a Participant who:

(A) received pension benefits from the Plan for the twelve (12) consecutive month period ending on October 31, 1998 and is eligible to receive a pension benefit on October 31, 1998;

(B) retired from an area within the jurisdiction of a Participating Local whose Collective Bargaining Agreement required signatory Employers to increase their Contribution Rates by at least the Required Pension Fund Increase;

(C) separated from Covered Employment prior to January 1, 1991 (as determined under Article 5 of the Plan Document); and

(D) did not at any time after his Contribution Date perform any work in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and his Employer.

(3) For purposes of this Section 9.06(d), the term “Eligible Beneficiary” shall mean a Beneficiary (as defined in Section 1.03 of the Plan Document) who satisfies the requirements of (A) and (B) in subsection (d)(2) above, determined as if the Beneficiary were the Participant (but including pension payments received by the Participant), and whose benefits under the Plan are derived from a Participant who separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document).

(4) If a Participant (i) died after November 1, 1997 but before October 31, 1998, (ii) separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document), (iii) elected a form of pension benefit that does not continue after his death, and (iv) met the

definition of “Eligible Participant” (to the extent possible) on the date of his death, then a 1998 Ad Hoc COLA shall be payable in an amount equal to 0.026 (2.6%) times the amount of pension benefits received from the Plan by the Participant during the period November 1, 1997 through the date of his death. Such 1998 Ad Hoc COLA shall be paid as follows:

- (A) to the Participant’s spouse;
- (B) if no spouse survives the Participant, to his children; or
- (C) if no children survive the Participant, to his parents.

If none of those persons survive the Participant, no 1998 Ad Hoc COLA shall be paid. This subsection (d)(4) shall also apply in the event of the death of a Beneficiary (as defined in Section 1.03 of the Plan Document) who met the definition of an “Eligible Beneficiary” (to the extent possible) on the date of his death and who has a pension benefit that does not continue after the Beneficiary’s death.

- (5) If a Participant or Beneficiary (as defined in Section 1.03 of the Plan Document) would have met the definition of an “Eligible Participant” or “Eligible Beneficiary” but for the requirement of subsection (d)(2)(B) above, such Participant or Beneficiary shall be entitled to receive a 1998 Ad Hoc COLA payment in an amount equal to:
  - (A) the amount determined under subsection (d)(1) above, multiplied by
  - (B) a fraction, the numerator of which is the portion of the Required Pension Fund Increase that has been made, and the denominator of which is the Required Pension Fund Increase.

This subsection (d) (5) shall also apply for purposes of subsection (d)(4) above.

(e) 1999 Ad Hoc COLA Payment

- (1) Effective October 31, 1999, subject to the limitations set forth in Section 8.11 of the Plan Document (relating to the limitations imposed by Section 415 of the Code), an Ad Hoc COLA shall be paid for the Plan Year ending December 31, 1999 to each Eligible Participant and Eligible Beneficiary in an amount equal to the product of:
  - (A) the amount of pension benefits received by the Eligible Participant or Eligible Beneficiary from the Plan for the twelve (12) consecutive month period ending on October 31, 1999 (the “annual pension benefit”), multiplied by;

(B) 0.094 (9.4%)

In calculating the 1999 Ad Hoc COLA payment, the amount of the annual pension benefit received by an Eligible Participant or Eligible Beneficiary shall be based on the amount he received under the form of benefit payment elected by the Eligible Participant under the Plan Document, except that in the case of an Eligible Participant who elected the Level Income Option, the amount of the annual pension benefit shall be calculated by determining the annual pension benefit to which he was entitled before he elected said Level Income Option. In no event shall any COLA payment be treated as part of an Eligible Participant's or Eligible Beneficiary's annual pension benefit for purposes of this Section 9.06(e).

- (2) For purposes of this Section 9.06(e), the term "Eligible Participant" shall mean a Participant who:
- (A) received pension benefits from the Plan for the twelve (12) consecutive month period ending on October 31, 1999 and is eligible to receive a pension benefit on October 31, 1999;
  - (B) retired from an area within the jurisdiction of a Participating Local whose Collective Bargaining Agreement required signatory Employers to increase their Contribution Rates by at least the Required Pension Fund Increase;
  - (C) separated from Covered Employment prior to January 1, 1991 (as determined under Article 5 of the Plan Document); and
  - (D) did not at any time after his Contribution Date perform any work in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and his employer.
- (3) For purposes of this Section 9.06(e), the term "Eligible Beneficiary" shall mean a Beneficiary (as defined in Section 1.03 of the Plan Document) who satisfies the requirements of (A) and (B) in subsection (e)(2) above, determined as if the Beneficiary were the Participant (but including pension payments received by the Participant), and whose benefits under the Plan are derived from a Participant who separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document).
- (4) If a Participant (i) died after November 1, 1998 but before October 31, 1999, (ii) separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document), (iii) elected a form of pension benefit that does not continue after his death, and (iv) met the definition of "Eligible Participant" (to the extent possible) on the date of his death, then a 1999 Ad Hoc COLA shall be payable in an amount equal to 0.094 (9.4%) times the amount of pension benefits received from the

Plan by the Participant during the period November 1, 1998 through the date of his death. Such 1999 Ad Hoc COLA shall be paid as follows:

- (A) to the Participant's spouse;
- (B) if no spouse survives the Participant, to his children; or
- (C) if no children survive the Participant, to his parents.

If none of these persons survive the Participant, no 1999 Ad Hoc COLA shall be paid. This subsection (e)(4) shall also apply in the event of the death of a Beneficiary (as defined in Section 1.03 of the Plan Document) who met the definition of an "Eligible Beneficiary" (to the extent possible) on the date of his death and who has a pension benefit that does not continue after the Beneficiary's death.

- (5) If a Participant or Beneficiary (as defined in Section 1.03 of the Plan Document) would have met the definition of an "Eligible Participant" or "Eligible Beneficiary" but for the requirement of subsection (e)(2)(B) above, such Participant or Beneficiary shall be entitled to receive a 1999 Ad Hoc COLA payment in an amount equal to:
  - (A) the amount determined under subsection (e)(1) above, multiplied by;
  - (B) a fraction, the numerator of which is the portion of the Required Pension Fund Increase that has been made, and the denominator of which is the Required Pension Fund Increase.

This subsection (e)(5) shall also apply for purposes of subsection (e)(4) above.

(f) 2000 Ad Hoc COLA Payment

- (1) Effective October 31, 2000, subject to the limitations set forth in Section 8.11 of the Plan Document (relating to the limitations imposed by Section 415 of the Code), an Ad Hoc COLA shall be paid for the Plan Year ending December 31, 2000 to each Eligible Participant and Eligible Beneficiary in an amount equal to the product of:
  - (A) the amount of pension benefits received by the Eligible Participant or Eligible Beneficiary from the Plan for the twelve (12) consecutive month period ending on October 31, 2000 (the "annual pension benefit"), multiplied by;
  - (B) 0.04 (4%).

Notwithstanding the foregoing, the 2000 Ad Hoc COLA payment to any individual shall not be less than the minimum dollar amount of \$25.00 and shall not exceed the maximum dollar amount of \$200.00.

In calculating the 2000 Ad Hoc COLA payment, the amount of the annual pension benefit received by an Eligible Participant or Eligible Beneficiary shall be based on the amount he received under the form of benefit payment elected by the Eligible Participant under the Plan Document, except that in the case of an Eligible Participant who elected the Level Income Option, the amount of the annual pension benefit shall be calculated by determining the annual pension benefit to which he was entitled before he elected said Level Income Option. In no event shall any COLA payment be treated as part of an Eligible Participant's or Eligible Beneficiary's annual pension benefit for purposes of this Section 9.06(f).

- (2) For purposes of this Section 9.06(f), the term "Eligible Participant" shall mean a Participant who:
  - (A) received pension benefits from the Plan for the twelve (12) consecutive month period ending on October 31, 2000 and is eligible to receive a pension benefit on October 31, 2000;
  - (B) retired from an area within the jurisdiction of a Participating Local whose Collective Bargaining Agreement required signatory employers to increase their Contribution Rates by at least the Required Pension Fund Increase;
  - (C) separated from Covered Employment prior to January 1, 1991 (as determined under Article 5 of the Plan Document); and
  - (D) did not at any time after his Contribution Date perform any work in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and his employer.
- (3) For purposes of this Section 9.06(f), the term "Eligible Beneficiary" shall mean a Beneficiary (as defined in Section 1.03 of the Plan Document) who satisfies the requirements of (A) and (B) in subsection (f)(2) above, determined as if the Beneficiary were the Participant (but including pension payments received by the Participant), and whose benefits under the Plan are derived from a Participant who separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document).
- (4) If a Participant (i) died after November 1, 1999 but before October 31, 2000, (ii) separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document), (iii) elected a form of

benefit that does not continue after his death, and (iv) met the definition of “Eligible Participant” (to the extent possible) on the date of his death, then a 2000 Ad Hoc COLA shall be payable in an amount equal to 0.04 (4%), times the amount of pension benefits received from the Plan by the Participant during the period November 1, 1999 through the date of his death but subject to a minimum dollar amount of \$25.00 and a maximum dollar amount of \$200.00. Such 2000 Ad Hoc COLA shall be paid as follows:

- (A) the Participant’s spouse;
- (B) if no spouse survives the Participant, to his children; or
- (C) if no children survive the Participant, to his parents.

If none of these persons survive the Participant, no 2000 Ad Hoc COLA shall be paid. This subsection (f)(4) shall also apply in the event of the death of a Beneficiary (as defined in Section 1.03 of the Plan Document) who met the definition of an “Eligible Beneficiary” (to the extent possible) on the date of this death and who has a pension benefit that does not continue after the Beneficiary’s death.

- (5) If a Participant or Beneficiary (as defined in Section 1.03 of the Plan Document), would have met the definition of an “Eligible Participant” or “Eligible Beneficiary” but for the requirement of subsection (f)(2)(B) above, such Participant or Beneficiary shall be entitled to receive a 2000 Ad Hoc COLA payment in an amount equal to:

- (A) the amount determined under subsection (f)(1) above, multiplied by;
- (B) a fraction, the numerator of which is the portion of the Required Pension Fund Increase that has been made, and the denominator of which is the Required Pension Fund Increase.

This subsection (f)(5) shall also apply for purposes of subsection (f)(4) above.

(g) 2001 Ad Hoc COLA Payment

- (1) Effective October 31, 2001, subject to the limitations set forth in Section 8.11 of the Plan document (relating to the limitations imposed by Section 415 of the Code), an Ad Hoc COLA shall be paid for the Plan Year ending December 31, 2001 to each Eligible Participant and Eligible Beneficiary in an amount equal to the product of:

- (A) the amount of pension benefits received by the Eligible Participant or Eligible Beneficiary from the Plan for the twelve (12) consecutive month period ending on October 31, 2001 (the “annual pension benefit”), multiplied by;
- (B) 0.01 (1%).

Notwithstanding the foregoing, the 2001 Ad Hoc COLA payment to any individual shall not be less than the minimum dollar amount of \$25.00.

In calculating the 2001 Ad Hoc COLA payment, the amount of the annual pension benefit received by an Eligible Participant or Eligible Beneficiary shall be based on the amount he received under the form of benefit payment elected by the Eligible Participant under the Plan Document, except that in the case of an Eligible Participant who elected the Level Income Option, the amount of the annual pension benefit shall be calculated by determining the annual pension benefit to which he was entitled before he elected said Level Income Option. In no event shall any COLA payment be treated as part of an Eligible Participant’s or Eligible Beneficiary’s annual pension benefit for purposes of this Section 9.06(g).

- (2) For purposes of this Section 9.06(g), the term “Eligible Participant” shall mean a Participant who:
  - (A) received pension benefits from the Plan for the twelve (12) consecutive month period ending on October 31, 2001 and is eligible to receive a pension benefit on October 31, 2001;
  - (B) retired from an area within the jurisdiction of a Participating Local whose Collective Bargaining Agreement required signatory employers to increase their Contribution Rates by at least the Required Pension Fund Increase;
  - (C) separated from Covered Employment prior to January 1, 1991 (as determined under Article 5 of the Plan Document); and
  - (D) did not at any time after his Contribution Date perform any work in the Sheet Metal Industry that was not covered by a collective bargaining agreement between the Union and his employer.
- (3) For purposes of this Section 9.06(g), the term “Eligible Beneficiary” shall mean a Beneficiary (as defined in Section 1.03 of the Plan Document) who satisfies the requirements of (A) and (B) in subsection (g)(2) above, determined as if the Beneficiary were the Participant (but including pension payments received by the Participant), and whose benefits under the Plan are derived from a Participant who separated from Covered



Employment before January 1, 1991 (as determined under Article 5 of the Plan Document).

- (4) If a Participant (i) died after November 1, 2000 but before October 31, 2001, (ii) separated from Covered Employment before January 1, 1991 (as determined under Article 5 of the Plan Document), (iii) elected a form of benefit that does not continue after his death, and (iv) met the definition of “Eligible Participant” (to the extent possible) on the date of his death, then a 2001 Ad Hoc COLA shall be payable in an amount equal to 0.01 (1%), times the amount of pension benefits received from the Plan by the Participant during the period November 1, 2000 through the date of his death, but subject to a minimum dollar amount of \$25.00. Such 2001 Ad Hoc COLA shall be paid as follows:
- (A) to the Participant’s spouse;
  - (B) if no spouse survives the Participant, to his children; or
  - (C) if no children survive the Participant, to his parents.

If none of these persons survive the Participant, no 2001 Ad Hoc COLA shall be paid. This subsection (g)(4) shall also apply in the event of the death of a Beneficiary (as defined in Section 1.03 of the Plan Document) who met the definition of an “Eligible Beneficiary” (to the extent possible) on the date of this death and who has a pension benefit that does not continue after the Beneficiary’s death.

- (5) If a Participant or Beneficiary (as defined in Section 1.03 of the Plan Document), would have met the definition of an “Eligible Participant” or “Eligible Beneficiary” but for the requirement of subsection (g)(2)(B) above, such Participant or Beneficiary shall be entitled to receive a 2001 Ad Hoc COLA payment in an amount equal to:
- (A) the amount determined under subsection (g)(1) above, multiplied by;
  - (B) a fraction, the numerator of which is the portion of the Required Pension Fund Increase that has been made, and the denominator of which is the Required Pension Fund Increase.

This subsection (g)(5) shall also apply for purposes of subsection (g)(4) above.

### **Prior Plan Provision from Article 16**

The following provisions previously appeared in Article 16 of the Plan Document and have been reproduced below for historical purposes:

#### **Former Section 16.03 (d)**

Notwithstanding the provision of Section 16.03(c), effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a Collective Bargaining Agreement between the Union and the employer shall have his ineligibility waived provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.

#### **Former Section 16.04(c)**

Notwithstanding the foregoing, effective January 1, 2003, an Employee or Participant who returns to Covered Employment after working in the Sheet Metal Industry in a position not covered by a Collective Bargaining Agreement between the Union and the employer shall have his ineligibility waived provided he (1) terminates the non-covered employment, (2) returns to Covered Employment between January 1, 2002 and December 31, 2004, and (3) thereafter earns at least twelve (12) months of Future Service Credit.

## **APPENDIX B – PLANS THAT HAVE MERGED WITH THE FUND**

The following pension plans have merged with the Fund. All Pension Credit earned by Participants under these plans has been transferred to the Fund. The obligation to pay pension benefit payments to eligible Participants under these plans has been assumed by the Fund. The agreements merging the following plans into the Fund may contain provisions that supersede the generally applicable provisions of the document governing the Fund.

Sheet Metal Workers Local #1 Pension Fund (Peoria, IL) - merged 9/ 67  
Mo-Kan Sheet Metal Workers Pension Fund (Kansas City & St. Joseph, MO) - merged 11/74  
Sheet Metal Workers Local Union No. 10 Pension Fund (Northern New Jersey) - merged 12/87  
Sheet Metal Workers Local Union No. 11 Pension Fund (New Orleans, LA) - merged 1/1/92  
Sheet Metal Workers Local Union No. 12 Pension Fund (Pittsburgh, PA) - merged 9/89  
Sheet Metal Workers Local Union No. 13 Pension Fund (Hackensack, NJ) - merged 1/83  
Sheet Metal Workers Local Union No. 17 Pension Fund (Boston, MA) - merged 4/89  
Sheet Metal Workers Union No 17 Pension Fund of Rhode Island - merged 4/1/90  
Milwaukee Sheet Metal Workers Pension Fund (Milwaukee, WI) - merged 5/87  
Sheet Metal Workers Local Union No. 20 Pension Fund (New Brunswick, NJ) - merged 10/87  
Sheet Metal Workers Local Union No. 28 Pension Fund (New York, NY) - merged 3/82  
Sheet Metal Workers Local Union No. 38 Pension Fund (Peekskill, NY) - merged 7/89  
Sheet Metal Workers Local Union No. 38-CT Pension Fund (Western CT) – merged 1/99  
Atlantic City Roofers and Sheet Metal Workers Pension Fund (Atlantic City, NJ) - merged 1/77  
Sheet Metal Workers Local Union No. 48 Pension Fund (Birmingham, AL) - merged 7/82  
Sheet Metal Workers Local No. 49 Pension Fund (Albuquerque, NM) - merged 11/1/90  
Sheet Metal Workers Local Union No. 54 Pension Fund (Houston, TX) merged 4/89  
Sheet Metal Workers Local Union No. 55 Pension Fund (Mineola, NY) - merged 1/84  
Sheet Metal Workers Local Union No. 57 Pension Fund (Tampa, FL) - merged 2/68  
Sheet Metal Workers Local Union No. 58 Pension Fund (Syracuse, NY) - merged 7/82  
Sheet Metal Workers No. 63 Pension Fund (Western MA) - merged 6/87  
Sheet Metal Workers Local Union No. 83 Pension Fund (Albany, NY) - merged 5/82  
Sheet Metal Workers Local 99 Pension Fund (Seattle, WA) - merged 4/72  
Sheet Metal Workers Local Union No. 100 Pension Fund (Richmond, VA) - merged 10/88  
Sheet Metal Workers Local Union No. 110 Pension Fund (Louisville, KY) - merged 3/88  
Trenton Roofers and Sheet Metal Workers Pension Fund (Trenton, NJ) - merged 5/80  
Sheet Metal Workers Local Union No. 115 Pension Fund (Chicago, IL) - merged 6/88  
Sheet Metal Workers Local Union No. 122 Pension Fund (Baltimore, MD) - merged 5/80  
Sheet Metal Workers Local Union No. 130 Pension Fund (W. Palm Beach, FL) - merged 1/69  
Sheet Metal Workers Local Union No. 133 Pension Fund (Decatur, IL) - merged 8/71  
Sheet Metal Workers Local Union No. 137 Pension Fund (New York, NY) - merged 7/89  
Sheet Metal Workers Local Union No. 141 Pension Fund (Cincinnati, OH) - merged 11/88  
Washington Sheet Metal Workers Pension Fund (Tacoma, WA) - merged 6/87  
Sheet Metal Workers Local Union No. 172 Pension Fund (Northern NJ) - merged 4/86  
Sheet Metal Workers Local Union No. 238 Pension Fund (Charlotte, NC) - merged 4/74  
White Mop Wringer Pension Plan for Local No. 417 (Fultonville, NY) - merged 7/94  
Sheet Metal Workers Local 501 Pension Fund (New Bedford, MA) - merged 10/90

**APPENDIX C TO PLAN DOCUMENT**

(EIN/PLN 52-6112463/001)

FUNDING IMPROVEMENT PLAN(S)/SCHEDULE(S) AND REHABILITATION  
PLAN(S)/SCHEDULE(S) FOR SHEET METAL WORKERS' NATIONAL  
PENSION FUND

(EIN/PLN 52-6112463/001)

**UPDATED FUNDING IMPROVEMENT PLAN AND FUNDING POLICY FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)  
(UPDATED AS OF APRIL 2019)**

**INTRODUCTION**

This updated Funding Improvement Plan ("FIP") for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") is effective January 1, 2019, and reflects all updates adopted by the NPF's Board of Trustees ("Trustees" or "Plan Sponsor") through April of 2019. The Trustees first adopted the FIP in February 2014 (effective as of March 1, 2014), and have updated the FIP from time to time since that date. This update reflects changes made to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended ("Code") by the Multiemployer Pension Reform Act of 2014 ("MPRA"), and takes into account the start of the NPF's funding improvement period.<sup>1</sup> The FIP (as updated from time to time) serves as the Funding Policy adopted by the Trustees, and will continue to do so until the Fund has ceased to be in Endangered Status.

In 2014, the Fund's actuary certified that the NPF had emerged from Critical Status and was in Endangered Status for the 2014 Plan Year.<sup>2</sup> The Fund's actuary subsequently certified that the Fund was in Endangered Status for subsequent Plan Years. It is expected that the Fund will remain in Endangered Status. The assumptions that the NPF's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relies upon to develop and modify this FIP are described in (or in an exhibit to) the annual certification of the NPF's funded status, which the NPF's actuary prepares and files.<sup>3</sup>

Each capitalized term in this FIP and the attached FIP Schedule has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or the context requires otherwise. Also, any reference to the term "Participant" in the FIP or FIP Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless the context requires otherwise. All gender references are for convenience only and include the opposite gender. Any reference to the term "Collective Bargaining Agreement" (or "CBA") in this FIP or the FIP Schedule shall be deemed to include a reference to any other agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers and Local Unions (or similar parties who maintain the NPF) are referred to in this FIP and the FIP Schedule as the "bargaining parties" (or individually, as a "bargaining party"). As applicable, any reference to the term "pension" in this FIP or the FIP Schedule shall be deemed to include a reference to the term "disability benefit," unless otherwise indicated or the context requires otherwise.

**BENCHMARKS AND GENERAL DESCRIPTION OF THE FIP SCHEDULE**

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<sup>1</sup> The "funding improvement period" is the 10-year period beginning on January 1, 2017.

<sup>2</sup> The terms "Critical Status" and "Endangered Status" shall have the same meaning given such terms in ERISA Section 305 and Code Section 432.

<sup>3</sup> These assumptions also reflect the Trustees' expectations concerning projected industry activity, including future hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

The objective of this FIP and Funding Policy is to meet the following benchmarks: (A) increase the NPF's funded percentage<sup>4</sup> such that the NPF's funded percentage as of the close of the funding improvement period equals or exceeds the sum of – (i) the funded percentage as of the beginning of the Plan Year beginning on January 1, 2015, plus (ii) 33 percent of the difference between 100 percent and the percentage under clause (i); and (B) avoid an accumulated funding deficiency<sup>5</sup> for the last year of the funding improvement period (taking into account the NPF's extension of its amortization periods under ERISA Section 304(d)).

Commencing with the 2017 Plan Year and for each Plan Year thereafter during which the NPF is in its funding improvement period, ERISA and the Code require the NPF's actuary to annually certify whether or not the NPF is making the scheduled progress in meeting the requirements of this FIP (as updated/modified from time to time). The determination of whether or not the NPF is making the scheduled progress will be based on whether or not a projection of the funding metrics used for the FIP's benchmarks (as described in the preceding paragraph) demonstrates that they are projected to be met. This projection will be based on reasonable actuarial estimates, assumptions and methods, and information provided by the Trustees with respect to projected industry activity.

The FIP's benchmarks are expected to be achieved with the current design in the Plan Document. The FIP Schedule, which is attached hereto and incorporated by reference herein, reflects the Plan Document's current design.<sup>6</sup> Specifically, the Normal Retirement Pension benefit accrual formula in effect on January 1, 2014 under Section 5.03(g) of the NPF's Plan Document will continue to apply to all active Participants, regardless of whether any Contribution Rate increases are made. However, as set forth in the Plan Document, the types of subsidized Early Retirement Pensions (and certain optional forms of benefits) that applied to classifications of employment that were covered under the Rehabilitation Plan's First Alternative Schedule (previously referred to as the "Alternative Schedule") or Second Alternative Schedule when the NPF was in Critical Status will not apply to benefits accrued after the NPF's emergence from Critical Status unless the Collective Bargaining Agreement covering those classifications of employment continue to reflect the required Contribution Rate increases specified in the Plan Document.

The FIP Schedule currently offers three options – one default and two alternative options. The Default Option currently does not contemplate required Contribution Rate increases. However, with respect to classifications of employment that were covered under the Rehabilitation Plan's First or Second Alternative Schedule, the Default Option reduces or eliminates subsidized Early Retirement Pensions *prospectively* (i.e., after the date that the required Contribution Rate increases would have been made). In general, the First Alternative Option preserves prospectively the accrual of the subsidized Early Retirement Pension (and optional benefit forms) that applied under the Rehabilitation Plan's First Alternative Schedule, and the Second Alternative Option preserves prospectively the accrual of the subsidized Early Retirement Pension benefits (and optional benefit forms) that applied under the Rehabilitation Plan's Second Alternative Schedule.

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<sup>4</sup> As used herein, the term "funded percentage" means the percentage equal to a fraction – (i) the numerator of which is the value of the NPF's assets, as determined under ERISA Section 304(c)(2), and (ii) the denominator of which is the accrued liability of the NPF, determined using actuarial assumptions described in ERISA Section 304(c)(3).

<sup>5</sup> The term "accumulated funding deficiency" has the meaning given such term in ERISA Section 304(a).

<sup>6</sup> Any future updates/modifications to the FIP Schedule shall be automatically incorporated by reference herein.

The types of Early Retirement Pensions and optional forms of benefits that applied to classifications of employment that were covered under the Rehabilitation Plan's Default Schedule (or additional benefit adjustments for Collective Bargaining Agreements that ceased to reflect the required Contribution Rate increases under the First or Second Alternative Schedules (hereinafter referred to as the "No Increase Consequences Adjustments" or "NIC Adjustments")) will continue to apply to those classifications of employment after the NPF's emergence from Critical Status (i.e., no Contribution Rate increases would be required currently for such classifications of employment). Accordingly, the bargaining parties are deemed to have adopted the Default Option under the FIP Schedule if they had adopted (or were deemed to have adopted) the Rehabilitation Plan's Default Schedule or if the NIC adjustments were made under the bargaining parties' Collective Bargaining Agreement when the NPF was in Critical Status.

#### **REVIEW AND AMENDMENT OF FIP AND FIP SCHEDULE**

The Trustees will review this FIP and the FIP Schedule on an annual basis (or sooner if conditions merit), and will make whatever updates/modifications they deem appropriate to reflect the actual experience of the Fund.

The Trustees have the sole and absolute power, authority, and discretion to amend, modify, interpret, and apply the provisions of the FIP and the FIP Schedule (including any subsequent updates, amendments or modifications). All such actions by the Trustees shall be final and binding on all persons.

#### **REJECTION OF CERTAIN COLLECTIVE BARGAINING AGREEMENTS**

Except to the extent approved by the Trustees, the NPF will not accept a Collective Bargaining Agreement (or similar agreement) that provides for: (i) a reduction in the level of contributions for Participants; (ii) a suspension of contributions with respect to any period of service; or (iii) any new direct or indirect exclusion of younger or newly hired employees from participation in the NPF.

#### **EXPIRATION OF COLLECTIVE BARGAINING AGREEMENTS**

Except as otherwise provided under ERISA and the Code, the following rules shall govern the implementation of a FIP Schedule Option if the parties to an expired Collective Bargaining Agreement fail to adopt a particular FIP Schedule Option:

**Subsequent FIP Schedule Option:** If a Collective Bargaining Agreement expires after the bargaining parties adopted or were deemed to have adopted a FIP Schedule Option, and the bargaining parties fail to adopt an updated FIP Schedule Option within 180 days after the date on which their Collective Bargaining Agreement expired, the Trustees will implement the FIP Schedule Option that applied to the expired Collective Bargaining, as updated and in effect on the date the Collective Bargaining Agreement expired. Upon such implementation, the bargaining parties will be deemed to have adopted, and shall be bound by, such updated FIP Schedule Option.

**Initial FIP Schedule Option:** If a Collective Bargaining Agreement that was in effect at the time the Fund entered Endangered Status expires before the bargaining parties adopted or were deemed to have adopted a FIP Schedule Option, and the bargaining parties fail to adopt a FIP Schedule Option within 180 days after the date on which the Collective Bargaining Agreement expired, the Trustees will implement the FIP Schedule's Default Option. Upon such implementation, the bargaining parties will be deemed to have adopted, and shall be bound by, the FIP Schedule's Default Option.

**FUNDING IMPROVEMENT PLAN SCHEDULE FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN: 526112463/001)  
(UPDATED AS OF APRIL 2019)**

**INTRODUCTION**

This is the Funding Improvement Plan ("FIP") Schedule for the NPF. This FIP Schedule forms a part of the FIP (as updated/modified from time to time) to which it is attached. All capitalized terms have the same meaning given such term in the FIP or the Plan Document, as the case may be, except that the term "Collective Bargaining Agreement" shall include any similar agreement, such as an adoption or participation agreement.

This FIP Schedule contains three (3) options, which reflect the terms of the Plan Document and which are expected to enable the NPF to meet the applicable benchmarks set forth in the FIP.

The first option is referred to as the "Default Option." It may be adopted by any of the bargaining parties, and will be deemed to have been adopted by certain bargaining parties, as described below.

The second option is referred to as the "First Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's First Alternative Schedule ("FAS") (formerly known as the "Alternative Schedule"), made the required Contribution Rate Increases when the NPF was in Critical Status, and continued to operate under the FAS as of December 31, 2013. In other words, if the bargaining parties were not parties to the FAS as of December 31, 2013, they cannot elect this option.

The third option is referred to as the "Second Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's FAS or Second Alternative Schedule ("SAS"), made the required Contribution Rate increases when the NPF was in Critical Status, and continued to operate under the FAS or SAS as of December 31, 2013.

This FIP Schedule will be reviewed by the Trustees annually (or sooner if circumstances warrant) and will be updated to the extent necessary to reflect actual experience.

**1. DEFAULT OPTION**

A. Contribution Rate Requirements

The Default Option currently requires no Contribution Rate increases. However, the Contribution Rate, as in effect on January 15, 2014, may not be reduced by the bargaining parties.

B. Applicability to classifications of employment that were covered under the Default Schedule or NIC Adjustments

If the bargaining parties had adopted (or were deemed to have adopted) the Default Schedule, or were parties to a Collective Bargaining Agreement that was subject to the NIC Adjustments, before the NPF emerged from Critical Status, they will be deemed to have adopted the Default Option by continuing to contribute to the NPF at the Contribution Rate in effect on January 15, 2014 (when the NPF was certified to be in Endangered Status). Such groups cannot elect another option.



For a classification of employment that was covered under the Default Schedule or was subject to the NIC adjustments when the NPF was in Critical Status, there will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document (that is the VBAR formula), and the Early Retirement Pension provisions in Section 5.04(c)(2) (A) or (B), as applicable, will continue to apply to that classification of employment. Neither the 60-Month Certain nor the reversion (pop-up) feature apply to benefits earned under such classifications of employment.

C. Applicability to classifications of employment that were covered under the FAS or SAS

If the bargaining parties had adopted either the FAS or the SAS when the NPF was in Critical Status, and the Collective Bargaining Agreement to which they are a party ceases to reflect any Contribution Rate increase required under Section 5.04 (c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases), they will be deemed to have adopted the Default Option as of the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the required increase.

A classification of employment that was covered under the FAS or the SAS when the NPF was in Critical Status will be covered under the Default Option if the Collective Bargaining Agreement under which such classification is covered ceases to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases). There will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(E) of the Plan Document will govern the type of Early Retirement Pension that will apply to such classification of employment after the date the Contribution Rate increase would have been had the Collective Bargaining Agreement reflected the required increase under Section 5.04(c)(2)(C) or (D) of the Plan Document. In addition, no 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned after such date.

NOTE: See the “Second Alternative Option” below for the consequences of a Collective Bargaining Agreement, which ceases to reflect the Contribution Rate increases required by Section 5.04(c)(2)(C) of the Plan Document but instead reflects the requirements of Section 5.04(c)(2)(D) of the Plan Document.

**2. FIRST ALTERNATIVE OPTION**

A. Contribution Requirements

The First Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(C) of the Plan Document (7% annually through 2017, 0% for 2018 through 2020, and 2% for 2021 and 2022).

B. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the First Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the First Alternative Option; provided, that the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) of the Plan Document. There will be no change under the First Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(C) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Inapplicability to other classifications of employment covered under a different Rehabilitation Plan Schedule or subject to NIC Adjustments

The First Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule or SAS, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS.

**3. SECOND ALTERNATIVE OPTION**

A. Contribution Requirements

The Second Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(D) of the Plan Document (3.5% annually through 2017, 0% for 2018 through 2020, and 1% for 2021 and 2022).

B. Applicability to classifications of employment that were covered under the SAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the SAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the SAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement (or similar agreement) to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(D) of the Plan Document.

A classification of employment that was covered under the SAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment (i.e., the same types of Early Retirement Pensions that applied under the Rehabilitation Plan's SAS will continue to apply). Specifically, the provisions of Section 5.04(c)(2)(D) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party ceases to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document but instead reflects (and does not cease to reflect) the Contribution Rate increases that are required under Section 5.04(c)(2)(D) of the Plan Document. For purposes of the preceding sentence, the date on which the Contribution Rate increase would have been made under Section 5.04(c)(2)(C) of the Plan Document is the date on which the Second Alternative Option will be deemed to have been adopted by the bargaining parties.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of 5.04(c)(2)(F) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment after the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the Contribution Rate increase required under Section 5.04(c)(2)(C) of the Plan Document. The 60-Month Certain and/or reversion (pop-up) feature will continue to apply to benefits earned under such classification of employment after such date, subject to the terms of the Plan Document.

D. Inapplicability to other classifications of employment covered under the Rehabilitation Plan's Default Schedule or subject to NIC Adjustments

The Second Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS or SAS.

**4. CLASSIFICATIONS OF EMPLOYMENT THAT WERE NOT COVERED UNDER THE REHABILITATION PLAN**

If a classification of employment was not covered under the Plan's Rehabilitation Plan or a Rehabilitation Plan Schedule when the Plan was in Critical Status, the terms of the Plan Document shall govern the Contribution Rate requirements of the bargaining parties with respect to such classification, as well as the benefit provisions that apply to such classification of employment. See, further, Section 5.04(c)(2)(G) of the Plan Document.

**5. ADDITIONAL FIP SCHEDULE PROVISIONS FOR COLLECTIVE BARGAINING AGREEMENTS EXPIRING AFTER NOVEMBER 30, 2018 AND DURATION OF SCHEDULE AND OPTIONS**

- A. If the bargaining parties negotiate or otherwise agree to a Collective Bargaining Agreement ("CBA"), which expires after November 30, 2018, and they adopt or are deemed to have adopted one of the Options set forth above, they shall be deemed to have agreed to any additional Contribution Rate increases and/or future benefit accrual reductions (including any Early Retirement Pension benefit accrual reductions, such as the elimination or reduction of subsidized Early Retirement Pension options), which apply to such Option by reason of any update(s), amendment(s), or modification(s) in effect on or after November 30, 2018 but before the expiration date of such CBA. Any such updates, amendments, or modifications are hereby incorporated by reference in this Schedule and each of the Options set forth above, as applicable, to the extent it is in effect on or after November 30, 2018 but before the expiration date of the CBA.
- B. This Schedule and the Options set forth above shall remain in effect for the duration of any CBA, which was negotiated by the bargaining parties in reliance upon this Schedule and the Options above; provided, however, that in accordance with (A) above, if any such CBA expires after November 30, 2018, this Schedule and the Options set forth above incorporate by reference any update, amendment, or modification in effect on or after November 30, 2018 but before the expiration of such CBA.

**6. AMENDMENT AND MODIFICATION**

The Trustees may amend or modify this FIP Schedule at any time. The Trustees have the sole discretion and authority to interpret this FIP Schedule, and any such interpretation shall be final and binding on all persons. This authority includes, but is not limited to, a determination of whether a Collective Bargaining Agreement reflects (and continues to reflect) the required Contribution Rate increases under any of the options described above.

**UPDATED FUNDING IMPROVEMENT PLAN AND FUNDING POLICY FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)  
(REFLECTS ALL UPDATES THROUGH DECEMBER 15, 2015)**

**INTRODUCTION**

This updated Funding Improvement Plan (abbreviated as the "FIP") for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") is effective as of March 1, 2015, and reflects all updates adopted by the NPF's Board of Trustees ("Trustees") through that date.<sup>1</sup> This update is intended to reflect changes made to ERISA and the Code by the Multiemployer Pension Reform Act of 2014.

The original FIP was adopted by the NPF's Trustees in February 2014 (effective as of March 1, 2014). In 2014, the Fund's actuary certified that NPF had emerged from Critical Status and was in Endangered Status under ERISA for the 2014 Plan Year.<sup>2</sup> The Fund's actuary certified that the Fund is in Endangered Status under ERISA for the 2015 Plan Year (and it is expected that the Fund likely will remain in Endangered Status in subsequent Plan Years).

This FIP also serves as the Funding Policy adopted by the Trustees until the Plan has ceased to be in Endangered Status.

The assumptions that the Fund's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this FIP are described in an exhibit to the NPF's annual Actuarial Certification of Plan Status, which the Fund actuary prepares and files.<sup>3</sup>

Each capitalized term in this FIP and the attached FIP Schedule has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or the context requires otherwise. Also, any reference to the term "Participant" in the FIP or any FIP Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless the context requires otherwise. All gender references are for convenience only and include the opposite gender. Any reference to the term "Collective Bargaining Agreement" (or "CBA") in this FIP or the FIP Schedule shall be deemed to include a reference to any other agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers and Local Unions (or similar parties who maintain the NPF) are referred to in this FIP and the FIP Schedule as the "bargaining parties" (or individually, as a "bargaining party"). As applicable, any reference to the term "pension" in this FIP or the FIP Schedule shall be deemed to include a reference to the term "disability benefit," unless otherwise indicated or required by the context in which such term is used.

<sup>1</sup> The attached FIP Schedule also was updated and is incorporated by reference herein.

<sup>2</sup> The terms "Critical Status" and "Endangered Status" shall have the same meaning given such terms in ERISA Section 305 and IRC Section 432.

<sup>3</sup> These assumptions also include the Trustees' expectations concerning projected hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

## **BENCHMARKS**

The objective of this FIP and Funding Policy is to meet the following benchmarks: (A) increase the NPF's funded percentage<sup>4</sup> such that the NPF's funded percentage as of the close of the funding improvement period<sup>5</sup> equals or exceeds the sum of – (i) the funded percentage as of the beginning of the Plan Year beginning on January 1, 2015, plus (ii) 33 percent of the difference between 100 percent and the percentage under clause (i); and (B) avoid an accumulated funding deficiency<sup>6</sup> for the last year of the funding improvement period (taking into account the NPF's extension of its amortization periods under ERISA Section 304(d)).

These benchmarks are expected to be achieved with the current design in the Plan Document. The FIP Schedule, which is attached hereto and incorporated by reference herein, reflects the Plan Document's current design. Specifically, the Normal Retirement Pension benefit accrual formula in effect on January 1, 2014 under Section 5.03(g) of the NPF's Plan Document will continue to apply to all active Participants, regardless of whether any Contribution Rate increases are made. However, as set forth in the Plan Document, the types of subsidized Early Retirement Pensions (and certain optional forms of benefits) that applied to classifications of employment that were covered under the Rehabilitation Plan's First Alternative Schedule (previously referred to as the "Alternative Schedule") or Second Alternative Schedule when the NPF was in Critical Status will not apply to benefits accrued after the NPF's emergence from Critical Status unless the Collective Bargaining Agreement covering those classifications of employment continue to reflect the required Contribution Rate increases specified in the Plan Document.

The FIP Schedule offers three options. The first is a default option, which currently does not contemplate required Contribution Rate increases. However, with respect to classifications of employment that were covered under the Rehabilitation Plan's First or Second Alternative Schedule, the default option does reduce or eliminate subsidized Early Retirement Pensions prospectively (i.e., after the date that the required Contribution Rate increases would have been made). In addition, the FIP Schedule provides for two alternative options for preserving the subsidized Early Retirement Pension benefits (and optional benefit forms) that applied under the Rehabilitation Plan's First and Second Alternative Schedules.

The types of Early Retirement Pensions and optional forms of benefits that applied to classifications of employment that were covered under the Rehabilitation Plan's Default Schedule (or additional benefit adjustments for Collective Bargaining Agreements that ceased to reflect the required Contribution Rate increases under the First or Second Alternative Schedules (hereinafter referred to as the "No Increase Consequences Adjustments" or "NIC Adjustments")) will continue to apply to those classifications of employment after the NPF's emergence from Critical Status (i.e., no Contribution Rate increases would be required currently for such classifications of employment). Accordingly, the bargaining parties are deemed to have adopted the default option under the FIP Schedule if they had adopted (or were deemed to have adopted) the Rehabilitation Plan's Default Schedule or the NIC adjustments were made under the bargaining parties' Collective Bargaining Agreement when the NPF was in Critical Status.

<sup>4</sup> As used herein, the term "funded percentage" means the percentage equal to a fraction – (i) the numerator of which is the value of the NPF's assets, as determined under ERISA Section 304(c)(2), and (ii) the denominator of which is the accrued liability of the NPF, determined using actuarial assumptions described in ERISA Section 304(c)(3).

<sup>5</sup> The "funding improvement period" is the 10-year period beginning on January 1, 2017.

<sup>6</sup> The term "accumulated funding deficiency" has the meaning given such term in ERISA Section 304(a).

## **REVIEW AND AMENDMENT OF FIP AND FIP SCHEDULE**

The Trustees will review this FIP and the FIP Schedule on an annual basis (or sooner if conditions merit), and will make whatever updates they deem appropriate to reflect the actual experience of the Fund.

The Trustees have the sole and absolute power, authority, and discretion to amend, modify, interpret, and apply the provisions of this FIP and the FIP Schedule (including any subsequent amendments or modifications). All such actions by the Trustees shall be final and binding on all persons.

## **REJECTION OF CERTAIN COLLECTIVE BARGAINING AGREEMENTS**

Except to the extent approved by the Trustees, the NPF will not accept a Collective Bargaining Agreement (or similar agreement) that provides for: (i) a reduction in the level of contributions for Participants; (ii) a suspension of contributions with respect to any period of service; or (iii) any new direct or indirect exclusion of younger or newly hired employees from participation in the NPF.

## **EXPIRATION OF COLLECTIVE BARGAINING AGREEMENTS**

**Initial FIP Schedule Option:** If a Collective Bargaining Agreement that was in effect on January 1, 2014 expires and, and the bargaining parties fail to adopt a FIP Schedule Option within 180 days after the date on which the Collective Bargaining Agreement expired, the Trustees will implement the FIP Schedule's Default Option. Upon such implementation, the bargaining parties will be deemed to have adopted, and shall be bound by, the FIP Schedule's Default Option.

**Subsequent FIP Schedule Option:** If a Collective Bargaining Agreement that became effective after January 1, 2014 expires, and the bargaining parties fail to adopt an updated FIP Schedule Option (to the extent such updated FIP Schedule Option is available to the parties) within 180 days after the date on which the Collective Bargaining Agreement expired, the Trustees will implement the FIP Schedule Option that was applicable under the expired Collective Bargaining, as updated and in effect on the date the Collective Bargaining Agreement expired. Upon such implementation, the bargaining parties will be deemed to have adopted, and shall be bound by, such updated FIP Schedule Option.

**FUNDING IMPROVEMENT PLAN SCHEDULE FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN: 526112463/001)  
2015 Plan Year  
(Updated on December 15, 2015)**

**INTRODUCTION**

This is the Funding Improvement Plan ("FIP") Schedule for the NPF. This FIP Schedule forms a part of the FIP to which it is attached. All capitalized terms have the same meaning given such term in the FIP or the Plan Document, as the case may be, except that the term "Collective Bargaining Agreement" shall include any similar agreement, such as an adoption or participation agreement.

This FIP Schedule contains three (3) options, which reflect the terms of the Plan Document and which are expected to enable the NPF to meet the applicable benchmarks set forth in the FIP.

The first option is referred to as the "Default Option." It may be adopted by any of the bargaining parties, and will be deemed to have been adopted by certain bargaining parties, as described below.

The second option is referred to as the "First Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's First Alternative Schedule ("FAS") (formerly known as the "Alternative Schedule"), made the required Contribution Rate Increases when the NPF was in Critical Status, and continued to operate under the FAS as of December 31, 2013. In other words, if the bargaining parties were not parties to the FAS as of December 31, 2013, they cannot elect this option.

The third option is referred to as the "Second Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's FAS or Second Alternative Schedule ("SAS"), made the required Contribution Rate increases when the NPF was in Critical Status, and continued to operate under the FAS or SAS as of December 31, 2013.

This FIP Schedule will be reviewed by the Trustees annually (or sooner if circumstances warrant) and will be updated to the extent necessary to reflect actual experience.

**1. DEFAULT OPTION**

A. Contribution Rate Requirements

The Default Option currently requires no Contribution Rate increases. However, the Contribution Rate, as in effect on January 15, 2014, may not be reduced by the bargaining parties.

B. Applicability to classifications of employment that were covered under the Default Schedule or NIC Adjustments

If the bargaining parties had adopted (or were deemed to have adopted) the Default Schedule, or were parties to a Collective Bargaining Agreement that was subject to the NIC Adjustments, before the NPF emerged from Critical Status, they will be deemed to have adopted the Default Option by continuing to contribute to the NPF at the Contribution Rate in effect on January 15, 2014 (when the NPF was certified to be in Endangered Status). Such groups cannot elect another option.



For a classification of employment that was covered under the Default Schedule or was subject to the NIC adjustments when the NPF was in Critical Status, there will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document (that is the VBAR formula), and the Early Retirement Pension provisions in Section 5.04(c)(2) (A) or (B), as applicable, will continue to apply to that classification of employment. Neither the 60-Month Certain nor the reversion (pop-up) feature apply to benefits earned under such classifications of employment.

C. Applicability to classifications of employment that were covered under the FAS or SAS

If the bargaining parties had adopted either the FAS or the SAS when the NPF was in Critical Status, and the Collective Bargaining Agreement to which they are a party ceases to reflect any Contribution Rate increase required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases), they will be deemed to have adopted the Default Option as of the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the required increase.

A classification of employment that was covered under the FAS or the SAS when the NPF was in Critical Status will be covered under the Default Option if the Collective Bargaining Agreement under which such classification is covered ceases to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases). There will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(E) of the Plan Document will govern the type of Early Retirement Pension that will apply to such classification of employment after the date the Contribution Rate increase would have been had the Collective Bargaining Agreement reflected the required increase under Section 5.04(c)(2)(C) or (D) of the Plan Document. In addition, no 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned after such date.

NOTE: See the "Second Alternative Option" below for the consequences of a Collective Bargaining Agreement, which ceases to reflect the Contribution Rate increases required by Section 5.04(c)(2)(C) of the Plan Document but instead reflects the requirements of Section 5.04(c)(2)(D) of the Plan Document.

**2. FIRST ALTERNATIVE OPTION**

A. Contribution Requirements

The First Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(C) of the Plan Document (currently 7% annually through 2017).

B. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the First Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the First Alternative Option; provided, that the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) of the Plan Document. There will be no change under the First Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(C) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Inapplicability to other classifications of employment covered under a different Rehabilitation Plan Schedule or subject to NIC Adjustments

The First Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule or SAS, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS.

**3. SECOND ALTERNATIVE OPTION**

A. Contribution Requirements

The Second Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(D) of the Plan Document (currently 3.5% annually through 2017).

B. Applicability to classifications of employment that were covered under the SAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the SAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the SAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement (or similar agreement) to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(D) of the Plan Document.

A classification of employment that was covered under the SAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment (i.e., the same types of Early Retirement Pensions that applied under the Rehabilitation Plan's SAS will continue to apply). Specifically, the provisions of Section 5.04(c)(2)(D) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party ceases to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document but instead reflects (and does not cease to reflect) the Contribution Rate increases that are required under Section 5.04(c)(2)(D) of the Plan Document. For purposes of the preceding sentence, the date on which the Contribution Rate increase would have been made under Section 5.04(c)(2)(C) of the Plan Document is the date on which the Second Alternative Option will be deemed to have been adopted by the bargaining parties.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of 5.04(c)(2)(F) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment after the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the Contribution Rate increase required under Section 5.04(c)(2)(C) of the Plan Document. The 60-Month Certain and/or reversion (pop-up) feature will continue to apply to benefits earned under such classification of employment after such date, subject to the terms of the Plan Document.

D. Inapplicability to other classifications of employment covered under the Rehabilitation Plan's Default Schedule or subject to NIC Adjustments

The Second Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS or SAS.

**4. CLASSIFICATIONS OF EMPLOYMENT THAT WERE NOT COVERED UNDER THE REHABILITATION PLAN**

If a classification of employment was not covered under the Plan's Rehabilitation Plan or a Rehabilitation Plan Schedule when the Plan was in Critical Status, the terms of the Plan Document shall govern the Contribution Rate requirements of the bargaining parties with respect to such classification, as well as the benefit provisions that apply to such classification of employment. See, further, Section 5.04(c)(2)(G) of the Plan Document.

**5. ADDITIONAL FIP SCHEDULE PROVISIONS FOR COLLECTIVE BARGAINING AGREEMENTS EXPIRING AFTER NOVEMBER 30, 2018 AND DURATION OF SCHEDULE AND OPTIONS**

A. If the bargaining parties negotiate or otherwise agree to a Collective Bargaining Agreement ("CBA"), which expires after November 30, 2018, and they adopt or are deemed to have adopted one of the Options set forth above, they shall be deemed to have agreed to any additional Contribution Rate increases and/or future benefit accrual reductions (including any Early Retirement Pension benefit accrual reductions, such as the elimination or reduction of subsidized Early Retirement Pension options), which apply to such Option by reason of any update(s), amendment(s), or modification(s) in effect on or after November 30, 2018 but before the expiration date of such CBA. Any such updates, amendments, or modifications are hereby incorporated by reference in this Schedule and each of the Options set forth above, as applicable, to the extent it is in effect on or after November 30, 2018 but before the expiration date of the CBA.

B. This Schedule and the Options set forth above shall remain in effect for the duration of any CBA, which was negotiated by the bargaining parties in reliance upon this Schedule and the Options above; provided, however, that in accordance with (A) above, if any such CBA expires after November 30, 2018, this Schedule and the Options set forth above incorporate by reference any update, amendment, or modification in effect on or after November 30, 2018 but before the expiration of such CBA.

**6. AMENDMENT AND MODIFICATION**

The Trustees may amend or modify this FIP Schedule at any time. The Trustees have the sole discretion and authority to interpret this FIP Schedule, and any such interpretation shall be final and binding on all persons. This authority includes, but is not limited to, a determination of whether a Collective Bargaining Agreement reflects (and continues to reflect) the required Contribution Rate increases under any of the options described above.

**UPDATED FUNDING IMPROVEMENT PLAN AND FUNDING POLICY FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)  
(REFLECTS ALL UPDATES THROUGH MARCH 4, 2015)**

**INTRODUCTION**

This updated Funding Improvement Plan (abbreviated as the "FIP") for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") is effective as of March 1, 2015, and reflects all updates adopted by the NPF's Board of Trustees ("Trustees") through that date.<sup>1</sup> This update is intended to reflect changes made to ERISA and the Code by the Multiemployer Pension Reform Act of 2014.

The original FIP was adopted by the NPF's Trustees in February 2014 (effective as of March 1, 2014). In 2014, the Fund's actuary certified that NPF had emerged from Critical Status and was in Endangered Status under ERISA for the 2014 Plan Year.<sup>2</sup> The Trustees expect that the Fund's actuary also will certify that the Fund is in Endangered Status under ERISA for the 2015 Plan Year (and likely will remain in Endangered Status in subsequent Plan Years).

This FIP also serves as the Funding Policy adopted by the Trustees until the Plan has ceased to be in Endangered Status.

The assumptions that the Fund's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this FIP are described in an exhibit to the NPF's annual Actuarial Certification of Plan Status, which the Fund actuary prepares and files.<sup>3</sup>

Each capitalized term in this FIP and the attached FIP Schedule has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or the context requires otherwise. Also, any reference to the term "Participant" in the FIP or any FIP Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless the context requires otherwise. All gender references are for convenience only and include the opposite gender. Any reference to the term "Collective Bargaining Agreement" (or "CBA") in this FIP or the FIP Schedule shall be deemed to include a reference to any other agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers and Local Unions (or similar parties who maintain the NPF) are referred to in this FIP and the FIP Schedule as the "bargaining parties" (or individually, as a "bargaining party"). As applicable, any reference to the term "pension" in this FIP or the FIP Schedule shall be deemed to include a reference to the term "disability benefit," unless otherwise indicated or required by the context in which such term is used.

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<sup>1</sup> The attached FIP Schedules also were updated as of February 1, 2015, and are incorporated by reference herein.

<sup>2</sup> The terms "Critical Status" and "Endangered Status" shall have the same meaning given such terms in ERISA Section 305 and IRC Section 432.

<sup>3</sup> These assumptions also include the Trustees' expectations concerning projected hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

## **BENCHMARKS**

The objective of this FIP and Funding Policy is to meet the following benchmarks: (A) increase the NPF's funded percentage<sup>4</sup> such that the NPF's funded percentage as of the close of the funding improvement period<sup>5</sup> equals or exceeds the sum of – (i) the funded percentage as of the beginning of the Plan Year beginning on January 1, 2015, plus (ii) 33 percent of the difference between 100 percent and the percentage under clause (i); and (B) avoid an accumulated funding deficiency<sup>6</sup> for the last year of the funding improvement period (taking into account the NPF's extension of its amortization periods under ERISA Section 304(d)).

These benchmarks are expected to be achieved with the current design in the Plan Document. The FIP Schedule, which is attached hereto and incorporated by reference herein, reflects the Plan Document's current design. Specifically, the Normal Retirement Pension benefit accrual formula in effect on January 1, 2014 under Section 5.03(g) of the NPF's Plan Document will continue to apply to all active Participants, regardless of whether any Contribution Rate increases are made. However, as set forth in the Plan Document, the types of subsidized Early Retirement Pensions (and certain optional forms of benefits) that applied to classifications of employment that were covered under the Rehabilitation Plan's First Alternative Schedule (previously referred to as the "Alternative Schedule") or Second Alternative Schedule when the NPF was in Critical Status will not apply to benefits accrued after the NPF's emergence from Critical Status unless the Collective Bargaining Agreement covering those classifications of employment continue to reflect the required Contribution Rate increases specified in the Plan Document.

The FIP Schedule offers three options. The first is a default option, which currently does not contemplate required Contribution Rate increases. However, with respect to classifications of employment that were covered under the Rehabilitation Plan's First or Second Alternative Schedule, the default option does reduce or eliminate subsidized Early Retirement Pensions prospectively (i.e., after the date that the required Contribution Rate increases would have been made). In addition, the FIP Schedule provides for two alternative options for preserving the subsidized Early Retirement Pension benefits (and optional benefit forms) that applied under the Rehabilitation Plan's First and Second Alternative Schedules.

The types of Early Retirement Pensions and optional forms of benefits that applied to classifications of employment that were covered under the Rehabilitation Plan's Default Schedule (or additional benefit adjustments for Collective Bargaining Agreements that ceased to reflect the required Contribution Rate increases under the First or Second Alternative Schedules (hereinafter referred to as the "No Increase Consequences Adjustments" or "NIC Adjustments")) will continue to apply to those classifications of employment after the NPF's emergence from Critical Status (i.e., no Contribution Rate increases would be required currently for such classifications of employment). Accordingly, the bargaining parties are deemed to have adopted the default option under the FIP Schedule if they had adopted (or were deemed to have adopted) the Rehabilitation Plan's Default Schedule or the NIC adjustments were made under the bargaining parties' Collective Bargaining Agreement when the NPF was in Critical Status.

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<sup>4</sup> As used herein, the term "funded percentage" means the percentage equal to a fraction – (i) the numerator of which is the value of the NPF's assets, as determined under ERISA Section 304(c)(2), and (ii) the denominator of which is the accrued liability of the NPF, determined using actuarial assumptions described in ERISA Section 304(c)(3).

<sup>5</sup> The "funding improvement period" is the 10-year period beginning on January 1, 2017.

<sup>6</sup> The term "accumulated funding deficiency" has the meaning given such term in ERISA Section 304(a).

### **REVIEW AND AMENDMENT OF FIP AND FIP SCHEDULE**

The Trustees will review this FIP and the FIP Schedule on an annual basis (or sooner if conditions merit), and will make whatever updates they deem appropriate to reflect the actual experience of the Fund.

The Trustees have the sole and absolute power, authority, and discretion to amend, modify, interpret, and apply the provisions of this FIP and the FIP Schedule (including any subsequent amendments or modifications). All such actions by the Trustees shall be final and binding on all persons.

### **REJECTION OF CERTAIN COLLECTIVE BARGAINING AGREEMENTS**

Except to the extent approved by the Trustees, the NPF will not accept a Collective Bargaining Agreement (or similar agreement) that provides for: (i) a reduction in the level of contributions for Participants; (ii) a suspension of contributions with respect to any period of service; or (iii) any new direct or indirect exclusion of younger or newly hired employees from participation in the NPF.

**FUNDING IMPROVEMENT PLAN SCHEDULE FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN: 526112463/001)  
2015 Plan Year  
(Updated by the NPF Trustees Effective February 1, 2015)**

**INTRODUCTION**

This is the Funding Improvement Plan (“FIP”) Schedule for the NPF. This FIP Schedule forms a part of the FIP to which it is attached. All capitalized terms have the same meaning given such term in the FIP or the Plan Document, as the case may be, except that the term “Collective Bargaining Agreement” shall include any similar agreement, such as an adoption or participation agreement.

This FIP Schedule contains three (3) options, which reflect the terms of the Plan Document and which are expected to enable the NPF to meet the applicable benchmarks set forth in the FIP.

The first option is referred to as the “Default Option.” It may be adopted by any of the bargaining parties, and will be deemed to have been adopted by certain bargaining parties, as described below.

The second option is referred to as the “First Alternative Option,” and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan’s First Alternative Schedule (“FAS”) (formerly known as the “Alternative Schedule”), made the required Contribution Rate Increases when the NPF was in Critical Status, and continued to operate under the FAS as of December 31, 2013. In other words, if the bargaining parties were not parties to the FAS as of December 31, 2013, they cannot elect this option.

The third option is referred to as the “Second Alternative Option,” and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan’s FAS or Second Alternative Schedule (“SAS”), made the required Contribution Rate increases when the NPF was in Critical Status, and continued to operate under the FAS or SAS as of December 31, 2013.

This FIP Schedule will be reviewed by the Trustees annually (or sooner if circumstances warrant) and will be updated to the extent necessary to reflect actual experience.

**1. DEFAULT OPTION**

**A. Contribution Rate Requirements**

The Default Option currently requires no Contribution Rate increases. However, the Contribution Rate, as in effect on January 15, 2014, may not be reduced by the bargaining parties.

**B. Applicability to classifications of employment that were covered under the Default Schedule or NIC Adjustments**

If the bargaining parties had adopted (or were deemed to have adopted) the Default Schedule, or were parties to a Collective Bargaining Agreement that was subject to the NIC Adjustments, before the NPF emerged from Critical Status, they will be deemed to have adopted the Default Option by continuing to contribute to the NPF at the Contribution Rate in effect on January 15, 2014 (when the NPF was certified to be in Endangered Status). Such groups cannot elect another option.



For a classification of employment that was covered under the Default Schedule or was subject to the NIC adjustments when the NPF was in Critical Status, there will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document (that is the VBAR formula), and the Early Retirement Pension provisions in Section 5.04(c)(2) (A) or (B), as applicable, will continue to apply to that classification of employment. Neither the 60-Month Certain nor the reversion (pop-up) feature apply to benefits earned under such classifications of employment.

C. Applicability to classifications of employment that were covered under the FAS or SAS

If the bargaining parties had adopted either the FAS or the SAS when the NPF was in Critical Status, and the Collective Bargaining Agreement to which they are a party ceases to reflect any Contribution Rate increase required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases), they will be deemed to have adopted the Default Option as of the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the required increase.

A classification of employment that was covered under the FAS or the SAS when the NPF was in Critical Status will be covered under the Default Option if the Collective Bargaining Agreement under which such classification is covered ceases to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases). There will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(E) of the Plan Document will govern the type of Early Retirement Pension that will apply to such classification of employment after the date the Contribution Rate increase would have been had the Collective Bargaining Agreement reflected the required increase under Section 5.04(c)(2)(C) or (D) of the Plan Document. In addition, no 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned after such date.

NOTE: See the "Second Alternative Option" below for the consequences of a Collective Bargaining Agreement, which ceases to reflect the Contribution Rate increases required by Section 5.04(c)(2)(C) of the Plan Document but instead reflects the requirements of Section 5.04(c)(2)(D) of the Plan Document.

**2. FIRST ALTERNATIVE OPTION**

A. Contribution Requirements

The First Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(C) of the Plan Document (currently 7% annually through 2017).

**B. Applicability to classifications of employment that were covered under the FAS**

The bargaining parties will be deemed to have adopted the First Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the First Alternative Option; provided, that the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) of the Plan Document. There will be no change under the First Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(C) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

**C. Inapplicability to other classifications of employment covered under a different Rehabilitation Plan Schedule or subject to NIC Adjustments**

The First Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule or SAS, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS.

**3. SECOND ALTERNATIVE OPTION**

**A. Contribution Requirements**

The Second Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(D) of the Plan Document (currently 3.5% annually through 2017).

**B. Applicability to classifications of employment that were covered under the SAS**

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the SAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the SAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement (or similar agreement) to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(D) of the Plan Document.

A classification of employment that was covered under the SAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment (i.e., the same types of Early Retirement Pensions that applied under the Rehabilitation Plan's SAS will continue to apply). Specifically, the provisions of Section 5.04(c)(2)(D) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party ceases to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document but instead reflects (and does not cease to reflect) the Contribution Rate increases that are required under Section 5.04(c)(2)(D) of the Plan Document. For purposes of the preceding sentence, the date on which the Contribution Rate increase would have been made under Section 5.04(c)(2)(C) of the Plan Document is the date on which the Second Alternative Option will be deemed to have been adopted by the bargaining parties.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of 5.04(c)(2)(F) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment after the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the Contribution Rate increase required under Section 5.04(c)(2)(C) of the Plan Document. The 60-Month Certain and/or reversion (pop-up) feature will continue to apply to benefits earned under such classification of employment after such date, subject to the terms of the Plan Document.

D. Inapplicability to other classifications of employment covered under the Rehabilitation Plan's Default Schedule or subject to NIC Adjustments

The Second Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS or SAS.

**4. CLASSIFICATIONS OF EMPLOYMENT THAT WERE NOT COVERED UNDER THE REHABILITATION PLAN**

If a classification of employment was not covered under the Plan's Rehabilitation Plan or a Rehabilitation Plan Schedule when the Plan was in Critical Status, the terms of the Plan Document shall govern the Contribution Rate requirements of the bargaining parties with respect to such classification, as well as the benefit provisions that apply to such classification of employment. See, further, Section 5.04(c)(2)(G) of the Plan Document.

**5. ADDITIONAL FIP SCHEDULE PROVISIONS FOR COLLECTIVE BARGAINING AGREEMENTS EXPIRING AFTER DECEMBER 31, 2018 AND DURATION OF SCHEDULE AND OPTIONS**

A. If the bargaining parties negotiate or otherwise agree to a Collective Bargaining Agreement ("CBA"), which expires after December 31, 2018, and they adopt or are deemed to have adopted one of the Options set forth above, they shall be deemed to have agreed to any additional Contribution Rate increases and/or future benefit accrual reductions (including any Early Retirement Pension benefit accrual reductions, such as the elimination or reduction of subsidized Early Retirement Pension options), which apply to such Option by reason of any update(s), amendment(s), or modification(s) in effect on or after December 31, 2018 but before the expiration date of such CBA. Any such updates, amendments, or modifications are hereby incorporated by reference in this Schedule and each of the Options set forth above, as applicable, to the extent it is in effect on or after December 31, 2018 but before the expiration date of the CBA.

B. This Schedule and the Options set forth above shall remain in effect for the duration of any CBA, which was negotiated by the bargaining parties in reliance upon this Schedule and the Options above; provided, however, that in accordance with (a) above, if any such CBA expires after December 31, 2018, this Schedule and the Options set forth above incorporate by reference any update, amendment, or modification in effect on or after December 31, 2018 but before the expiration of such CBA.

**6. AMENDMENT AND MODIFICATION**

The Trustees may amend or modify this FIP Schedule at any time. The Trustees have the sole discretion and authority to interpret this FIP Schedule, and any such interpretation shall be final and binding on all persons. This authority includes, but is not limited to, a determination of whether a Collective Bargaining Agreement reflects (and continues to reflect) the required Contribution Rate increases under any of the options described above.

**FUNDING IMPROVEMENT PLAN AND FUNDING POLICY FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)  
2014 Plan Year**

**INTRODUCTION**

This is the Funding Improvement Plan (abbreviated as the "FIP") adopted by the Sheet Metal Workers' National Pension Fund's ("Fund" or "NPF") Board of Trustees ("Trustees"), effective as of March 1, 2014.<sup>1</sup> The Trustees have adopted this Funding Improvement Plan pursuant to ERISA Section 305 and IRC Section 432 because the Fund's actuary has certified that NPF has emerged from Critical Status and is in Endangered Status under ERISA for the 2014 Plan Year.<sup>2</sup> This FIP also serves as the Funding Policy adopted by the Trustees until the Plan has ceased to be in Endangered Status.

The assumptions that the Fund's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this FIP are described in an exhibit to the NPF's annual Actuarial Certification of Plan Status, which the Fund actuary prepares and files.<sup>3</sup>

Each capitalized term in this FIP and the attached FIP Schedule has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or the context requires otherwise. Also, any reference to the term "Participant" in the FIP or any FIP Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless the context requires otherwise. All gender references are for convenience only and include the opposite gender. Any reference to the term "Collective Bargaining Agreement" (or "CBA") in this FIP or the FIP Schedule shall be deemed to include a reference to any other agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers and Local Unions (or similar parties who maintain the NPF) are referred to in this FIP and the FIP Schedule as the "bargaining parties" (or individually, as a "bargaining party"). As applicable, any reference to the term "pension" in this FIP or the FIP Schedule shall be deemed to include a reference to the term "disability benefit," unless otherwise indicated or required by the context in which such term is used.

**BENCHMARKS**

The objective of this FIP and Funding Policy is to meet the following benchmarks: (A) increase the NPF's funded percentage<sup>4</sup> such that the NPF's funded percentage as of the close of the funding

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<sup>1</sup> The FIP Schedule, however, which is attached hereto and incorporated by reference herein, may be deemed to have been adopted as of an earlier date.

<sup>2</sup> The terms "Critical Status" and "Endangered Status" shall have the same meaning given such terms in ERISA Section 305 and IRC Section 432.

<sup>3</sup> These assumptions also include the Trustees' expectations concerning projected hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

<sup>4</sup> As used herein, the term "funded percentage" means the percentage equal to a fraction – (i) the numerator of which is the value of the NPF's assets, as determined under ERISA Section 304(c)(2), and (ii) the denominator of which is the accrued liability of the NPF, determined using actuarial assumptions described in ERISA Section 304(c)(3).

improvement period<sup>5</sup> equals or exceeds the sum of – (i) the funded percentage as of the beginning of the funding improvement period, plus (ii) 33 percent of the difference between 100 percent and the percentage under clause (i); and (B) avoid any accumulated funding deficiencies<sup>6</sup> (i.e., no accumulated funding deficiency for any Plan Year during the funding improvement period (taking into account the NPF’s extension of its amortization periods under ERISA Section 304(d)).

These benchmarks are expected to be achieved with the current design in the Plan Document. The FIP Schedule, which is attached hereto and incorporated by reference herein, reflects the Plan Document’s current design. Specifically, the Normal Retirement Pension benefit accrual formula in effect on January 1, 2014 under Section 5.03(g) of the NPF’s Plan Document will continue to apply to all active Participants, regardless of whether any Contribution Rate increases are made. However, as set forth in the Plan Document, the types of subsidized Early Retirement Pensions (and certain optional forms of benefits) that applied to classifications of employment that were covered under the Rehabilitation Plan’s First Alternative Schedule (previously referred to as the “Alternative Schedule”) or Second Alternative Schedule when the NPF was in Critical Status will not apply to benefits accrued after the NPF’s emergence from Critical Status unless the Collective Bargaining Agreement covering those classifications of employment continue to reflect the required Contribution Rate increases specified in the Plan Document.

The FIP Schedule offers three options. The first is a default option, which currently does not contemplate required Contribution Rate increases. However, with respect to classifications of employment that were covered under the Rehabilitation Plan’s First or Second Alternative Schedule, the default option does reduce or eliminate subsidized Early Retirement Pensions prospectively (i.e., after the date that the required Contribution Rate increases would have been made). In addition, the FIP Schedule provides for two alternative options for preserving the subsidized Early Retirement Pension benefits (and optional benefit forms) that applied under the Rehabilitation Plan’s First and Second Alternative Schedules.

The types of Early Retirement Pensions and optional forms of benefits that applied to classifications of employment that were covered under the Rehabilitation Plan’s Default Schedule (or additional benefit adjustments for Collective Bargaining Agreements that ceased to reflect the required Contribution Rate increases under the First or Second Alternative Schedules (hereinafter referred to as the “No Increase Consequences Adjustments” or “NIC Adjustments”)) will continue to apply to those classifications of employment after the NPF’s emergence from Critical Status (i.e., no Contribution Rate increases would be required currently for such classifications of employment). Accordingly, the bargaining parties are deemed to have adopted the default option under the FIP Schedule if they had adopted (or were deemed to have adopted) the Rehabilitation Plan’s Default Schedule or the NIC adjustments were made under the bargaining parties’ Collective Bargaining Agreement when the NPF was in Critical Status.

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<sup>5</sup> The “funding improvement period” is the 10-year period beginning on the January 1, 2017.

<sup>6</sup> The term “accumulated funding deficiency” has the meaning given such term in ERISA Section 304(a).

### **REVIEW AND AMENDMENT OF FIP AND FIP SCHEDULE**

The Trustees will review this FIP and the FIP Schedule on an annual basis (or sooner if conditions merit), and will make whatever updates they deem appropriate to reflect the actual experience of the Fund.

The Trustees have the sole and absolute power, authority, and discretion to amend, modify, interpret, and apply the provisions of this FIP and the FIP Schedule (including any subsequent amendments or modifications). All such actions by the Trustees shall be final and binding on all persons.

### **REJECTION OF CERTAIN COLLECTIVE BARGAINING AGREEMENTS**

The Pension Protection Act prohibits the Trustees from accepting a Collective Bargaining Agreement (or similar agreement) that provides for: (i) a reduction in the level of contributions for Participants; (ii) a suspension of contributions with respect to any period of service; or (iii) any new direct or indirect exclusion of younger or newly hired employees from participation in the NPF.

**FUNDING IMPROVEMENT PLAN SCHEDULE FOR  
THE SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN: 526112463/001)  
2014 Plan Year  
(Adopted by the NPF Trustees February 26, 2014)**

**INTRODUCTION**

This is the Funding Improvement Plan ("FIP") Schedule for the NPF. This FIP Schedule forms a part of the FIP to which it is attached. All capitalized terms have the same meaning given such term in the FIP or the Plan Document, as the case may be, except that the term "Collective Bargaining Agreement" shall include any similar agreement, such as an adoption or participation agreement.

This FIP Schedule contains three (3) options, which reflect the terms of the Plan Document and which are expected to enable the NPF to meet the applicable benchmarks set forth in the FIP.

The first option is referred to as the "Default Option." It may be adopted by any of the bargaining parties, and will be deemed to have been adopted by certain bargaining parties, as described below.

The second option is referred to the "First Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's First Alternative Schedule ("FAS") (formerly known as the "Alternative Schedule"), made the required Contribution Rate Increases when the NPF was in Critical Status, and continued to operate under the FAS as of December 31, 2013. In other words, if the bargaining parties were not parties to the FAS as of December 31, 2013, they cannot elect this option.

The third option is referred to as the "Second Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's FAS or Second Alternative Schedule ("SAS"), made the required Contribution Rate increases when the NPF was in Critical Status, and continued to operate under the FAS or SAS as of December 31, 2013.

This FIP Schedule will be reviewed by the Trustees annually (or sooner if circumstances warrant) and will be updated to the extent necessary to reflect actual experience.

**1. DEFAULT OPTION**

A. Contribution Rate Requirements

The Default Option currently requires no Contribution Rate increases. However, the Contribution Rate, as in effect on January 15, 2014, may not be reduced by the bargaining parties.

B. Applicability to classifications of employment that were covered under the Default Schedule or NIC Adjustments

If the bargaining parties had adopted (or were deemed to have adopted) the Default Schedule, or were parties to a Collective Bargaining Agreement that was subject to the NIC Adjustments, before the NPF emerged from Critical Status, they will be deemed to have adopted the Default Option by continuing to contribute to the NPF at the Contribution Rate in effect on January 15, 2014 (when the NPF was certified to be in Endangered Status). Such groups cannot elect another option.



For a classification of employment that was covered under the Default Schedule or was subject to the NIC adjustments when the NPF was in Critical Status, there will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document (that is the VBAR formula), and the Early Retirement Pension provisions in Section 5.04(c)(2) (A) and (B), as applicable, will continue to apply to that classification of employment. Neither the 60-Month Certain nor the reversion (pop-up) feature apply to benefits earned under such classifications of employment.

C. Applicability to classifications of employment that were covered under the FAS or SAS

If the bargaining parties had adopted either the FAS or the SAS when the NPF was in Critical Status, and the Collective Bargaining Agreement to which they are a party ceases to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases), they will be deemed to have adopted the Default Option as of the date Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the required increase.

A classification of employment that was covered under the FAS or the SAS when the NPF was in Critical Status will be covered under the Default Option if the Collective Bargaining Agreement under which such classification is covered ceases to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases). There will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(E) of the Plan Document will govern the type of Early Retirement Pension that will apply to such classification of employment after the date the Contribution Rate increase would have been had the Collective Bargaining Agreement reflected the required increase under Section 5.04(c)(2)(C) or (D) of the Plan Document. In addition, no 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned after such date.

NOTE: See the "Second Alternative Option" below for the consequences of a Collective Bargaining Agreement, which ceases to reflect the Contribution Rate increases required by Section 5.04(c)(2)(C) of the Plan Document but instead of reflects the requirements of Section 5.04(c)(2)(D) of the Plan Document.

**2. FIRST ALTERNATIVE OPTION**

A. Contribution Requirements

The First Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(C) of the Plan Document (currently 7% annually through 2017).

**B. Applicability to classifications of employment that were covered under the FAS**

The bargaining parties will be deemed to have adopted the First Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the First Alternative Option; provided, that the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) of the Plan Document. There will be no change under the First Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(C) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

**C. Inapplicability to other classifications of employment covered under a different Rehabilitation Plan Schedule or subject to NIC Adjustments**

The First Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule or SAS, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS.

**3. SECOND ALTERNATIVE OPTION**

**A. Contribution Requirements**

The Second Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(D) of the Plan Document (currently 3.5% annually through 2017).

**B. Applicability to classifications of employment that were covered under the SAS**

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the SAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the SAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement (or similar agreement) to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(D) of the Plan Document.

A classification of employment that was covered under the SAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment (i.e., the same types of Early Retirement Pensions that applied under the Rehabilitation Plan's SAS will continue to apply). Specifically, the provisions of Section 5.04(c)(2)(D) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party ceases to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document but instead reflects (and does not cease to reflect) the Contribution Rate increases that are required under Section 5.04(c)(2)(D) of the Plan Document. For purposes of the preceding sentence, the date on which the Contribution Rate increase would have been made under Section 5.04(c)(2)(C) of the Plan Document is the date on which the Second Alternative Option will be deemed to have been adopted by the bargaining parties.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of 5.04(c)(2)(F) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment after the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the Contribution Rate increase required under Section 5.04(c)(2)(C) of the Plan Document. The 60-Month Certain and/or reversion (pop-up) feature will continue to apply to benefits earned under such classification of employment after such date, subject to the terms of the Plan Document.

D. Inapplicability to other classifications of employment covered under the Rehabilitation Plan's Default Schedule or subject to NIC Adjustments

The Second Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS or SAS.

**4. CLASSIFICATIONS OF EMPLOYMENT THAT WERE NOT COVERED UNDER THE REHABILITATION PLAN**

If a classification of employment was not covered under the Plan's Rehabilitation Plan or a Rehabilitation Plan Schedule when the Plan was in Critical Status, the terms of the Plan Document shall govern the Contribution Rate requirements of the bargaining parties with respect to such classification, as well as the benefit provisions that apply to such classification of employment. See, further, Section 5.04(c)(2)(G) of the Plan Document.

**5. DURATION**

This FIP Schedule shall remain in effect for the duration of any Collective Bargaining Agreement, which was negotiated by the bargaining parties in reliance upon this FIP Schedule.

**6. AMENDMENT AND MODIFICATION**

The Trustees may amend or modify this FIP Schedule at any time. The Trustees have the sole discretion and authority to interpret this FIP Schedule, and any such interpretation shall be final and binding on all persons. This authority includes, but is not limited to, a determination of whether a Collective Bargaining Agreement reflects (and continues to reflect) the required Contribution Rate increases under any of the options described above.

**REHABILITATION PLAN AND FUNDING POLICY FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)**

**2013 Plan Year**

**I. INTRODUCTION**

This is the Rehabilitation Plan (the "RP" or "Rehabilitation Plan") adopted pursuant to ERISA Section 305 by the Sheet Metal Workers' National Pension Fund's ("Fund" or "NPF") Board of Trustees ("Trustees"). The Trustees have adopted this Rehabilitation Plan in their capacity as the NPF's Plan Sponsor (within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) because the Fund's actuary has certified that NPF has been found to be in critical status under ERISA. The initial RP was effective March 1, 2008. The Fund has operated under the provision applicable to Plans in critical status since 2008. This version reflects all amendments made through December 2013. This RP also serves as the Funding Policy adopted by the Trustees until the Plan has emerged from critical status.

The assumptions that the Fund's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this RP are described in an exhibit to the NPF's annual Certification of Funded Status, which the Fund actuary prepares and files.<sup>1</sup>

Each capitalized term in this RP and in each schedule of Contribution Rates/benefit adjustments ("Schedule(s)") adopted by the Plan Sponsor has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or required by the context in which the term is used. Also, any reference to the term "Participant" in the RP or any Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless otherwise required by the context in which it is used. All gender references are for convenience only and include the opposite gender. Any reference in this RP or any Schedule to the term Collective Bargaining Agreement (or "CBA") shall be deemed to include a reference to any similar agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers, Local Unions or other parties obligated to participate in the Fund are referred to in this RP and schedules as "bargaining party(ies)." As applicable, any reference in the RP or a Schedule to the term "pension" shall be deemed to include a reference to the term "disability benefit."

The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the RP, as well as all Schedules. This includes all prior and future versions.

The RP's objective is to enable the NPF to emerge from critical status by the end of its "Rehabilitation Period," which is the 13-year period commencing with the 2011 Plan Year. The Fund is deemed to emerge from critical status when the Fund's actuary certifies that the NPF is not

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<sup>1</sup> These assumptions also include the Trustees' expectations concerning projected hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

projected to have an accumulated funding deficiency for the Plan Year or any of the nine (9) subsequent Plan Years. The "Annual Standards" described below are intended to gauge the NPF's progress towards achieving the RP's objective. Based upon the NPF's actual experience, the Annual Standards may be revised or otherwise modified from time to time.

The RP utilizes a combination of benefit adjustments and Contribution Rate increases to meet its objective. This combination is reflected in the Schedules, which detail the applicable Contribution Rate increases and/or benefit adjustments that apply to Participants. One Schedule, the "Default Schedule," does not **currently** require Contribution Rate increases but significantly reduces adjustable benefits. The other Schedules, the "Alternative Schedules," require annual Contribution Rate increases, but adjustable benefits are reduced to a lesser extent than under the Default Schedule. The Schedules form a part of the RP and are incorporated herein by reference. The Alternative Schedule with the highest level of required annual Contribution Rate increases is referred to herein as the "First Alternative Schedule" or "FAS." The Alternative Schedule with the second highest level of required annual Contribution Rate increases is referred to herein as the "Second Alternative Schedule" or "SAS."

The RP prohibited the reduction of any Employer's Contribution Rate at any time before the end of the Rehabilitation Adoption Period (i.e., before January 1, 2011). For this purpose, any action that had the effect of reducing an Employer's contribution obligations was treated as a reduction of the Employer's Contribution Rate. The NPF disregards any provision in a CBA that took effect before January 1, 2011, which has the effect of reducing any Employer's contribution obligations to the Fund (including but not limited to a reduction in the Contribution Rate). Further, unless the Trustees approve, the NPF will also disregard any CBA provision that takes effect on or after January 1, 2011, which has the effect of reducing any Employer's NPF contribution obligation (including but not limited to a reduction in the Contribution Rate).

All required Contribution Rate increases shall be made in accordance with the Schedule reflected in the CBA, but in no event later than December 1 of the applicable Plan Year. The failure to contribute in accordance with the bargaining parties' Schedule will be treated as a delinquency, and can trigger the imposition of federal excise taxes. If Contribution Rate increases are not made, or duly reflected in the CBA, in accordance with the requirements of the bargaining parties' Schedule, the Trustees may terminate a bargaining party's status as a Contributing Employer and the bargaining unit's status as Covered Employees. Additionally, the Trustees may take such other actions, as they deem appropriate under the circumstances.

**EMPLOYERS AND LOCAL UNIONS MUST SUBMIT COPIES OF ALL COLLECTIVE BARGAINING AGREEMENTS (INCLUDING ALL ADDENDA, AMENDMENTS, EXTENSIONS AND RENEWALS).**

**II. PERSONS FOR WHOM CONTRIBUTIONS WERE NOT REQUIRED TO BE MADE**

A. Initial Allowances Made for Persons for Whom Contributions Were Not Required to be Made

In formulating the initial Schedules in 2008, ERISA required the Trustees to make an allowance for funding the benefits of Participants for whom contributions were not required to be made to the Fund. In accordance with this requirement, the Trustees initially made an allowance for two groups

of Participants for whom contributions were not required to be made, and who were unlikely to return to Covered Employment and have NPF contributions made under any of the Schedules. The first such group consisted of those Participants (e.g., retirees or those who have left the trade) who had ceased working in Covered Employment. The second such group consisted of those Participants who worked in the Sheet Metal Industry, but whose work was not covered under a Collective Bargaining Agreement to which either the Sheet Metal Workers' International Association or a Local Union was a party or under any other agreement requiring NPF contributions.

Both groups of Participants were subject to the benefit adjustments described in subsection (1) below, and, with certain exceptions, the benefit adjustments described in subsection (2) below and subsection (B)(2)(a) below. Also, both groups of Participants were subject to the benefit adjustments made to the benefit payment options under the Default Schedule.

1. Post-Retirement Benefit Increases not Guaranteed under ERISA Section 4022A

After January 1, 2008, the Fund no longer pays any post-retirement increase if the increase had not been in effect more than 60 months from that date. This applies to any scheduled increase that did not take effect before 2003, such as any annual increase under the NPF COLA Benefit that had not taken effect (i.e., was not payable) before 2003.

This means that after January 1, 2008, no NPF COLA Benefit is payable in excess of the amount a Participant received as a "13th check" in 2002. If a Participant had not been retired before December 1, 2001, and, therefore, did not receive any NPF COLA Benefit in 2002, he or she does not receive any annual increase under the NPF COLA Benefit after 2007. A Participant who was retired and did have his pension increased by the NPF COLA Benefit in 2002, continues to receive an NPF COLA Benefit, but it is reduced to the amount of the 2002 increase (i.e., the amount of the 13th check paid to the Participant in 2002). It remains fixed at that amount.

2. Actuarial Adjustment to Early Retirement Benefits

A Participant described in this subsection (A), who had not retired under the NPF before March 1, 2008, will receive the actuarial equivalent of his Normal Retirement Pension benefit if he retires before age 65, instead of any subsidized early retirement benefit that he otherwise would have been eligible to receive, unless the Participant:

- a) was working for a Contributing Employer in non-covered service or was working for an organization that provides Union authorized training;
- b) was retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds or the Sheet Metal Workers' International Association Master Reciprocal Agreement (but had not retired under the NPF); was working in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and had not worked in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan;
- c) was working in Covered Employment at the time he became disabled; or

- d) effective August 1, 2012, was working in Covered Employment within six (6) calendar months of the date he was found to be disabled, as verified by the U.S. Social Security Administration or Railroad Retirement Board, and was eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

The actuarial age reduction factors are contained in the attached Chart 1.

In addition, subject to ERISA's notice requirements, the following benefit options were eliminated under the Plan Document for retirements on or after March 1, 2008 (and deaths that occurred after December 31, 2007): 1. The Level Income Option; 2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee"); 3. Lump-sum distributions to surviving spouses; and 4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution).

As noted, additional adjustments also may apply to persons described in this subsection (A). These additional adjustments are described in subsection (B) (2) below.

- B. Allowance Made after Plan Year 2008 for Persons for Whom Contributions Were Not Required to be Made
  1. Persons for Whom Contributions Were Not Required to Be Made in any Plan Year beginning on or after January 1, 2009

Allowances also are made for purposes of updating the Schedules for Plan Years beginning on and after January 1, 2009 for any Participant:

- (a) who had a One-Year Break in Service in or after 2008, and who had no contributions that were required to be made on his behalf in the Plan Year immediately following the Plan Year in which the One-Year Break in Service occurred (and who was not retired (within the meaning of the Plan Document) under the NPF); or
- (b) who, effective July 1, 2013, works under a classification of employment for which contributions to the NPF have ceased to be made under the terms of a collective bargaining agreement (regardless of whether the contributions ceased to be made before July 1, 2013).

Specifically, such Participants will be subject to the benefit adjustments described in subsection (A)(1) above, and with certain exceptions, the adjustments described in subsection (A)(2) above and subsection (B)(2) below.

2. Additional Benefit Adjustments
  - (a) Subject to ERISA's notice requirements and the exceptions described in paragraph (b) below, the following additional benefit adjustments will be made in each Plan Year beginning on or after January 1, 2009 for any Participant described in subsection (A) or subsection (B)(1) above:



- (i) if the Participant last worked in Covered Employment performing Construction Work, then the following benefit adjustments apply to that Participant:
  - (I) no early retirement benefit whatsoever will be payable before Normal Retirement Age (age 65) if his Effective Date of Pension is on or after January 1, 2010 but before August 1, 2012; and
  - (II) if his Effective Date of Pension is on or after August 1, 2012, the only early retirement benefit payable before Normal Retirement Age (age 65) will be a monthly benefit equal to the actuarial equivalent of his monthly Normal Retirement Pension benefit (determined as a single life annuity based on the Participant's actual age on his Effective Date of Pension, as reflected in the attached Chart 1), provided that, the Participant satisfies the Plan Document's requirements for the receipt of a Standard Early Retirement Pension benefit;
  - (III) no Disability Benefit will be payable unless all eligibility conditions for a Full Disability Benefit had been satisfied before January 1, 2010;
  - (IV) no 60 Certain Payments (the "60-Month Guarantee") will apply to any benefit that has an Effective Date of Pension on or after January 1, 2010; and
  - (V) no pop-up feature (Reversion) is available to any joint and survivor annuity option that has an Effective Date of Pension on or after January 1, 2010.
- (ii) if the Participant last worked in Covered Employment performing Non-Construction Work, then the following benefit adjustments will apply to that Participant:
  - (I) if his Effective Date of Pension is on or after August 1, 2012, the only early retirement benefit payable before Normal Retirement Age (age 65) will be a monthly benefit equal to the actuarial equivalent of his monthly Normal Retirement Pension benefit (determined as a single life annuity based on the Participant's actual age on his Effective Date of Pension, as reflected in the attached Chart 1), provided that, the Participant satisfies the Plan Document's requirements for the receipt of a Standard Early Retirement Pension benefit;
  - (II) no Disability Benefit will be payable unless all eligibility conditions for a Full Disability Benefit had been satisfied before August 1, 2012;

- (III) no 60 Certain Payments (the “60-Month Guarantee”) will apply to any benefit that has an Effective Date of Pension on or after August 1, 2012; and
  - (IV) no pop-up feature (Reversion) will apply to any joint and survivor annuity option that has an Effective Date of Pension on or after August 1, 2012.
- (b) The additional adjustments described in paragraph (a) above do not apply if the Participant:
- i) is working for a Contributing Employer in non-covered service (other than, effective July 1, 2013, a Participant who works under a classification of employment for which contribution to the NPF have ceased to be made under the terms of a Collective Bargaining Agreement) or is working for an organization that provides Union authorized training; or
  - ii) is retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers’ Pension Funds or the Sheet Metal Workers’ International Association Master Reciprocal Agreement (but has not retired under the NPF); was working in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and has not worked in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan; or
  - iii) was working in Covered Employment at the time he became disabled; or
  - iv) effective August 1, 2012, was working in Covered Employment within six (6) calendar months of the date he was found to be disabled, as verified by the U.S. Social Security Administration or Railroad Retirement Board, and is eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

C. Reclassification of Persons for Whom Contributions Were Not Required to be Made

If a Participant described in this Section II has not retired and returns to work in Covered Employment and completes one (1) Year of Service under a Schedule, his benefits will be re-adjusted in accordance with that Schedule, but the Participant will remain subject to all applicable rules in the Plan Document and such Schedule, including all rules relating to the eligibility for benefits (such as, but not limited to, any applicable delay rules, credited service rules, and minimum hours/activity requirements).

If a Participant’s benefit commencement date is after the date of the NPF’s initial Notice of Critical Status, and the Participant subsequently returns to work before receiving 12-consecutive monthly benefit checks, his benefit will be recalculated under the Schedule that applies to similarly-situated active employees at the time of his subsequent retirement.

### III. DEFAULT AND ALTERNATIVE SCHEDULES

#### A. General

The Rehabilitation Plan includes a Default Schedule and two (2) Alternative Schedules: (i) the First Alternative Schedule (also referred to as “FAS”); and (ii) the Second Alternative Schedule also referred to as “SAS”). The Trustees review the RP and all Schedules no less frequently than annually and may update them at any time, as they find necessary, to reflect the NPF’s experience over the preceding Plan Year(s). The Default and Alternative Schedules are attached at Appendix A. The terms of each such Schedule, as updated from time to time, are incorporated by reference herein and form a part of this Rehabilitation Plan. Updated schedules may be substituted for the current Schedules at Appendix A. The Trustees may amend, or otherwise modify the RP or a Schedule at any time in its sole and absolute discretion. **The Trustees may add additional Schedules or discontinue any Schedule as it deems appropriate, in its sole and absolute discretion.**

Effective as of February 1, 2011, the bargaining parties cannot adopt a Schedule different than the Schedule that they previously adopted (or were deemed to have adopted), unless:

- a) (i) the Schedule in question has been updated or issued after February 2011 (e.g., the SAS); (ii) such Schedule specifically provides that it may be adopted by bargaining parties that had previously adopted a different type of Schedule; and (iii) the bargaining parties comply with any conditions for adoption of the new or updated Schedule;
- b) (i) the bargaining parties’ Collective Bargaining Agreement covers only Non-Construction Work; and (ii) the bargaining parties previously adopted an Alternative Schedule and subsequently agree to adopt the Default Schedule (as then in effect) on or after June 1, 2011; or
- c) the Trustees otherwise approve the adoption of the different Schedule.

When the bargaining parties duly adopt a particular Schedule, they also select the Contribution Rate increases and/or reductions in adjustable benefits that apply to Participants who are covered under the bargaining parties’ CBA. The actual percentage increase in Contribution Rate(s) a Schedule requires may be rounded by the Trustees in their sole discretion. A Schedule’s Contribution Rate requirements apply for the CBA’s duration; provided the Schedule remains in effect for the duration of the CBA. Under some circumstances, a Schedule in effect during the term of the CBA may be superseded by another Schedule as a result of collective bargaining before the term of the CBA expires.

After a CBA’s expiration, the terms of the Schedule in effect at the time of the expiration will apply, and those terms may be different than the terms of the Schedule in effect before the expiration of the CBA. The terms that may be different include, but are not limited to, the Contribution Rate requirements, and the adjustable benefit provisions.

When a CBA that reflects the adoption of an Alternative Schedule expires (referred to hereafter as the “Expired CBA”), the bargaining parties must promptly adopt the current version of that Alternative Schedule and pay current Contribution Rate increases required under that Schedule or, if available, they must adopt another version of the Alternative Schedule and pay the Contribution Rate increases required thereunder.<sup>2</sup> If the bargaining parties do not affirmatively negotiate the required Contribution Rate increases into their succeeding CBA, then notwithstanding anything to the contrary in the Plan Document or any Schedule, the additional benefit adjustments described in (1) through (4) below will be made upon the expiration date of the Expired CBA, *subject to all applicable notices*.

The additional benefit adjustments referenced above are as follows:

- 1) Adjustment to Benefit Accrual Rate: A Participant who was covered under the Expired CBA will accrue a monthly Normal Retirement Pension benefit with respect to his Contribution Hours equal to 1.0% of the amount determined by multiplying the Participant’s Benefit Rate by his Contribution Hours for the portion of the Plan Year remaining after the date specified in a notice of benefit reduction provided to the Participant and for each Plan Year thereafter. Note that the term “Benefit Rate” is the Contribution Rate MINUS the portion of the Contribution Rate attributable to the 55/30 Rate (which is 30% of the Contribution Rate);
- 2) Early Retirement Benefit Reductions: The amount of any monthly benefit that otherwise would be payable before the attainment of Normal Retirement Age to a Participant who was covered under the Expired CBA, and whose Effective Date of Pension is on or after the expiration date of the Expired CBA will be limited to the actuarial equivalent (as determined in attached Chart 1) of his or her monthly Normal Retirement Pension benefit, unless the Participant has attained age 62 and satisfies the eligibility requirements in the Plan Document for a Special Early Retirement Pension on his or her Effective Date of Pension. If the Participant has attained age 62 and satisfies the eligibility requirements in the Plan Document for a Special Early Retirement Pension on his or her Effective Date of Pension, then the monthly benefit payable to the Participant shall be equivalent to his or her monthly Normal Retirement Pension benefit (i.e., unreduced for age);
- 3) Benefit Forms: Subject to the terms of any applicable notice, the following benefit forms will no longer apply to a Participant who was covered under the Expired CBA and whose Effective Date of Pension is on or after the expiration date of the Expired CBA: (i) 60 Certain Payments (“the 60-Month Guarantee”); and (ii) the pop-up feature (Reversion) for any joint and survivor annuity option. Note that these changes are cumulative to other changes applicable to persons who retired on or after March 1, 2008, such as the previous elimination of the level income option and 120 month guarantee; and

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<sup>2</sup> Bargaining parties under Non-Construction Work CBA’s may affirmatively adopt the Default Schedule.

- 4) Disability Benefit: If a Participant was covered under the Expired CBA, and the Effective Date of his or her Full Disability Benefit is on or after the expiration date of the Expired CBA, his/her Full Disability Benefit will be limited to the actuarial equivalent (as determined in Chart 1 attached hereto) of his or her monthly Normal Retirement Pension benefit, determined as if the Participant had attained age 55 on the Effective Date of his or her Disability Benefit.<sup>3</sup>

The details of each Schedule are set forth in Appendix A. The Trustees have the sole and absolute discretion to interpret the terms of the Rehabilitation Plan, its Schedules, and Plan Document, and its interpretation is final and binding on all persons. The Trustees also have the sole discretion to determine the effective date of any Collective Bargaining Agreement, and any such determination is final and binding on all persons. Upon emergence from critical status, this Rehabilitation Plan and all Schedules associate with the Rehabilitation Plan shall terminate, except that the reductions made to adjustable benefits are permanent and shall remain in full force and effect after the NPF has ceased to be in critical status. Further, any required Contribution Rate increases shall continue to apply for the duration of the Collective Bargaining Agreement in effect at the time of emergence, unless otherwise specified in the Plan Document or a Funding Improvement Plan/Funding Improvement Plan Schedule.

Nothing in this RP or in any of the Schedules shall be construed to alter or modify the contribution requirements in the Trust Document.

#### B. Work Under Multiple Schedules

The following provisions govern when a Participant works under different Schedules while the Plan is in critical status.

##### 1. Benefit Accrual Formula

The benefit accrual formula that will apply to a Participant is determined by the Schedule under which he earns his Contribution Hours.

##### 2. Benefit Adjustments

In general, subject to the terms of any applicable notice, the benefit adjustments (e.g., early retirement pension benefits, 60 Certain Payments, and other payment options) that apply to a Participant are determined by the Schedule that applies to the Participant's bargaining unit under the Collective Bargaining Agreement negotiated by the Local Union, which regularly represents the Participant for the purpose of collective bargaining (the "Home Local Schedule").

If the Participant works under a different Schedule than his Home Local Schedule, the Participant's benefit adjustments (e.g., early retirement pension benefits, 60 Certain Payments, and other payment options) are determined under his Home Local Schedule, unless he has 3,500 or more Hours of Work in Covered Employment under a different Schedule within a five (5) consecutive

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<sup>3</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.

Calendar Year period preceding the date the Plan ceases to be in critical status. In that case, the Participant's benefit adjustments will be determined under the different Schedule. For purposes of determining a Participant's Hours of Work in Covered Employment under his Home Local Schedule, any Hours of Work in Covered Employment under a predecessor Collective Bargaining Agreement will be included if the successor CBA incorporates the Participant's Home Local Schedule.

#### **IV. ANNUAL STANDARDS FOR MEETING RP REQUIREMENTS**

During each Plan Year of the Rehabilitation Period, the Trustees will review actuarial projections for purposes of determining whether the requirements of this RP are being met. If, during the Plan Year, the actuary projects that the 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 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, 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 Collective Bargaining Agreement) will be made upon expiration of an existing CBA.

Attachments: Chart 1 & Appendix A: Default and Alternative Schedules

CHART 1: TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)

Age in Years	-----Months-----											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
 Form of Payment: Single Life Only

**DEFAULT SCHEDULE FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**January 2012**

**I. Introduction**

This is the Default Schedule for the Rehabilitation Plan of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), which supersedes all prior versions of the Default Schedule. All capitalized terms have the same meaning given to such terms in the Plan Document unless otherwise defined in this Default Schedule or the Rehabilitation Plan ("RP").

This Default Schedule forms a part of, and is incorporated by reference into, the RP, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement ("CBA"). This Default Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a CBA. Nevertheless, contributions shall be made in a manner consistent with the Trust Document.

The Trustees may amend or modify the Default Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Schedule.

Notwithstanding anything to the contrary, the Trustees have the sole and absolute discretion to determine whether and when this Schedule or any prior version of this Schedule was adopted and implemented by the parties to a CBA or similar agreement.

This Default Schedule's Contribution Rate requirements apply for the initial duration of the bargaining parties' CBA but may be modified in future years. Upon expiration of the Collective Bargaining Agreement in effect when this Default Schedule was adopted or implemented, the bargaining parties will be deemed to have automatically adopted whichever successor Default Schedule is then in effect.

This Default Schedule may not be adopted by any bargaining parties who previously adopted an Alternative Schedule, except that the parties to a CBA that covers only Non-Construction Work may adopt this Default Schedule after May 31, 2011.

**II. Contribution Rate Requirements**

This Default Schedule currently requires no annual increases in the Employer's Contribution Rate except as may be required in order to comply with the provisions of the Trust Document and Plan Document. However, except as the RP may so provide, no Employer's Contribution Rate may be reduced.

**III. Normal Retirement Pension Benefit Accrual Rate**

A Participant covered under this Default Schedule will accrue a monthly Normal Retirement Pension benefit equal to 1.0% of the amount determined by multiplying the Participant's



Contribution Rate by his Contribution Hours for the Plan Year (or as applicable, the portion of the Plan Year to which the Default Schedule applies), commencing with the first (1st) day of the month following the month in which this Schedule is adopted or deemed to have been adopted (or on such other date as may be specified in any notice provided by the Fund pursuant to ERISA).

#### IV. Benefit Adjustments

This Schedule reduces "adjustable benefits," as that term is defined in ERISA Section 305. Notwithstanding any contrary provision in the Plan Document, a Participant who is covered under this Schedule is subject to benefit adjustments as described below.

##### A. Adjustments to Early Retirement Benefits, Retirement-Type Subsidies and Disability Benefits

1. *No 55/30 Pension and Special Early Retirement Pension:* Notwithstanding anything to the contrary in the Plan Document, the 55/30 Pension and the Special Early Retirement Pension are not available as an option for Participant's covered under this Default Schedule.
2. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit amount is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 65 (e.g., the Standard Early Retirement Pension benefit payable at age 55 is 40% of the Participant's Normal Retirement Pension benefit payable at age 65). For Effective Dates of Pension on or after January 1, 2011, a Participant's Standard Early Retirement Pension is further reduced to the actuarial equivalent of his Normal Retirement Pension benefit, payable as a single life annuity based on the Participants actual age on his Effective Date of Pension. The formula for determining actuarial equivalence is shown in Chart 1 attached to the Rehabilitation Plan.
3. *Disability Benefit:* The Full Disability Benefit for eligible Participants will be equivalent to the Standard Early Retirement Pension (i.e., on or after January 1, 2011, the actuarial equivalent of a Normal Retirement Pension benefit payable as a single life annuity), as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule and assuming he/she otherwise meets eligibility requirements.<sup>1</sup>

##### B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A

The NPF does not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, such as

<sup>1</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.

the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduced NPF COLA Benefits for some and eliminated it for others.

The NPF COLA Benefit paid an annual increase in the form of a "13th check" equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible Participant had been receiving NPF pension benefits. The increase took effect after a Participant had received twelve consecutive monthly pension payments, measured as of October 31 of each Plan Year.<sup>2</sup> Any scheduled increase under the NPF COLA Benefit that did not take effect before 2003, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that took effect, or had taken effect, after 2002 is reduced to zero.

Note: The Rehabilitation Plan and its Schedules provided that any retiree who received NPF COLA Benefit payments before 2003 had his NPF COLA Benefit payments "rolled back" to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> payment for 2002).

### C. Benefit Payment Options

The Default Schedule and previous Plan amendments reduced available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee");
3. Lump-sum distributions to surviving spouses;
4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution); and
5. The 60 Certain Payments (sometimes referred to as the "60-Month Guarantee") and the pop-up (Reversion) for the Joint and Survivor Annuity Options for any Participant with an Effective Date of Pension on or after January 1, 2011.

<sup>2</sup> This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

**FIRST ALTERNATIVE SCHEDULE FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**January 2012**

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**I. Introduction**

This is the First Alternative Schedule for the Rehabilitation Plan of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), which supersedes all prior versions of this Schedule. This version is now referred to as the "First Alternative Schedule" or "FAS" because a second alternative schedule (the "Second Alternative Schedule" or "SAS") was added for 2012. Any reference to any prior version of this Schedule is deemed to include a reference to the schedule that was previously known as the "Alternative Schedule." All capitalized terms have the same meaning given to such terms in the Plan Document or Rehabilitation Plan ("RP"), unless this Schedule provides otherwise.

This FAS forms a part of, and is incorporated by reference into, the RP, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement ("CBA"). This First Alternative Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a CBA. Nevertheless, contributions shall be made in a manner consistent with the Trust Document.

The Trustees may amend or modify the FAS at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this FAS and all prior versions of this Schedule.

Notwithstanding anything to the contrary, the Trustees have the sole and absolute discretion to determine whether and when this FAS or any prior version of this Schedule was adopted and implemented by the parties to a Collective Bargaining Agreement or similar agreement.

The FAS Contribution Rate requirements apply upon adoption and continue to apply for the duration (disregarding any extensions) of the CBA in effect at the time, the bargaining parties adopted the First Alternative Schedule. Those Contribution Rate requirements, which are described below, have been modified from the requirements in an earlier version of this Schedule by increasing the amount of the required increases for Plan Years beginning on and after January 1, 2011, and may again be modified in the future. Nothing in this FAS or in any prior version will be deemed to limit the bargaining parties' ability to negotiate higher Contribution Rate increases than those required in this Schedule.

The pension benefit accrual provisions described below took effect on the first day of the month following the month in which the bargaining parties adopted the FAS. However, the benefit accrual does not reflect the required annual Contribution Rate increase until the date on which the increased Contribution Rate becomes payable.

The initial version of this Schedule (previously referred to as the "Alternative Schedule") modified NPF benefits in various ways and controls over the contrary provisions of the Plan Document then in effect. Those benefit adjustments, described below continue to apply in this Schedule.

This version of the FAS shall cease to apply upon the expiration of the CBA in effect at the time the bargaining parties adopted (or are deemed to have adopted) this First Alternative Schedule. Except as Rehabilitation Plan provides or requires, the Schedule or Schedules available to the bargaining parties and adopted by them under the next Collective Bargaining Agreement will govern the adjustable benefits and benefit accrual provisions applicable to the Participants covered under that CBA.

**II. Contribution Rate Requirements**

This FAS requires annual increases in the Employer's Contribution Rate. However, the bargaining parties' CBA may require higher Contribution Rates or greater increases than those specified in this Schedule or any prior version. The required increases continue for the initial duration of the CBA. An Employer's Contribution Rate should increase no later than the anniversary of each allocation date or re-opener, but must increase no later than December 1 of the applicable Plan Year or such earlier date specified by the bargaining parties.

The Employer's Contribution Rate will be determined as follows:

- A. If the Contribution Rate in effect on 12/31/10 was increased by 7.0% for the 2011 Plan Year, the required increase for 2012 and subsequent Plan Years is as follows:

**Plan Year**

- 2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.07);
- 2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.07);
- 2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.07);
- 2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.07);
- 2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.07);
- 2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.07);
- 2018 and thereafter = (To be Determined).

Notwithstanding the foregoing, and the RP's restrictions on decreasing Contribution Rates, the Trustees may adjust the amount of the annual increases listed above to be more or less than shown, to be effective upon the expiration of the CBA in effect at the time the bargaining parties adopted this First Alternative Schedule.

-OR-

- B. If the Contribution Rate in effect for any Plan Year ending on or after December 31, 2010 was NOT increased by at least 7.0% for each subsequent Plan Year, the schedule of required increases in [A] above shall not apply. **Instead, the Fund will provide the bargaining parties with a separate schedule of required Contribution Rate increases. The bargaining parties must contact the Fund to obtain a revised schedule of Contribution Rate increases prior to the negotiation of their latest Collective Bargaining Agreement.**

### III. Normal Retirement Pension Benefit Accrual Rate

The Participant's monthly Normal Retirement Pension benefit will accrue at the highest accrual rate in effect under the Plan Document during the term of this First Alternative Schedule; provided, that the Participant has Contribution Hours under a Collective Bargaining Agreement, which reflects or incorporates the terms of this FAS. The highest rate of accrual under the Fund's Plan Document currently is 1.5% with respect to Contribution Hours up to 1200, and 0.7% with respect to Contribution Hours in excess of 1200. **However, the Trustees may amend the benefit accrual provisions in the Plan Document at any time.** Note: For 55/30 Rates, the Plan Document provides that the accrual rate is based on 70% of the contributions to be made on a Participant's Contribution Hours.

### IV. Benefit Adjustments

This FAS continues to provide for reductions in "adjustable benefits" as that term is defined in ERISA Section 305. The reductions described below took effect under the terms of the initial version of this Schedule (when there was only a single alternative schedule).

Notwithstanding any contrary provision in the Plan Document, a Participant who is covered under this FAS is subject to benefit adjustments as described below.

- A. Adjustment to Early Retirement Benefits, Retirement-Type Subsidies and Disability Benefits
1. *Special Early Retirement Pension benefit:* The Special Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 62 (e.g., the Special Early Retirement Pension benefit payable at age 55 is 58% of the Participant's Normal Retirement Pension benefit payable at age 65).
  2. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit amount is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 65 (e.g., the Standard Early Retirement Pension benefit payable at age 55 is 40% of the Participant's Normal Retirement Pension benefit payable at age 65).

3. *Disability Benefit:* The Full Disability Benefit is equivalent to the modified Standard Early Retirement Pension, the modified Special Early Retirement Pension, or the 55/30 Pension, as applicable. This is determined as if the recipient were age 55, and assuming he/she otherwise meets eligibility requirements for the benefit, since all three forms of early retirement are available under the First Alternative Schedule.<sup>1</sup>

Note: The early retirement subsidy for the 55/30 Pension benefit has not been adjusted under this Schedule.

B. Benefit Increases that Would Not Be Guaranteed under ERISA Section 4022A

Consistent with the RP and prior versions this Schedule (and all schedules), the NPF no longer pays any post-retirement benefit increase that would not have been eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from 2008 (i.e., after 2002). This applies to a scheduled increase, like the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This resulted in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit paid an annual increase in the form of a "13th check" equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible Participant had been receiving NPF pension benefits. The increase took effect after a Participant had received twelve consecutive monthly pension payments, measured as of October 31 of each Plan Year.<sup>2</sup> Any scheduled increase under the NPF COLA Benefit that did not take effect before 2003, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that took effect, or had taken effect, after 2002 is reduced to zero.

Note: The Rehabilitation Plan and its Schedules provided that any retiree who received NPF COLA Benefit payments before 2003 had his NPF COLA Benefit payments "rolled back" to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> payment for 2002).

C. Benefit Payment Options

Prior versions of this Schedule and changes to the Plan Documents reduced available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee");
3. Lump-sum distributions to surviving spouses; and
4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's

<sup>1</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.

<sup>2</sup> This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution).

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**SECOND ALTERNATIVE SCHEDULE FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**January 2012**

**I. Introduction**

This Schedule is referred to as the "Second Alternative Schedule" of the Rehabilitation Plan ("RP") of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"). The Second Alternative Schedule (also referred to as "SAS") may be adopted on or before December 31, 2013 by any bargaining parties who: (i) previously adopted the First Alternative Schedule ("FAS"); and (ii) made the increases required by each version of the FAS, regardless of whether their Collective Bargaining Agreement ("CBA") had expired before or after the date the FAS was modified to increase the amount of the required Contribution Rate increase. Further, the SAS may only be adopted if all of the bargaining parties to a multiemployer Collective Bargaining Agreement agree to its adoption.

No adoption of this SAS will take effect unless, and until, the bargaining parties have demonstrated to the Trustees' satisfaction, that their CBA reflects the requirements of this Second Alternative Schedule and that all of the parties to the CBA have formally adopted this Second Alternative Schedule. The bargaining parties may satisfy this requirement by the using of any sample or model Collective Bargaining Agreement language the Fund may furnish. Any adoption of this SAS on or after January 1, 2014 shall be null and void.

All terms used in this SAS have the same meaning given to such term in the Plan Document or Rehabilitation Plan ("RP"), unless this SAS provides otherwise. The SAS forms a part of, and is incorporated into, the RP, the Fund's Plan and Trust Documents, and the bargaining parties' CBA. This Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a CBA. Nevertheless, contributions shall be made in a manner consistent with the Trust Document. The Trustees may amend or modify the SAS at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, interpret and apply the provisions of the Second Alternative Schedule, and any such amendment, interpretation or application will be final and binding on all persons.

Notwithstanding anything to the contrary, the Trustees determine, in their sole and absolute discretion, whether and when this SAS or any other Schedule was adopted and implemented by the bargaining parties. **The Trustees have the sole and absolute authority and discretion to reject the adoption of this Second Alternative Schedule by any bargaining parties for any reason the Trustees' deem appropriate, and any such rejection will be final and binding on all persons.**

The SAS Contribution Rate requirements apply upon adoption and continue to apply until the expiration of the Collective Bargaining Agreement as in effect at the time the bargaining parties adopted this Second Alternative Schedule. The Trustees may increase SAS Contribution Rate requirements in the future.



The First Alternative Schedule ("FAS") modified NPF benefits in various ways, and it controls over the provisions of the Plan Document then in effect. Those benefit adjustments continue to apply, as well as any benefit adjustments made in the Plan Document, except to the extent modified below.

The SAS modifies the FAS benefit accrual provisions. Note that benefit accrual does not reflect the required annual Contribution Rate increase until the date on which the increased Contribution Rate becomes payable.

This version of the SAS shall cease to apply upon the expiration of the Collective Bargaining Agreement in effect at the time the bargaining parties adopted this SAS. Except as provided under the Rehabilitation Plan, the Contribution Rate increases and benefit adjustment provisions of the SAS version in effect at the time of the next Collective Bargaining Agreement will control.

## II. Contribution Rate Requirements

This SAS requires annual increases in the Employer's Contribution Rate. However, the bargaining parties' CBA may require higher Contribution Rates or increases than those specified in this SAS or any other Schedule. The annual increases of the SAS start in the 2012 Plan Year. The required increases for the prior Plan Years are set forth in the First Alternative Schedule previously adopted by the bargaining parties. The SAS required increases continue for the initial duration of the CBA. A Contributing Employer's Contribution Rate increase should be made no later than the anniversary of each allocation date or re-opener, but must be made no later than December 1 of the applicable Plan Year or such earlier date the bargaining parties specify.

For each year during which the bargaining parties' CBA remains in effect, the Employer's Contribution Rate will be determined as follows:

### Plan Year

2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.035);

2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.035);

2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.035);

2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.035);

2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.035);

2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.035);

2018 and thereafter = (To be Determined).

Notwithstanding the foregoing, and the RP's restrictions on decreasing Contribution Rates, the Trustees may adjust the amount of the annual increases listed above to be more or less than shown, to be effective upon the expiration of the CBA in effect at the time the bargaining parties adopted this Second Alternative Schedule.

### III. Normal Retirement Pension Benefit Accrual Rate

Subject to any applicable notice, upon the bargaining parties' adoption of this SAS, a Participant who is covered under this Schedule will accrue a monthly Normal Retirement Pension benefit with respect to his or her Contribution Hours equal to 1.0% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours for the portion of the Plan Year remaining after the effective date specified in the applicable notice and for each Plan Year thereafter. Note: The term Benefit Rate is the Contribution Rate MINUS the portion of the Contribution Rate attributable to the 55/30 Rate (which is 30% of the Contribution Rate).

### IV. Benefit Adjustments

This SAS provides for reductions in "adjustable benefits" as that term is defined in ERISA Section 305. The reductions described below are *in addition to* the adjustable benefit reductions under the Rehabilitation Plan and any applicable Schedule (including but not limited to the First Alternative Schedule), and those reductions are incorporated by reference herein.

Notwithstanding any contrary provisions in the Plan Document, and subject to all applicable notices, upon the effective date of the bargaining parties' adoption of this Second Alternative Schedule, the following benefit reductions will apply:

1. *55/30 Pension benefit:* The 55/30 Pension is modified by eliminating the 55/30 Pension benefit for any Participant covered under this Schedule who has not attained age 60 on his or her Effective Date of Pension. If the Participant has attained age 60 and satisfies the requirements in the Plan Document for the payment of a 55/30 Pension on his or her Effective Date of Pension, then the monthly benefit payable to the Participant shall be equivalent to his or her monthly Normal Retirement Pension benefit (i.e., unreduced for age);
2. *Special Early Retirement Pension benefit:* The Special Early Retirement Pension is modified by eliminating the Special Early Retirement Pension benefit for any Participant covered under this Schedule who has not attained age 62 on his or her Effective Date of Pension. If the Participant has attained age 62 and satisfies the requirements in the Plan Document for the payment of a Special Early Retirement Pension on his or her Effective Date of Pension, then the monthly benefit payable to the Participant shall be equivalent to his or her monthly Normal Retirement Pension benefit (i.e., unreduced for age);
3. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by removing any subsidy. Specifically, if a Participant satisfies the requirements in the Plan Document for the payment of a Standard Early Retirement Pension, his or her monthly Standard Early Retirement Pension will be the *actuarial* equivalent (as determined under Chart 1 attached to the RP) of his or her monthly Normal Retirement Pension benefit, determined on the basis of the Participant's actual age on his or her Effective Date of Pension; and

4. ***Disability Benefit:*** The Disability Benefit is modified as follows: a Participant who satisfies the requirements in the Plan Document for the payment of a Full Disability Benefit will receive the actuarial equivalent (as determined under Chart 1 attached to the RP) of his or her monthly Normal Retirement Pension benefit, determined as if the Participant had attained age 55 on the Effective Date of his or her Full Disability Benefit. <sup>1</sup>
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<sup>1</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.

**REHABILITATION PLAN AND FUNDING POLICY FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)**

**January 2012**

**I. INTRODUCTION**

This is the Rehabilitation Plan (the "RP" or "Rehabilitation Plan") adopted pursuant to ERISA Section 305 by the Sheet Metal Workers' National Pension Fund's ("Fund" or "NPF") Board of Trustees ("Trustees"). The Trustees have adopted this Rehabilitation Plan in their capacity as the NPF's Plan Sponsor (within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) because the Fund's actuary has certified that NPF has been found to be in critical status under ERISA. The initial RP was effective March 1, 2008. The Fund has operated under the provision applicable to Plans in critical status since 2008. This version reflects all amendments made through March 2012. This RP also serves as the Funding Policy adopted by the Trustees.

The assumptions that the Fund's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this RP are described in an exhibit to the NPF's annual Certification of Funded Status, which the Fund actuary prepares and files.<sup>1</sup>

Each capitalized term in this RP and in each schedule of Contribution Rates/benefit adjustments ("Schedule(s)") adopted by the Plan Sponsor has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or required by the context in which the term is used. Also, any reference to the term "Participant" in the RP or any Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless otherwise required by the context in which it is used. All gender references are for convenience only and include the opposite gender. Any reference in this RP or any Schedule to the term Collective Bargaining Agreement (or "CBA") shall be deemed to include a reference to any similar agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers, Local Unions or other parties obligated to participate in the Fund are referred to in this RP and schedules as "bargaining party(ies)." As applicable, any reference in the RP or a Schedule to the term "pension" shall be deemed to include a reference to the term "disability benefit."

The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the RP, as well as all Schedules. This includes all prior and future versions.

The RP's objective is to enable the NPF to emerge from critical status by the end of its "Rehabilitation Period," which is the 13-year period commencing with the Plan Year that started on January 1, 2011. The Fund is deemed to emerge from critical status when the Fund's actuary certifies that the NPF is not projected to have an accumulated funding deficiency for the Plan Year

<sup>1</sup> These assumptions also include the Trustees' expectations concerning projected hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

or any of the nine (9) subsequent Plan Years. The "Annual Standards" described below are intended to gauge the NPF's progress towards achieving the RP's objective. Based upon the NPF's actual experience, the Annual Standards may be revised or otherwise modified from time to time.

The RP utilizes a combination of benefit adjustments and Contribution Rate increases to meet its objective. This combination is reflected in the Schedules, which detail the applicable Contribution Rate increases and/or benefit adjustments that apply to Participants. One Schedule, the "Default Schedule," does not **currently** require Contribution Rate increases but significantly reduces adjustable benefits. The other Schedules, the "Alternative Schedules," require annual Contribution Rate increases, but adjustable benefits are reduced to a lesser extent than under the Default Schedule. The Schedules form a part of the RP and are incorporated herein by reference. The Alternative Schedule with the highest level of required annual Contribution Rate increases is referred to herein as the "First Alternative Schedule" or "FAS." The Alternative Schedule with the second highest level of required annual Contribution Rate increases is referred to herein as the "Second Alternative Schedule" or "SAS."

The RP prohibited the reduction of any Employer's Contribution Rate at any time before the end of the Rehabilitation Adoption Period (i.e., before January 1, 2011). For this purpose, any action that has the effect of reducing an Employer's contribution obligations was treated as a reduction of the Employer's Contribution Rate. The NPF disregards any provision in a CBA that took effect before January 1, 2011, which has the effect of reducing any Employer's contribution obligations to the Fund (including but not limited to a reduction in the Contribution Rate). Further, unless the Trustees approve, the NPF will also disregard any CBA provision that takes effect on or after January 1, 2011, which has the effect of reducing any Employer's NPF contribution obligation (including but not limited to a reduction in the Contribution Rate).

All required Contribution Rate increases shall be made in accordance with the Schedule reflected in the CBA, but in no event later than December 1 of the applicable Plan Year. The failure to contribute in accordance with the bargaining parties' Schedule will be treated as a delinquency, and can trigger the imposition of federal excise taxes. If Contribution Rate increases are not made, or duly reflected in the CBA, in accordance with the requirements of the bargaining parties' Schedule, the Trustees may terminate a bargaining party's status as a Contributing Employer and the bargaining unit's status as Covered Employees. Additionally, the Trustees may take such other actions, as they deem appropriate under the circumstances.

**EMPLOYERS AND LOCAL UNIONS MUST SUBMIT COPIES OF ALL COLLECTIVE BARGAINING AGREEMENTS (INCLUDING ALL ADDENDA, AMENDMENTS, EXTENSIONS AND RENEWALS).**

**II. PERSONS FOR WHOM CONTRIBUTIONS ARE NOT REQUIRED TO BE MADE**

A. Initial Allowances Made for Persons for Whom Contributions Were Not Required to be Made

In formulating the initial Schedules in 2008, ERISA required the Trustees to make an allowance for funding the benefits of Participants for whom contributions were not required to be made to the Fund. In accordance with this requirement, the Trustees initially made an allowance for two groups of Participants for whom contributions were not required to be made, and who were unlikely to return to Covered Employment and have NPF contributions made under any of the Schedules.

The first such group consisted of those Participants (e.g., retirees or those who have left the trade) who had ceased working in Covered Employment. The second such group consisted of those Participants who worked in the Sheet Metal Industry, but whose work was not covered under a Collective Bargaining Agreement to which either the Sheet Metal Workers' International Association or a Local Union was a party or under any other agreement requiring NPF contributions.

Both groups of Participants were subject to the benefit adjustments described in subsection (1) below, and, with certain exceptions, the benefit adjustments described in subsection (2) below and subsection (B)(2)(a) below. Also, both groups of Participants were subject to the benefit adjustments made to the benefit payment options under the Default Schedule.

1. Post-Retirement Benefit Increases not Guaranteed under ERISA Section 4022A

After January 1, 2008, the Fund no longer pays any post-retirement increase if the increase had not been in effect more than 60 months from that date. This applies to any scheduled increase that did not take effect before 2003, such as any annual increase under the NPF COLA Benefit that had not taken effect (i.e., was not payable) before 2003.

This means that after January 1, 2008, no NPF COLA Benefit is payable in excess of the amount a Participant received as a "13th check" in 2002. If a Participant had not been retired before December 1, 2001, and, therefore, did not receive any NPF COLA Benefit in 2002, he or she does not receive any annual increase under the NPF COLA Benefit after 2007. A Participant who was retired and did have his pension increased by the NPF COLA Benefit in 2002, continues to receive an NPF COLA Benefit, but it is reduced to the amount of the 2002 increase (i.e., the amount of the 13th check paid to the Participant in 2002). It remains fixed at that amount.

2. Actuarial Adjustment to Early Retirement Benefits

A Participant described in this subsection (A), who had not retired under the NPF before March 1, 2008, will receive the actuarial equivalent of his Normal Retirement Pension benefit if he retires before age 65, instead of any subsidized early retirement benefit that he otherwise would have been eligible to receive, unless the Participant:

- (a) was working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training;
- (b) was retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds or the Sheet Metal Workers' International Association Master Reciprocal Agreement (but had not retired under the NPF); was working in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and had not worked in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan;
- (c) was working in Covered Employment at the time he became disabled; or
- (d) effective August 1, 2012, was working in Covered Employment within six (6) calendar months of the date he was found to be disabled, as verified by the U.S.

Social Security Administration or Railroad Retirement Board, and was eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

The actuarial age reduction factors are contained in the attached Chart 1.

In addition, subject to ERISA's notice requirements, the following benefit options were eliminated under the Plan Document for retirements on or after March 1, 2008 (and deaths that occurred after December 31, 2007): 1. The Level Income Option; 2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee"); 3. Lump-sum distributions to surviving spouses; and 4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution).

As noted, additional adjustments also may apply to persons described in this subsection (A). These additional adjustments are described in subsection (B) (2) below.

**B. Allowance Made after Plan Year 2008 for Persons for Whom Contributions Were Not Required to be Made**

1. Persons for Whom Contributions Were Not Required to Be Made in any Plan Year beginning on or after January 1, 2009

Allowances also are made for purposes of updating the Schedules for Plan Years beginning on and after January 1, 2009 for Participants:

- (a) who had a One-Year Break in Service in or after 2008; and
- (b) who had no contributions that were required to be made on their behalf and who were not retired (within the meaning of the Plan Document) under the NPF, in the Plan Year immediately following the Plan Year in which the One-Year Break in Service occurred.

Specifically, such Participants will be subject to the benefit adjustments described in subsection (A)(1) above, and with certain exceptions, the adjustments described in subsection (A)(2) above and subsection (B)(2) below.

**2. Additional Benefit Adjustments**

- (a) Subject to ERISA's notice requirements and the exceptions described in paragraph (b) below, the following additional benefit adjustments will be made in each Plan Year beginning on or after January 1, 2009 for any Participant described in subsection (A) or subsection (B)(1) above:

- (i) if the Participant last worked in Covered Employment performing Construction Work, then the following benefit adjustments apply to that Participant:

- (I) no early retirement benefit whatsoever will be payable before Normal Retirement Age (age 65) if his Effective Date

of Pension is on or after January 1, 2010 but before August 1, 2012; and

- (II) if his Effective Date of Pension is on or after August 1, 2012, the only early retirement benefit payable before Normal Retirement Age (age 65) will be a monthly benefit equal to the actuarial equivalent of his monthly Normal Retirement Pension benefit (determined as a single life annuity based on the Participant's actual age on his Effective Date of Pension, as reflected in the attached Chart 1), provided that, the Participant satisfies the Plan Document's requirements for the receipt of a Standard Early Retirement Pension benefit;
  - (III) no Disability Benefit will be payable unless all eligibility conditions for a Full Disability Benefit had been satisfied before January 1, 2010;
  - (IV) no 60 Certain Payments (the "60-Month Guarantee") will apply to any benefit that has an Effective Date of Pension on or after January 1, 2010; and
  - (V) no pop-up feature (Reversion) is available to any joint and survivor annuity option that has an Effective Date of Pension on or after January 1, 2010.
- (ii) if the Participant last worked in Covered Employment performing Non-Construction Work, then the following benefit adjustments will apply to that Participant:
- (I) if his Effective Date of Pension is on or after August 1, 2012, the only early retirement benefit payable before Normal Retirement Age (age 65) will be a monthly benefit equal to the actuarial equivalent of his monthly Normal Retirement Pension benefit (determined as a single life annuity based on the Participant's actual age on his Effective Date of Pension, as reflected in the attached Chart 1), provided that, the Participant satisfies the Plan Document's requirements for the receipt of a Standard Early Retirement Pension benefit;
  - (II) no Disability Benefit will be payable unless all eligibility conditions for a Full Disability Benefit had been satisfied before August 1, 2012;
  - (III) no 60 Certain Payments (the "60-Month Guarantee") will apply to any benefit that has an Effective Date of Pension on or after August 1, 2012; and



(IV) no pop-up feature (Reversion) will apply to any joint and survivor annuity option that has an Effective Date of Pension on or after August 1, 2012.

(b) The additional adjustments described in paragraph (a) above do not apply if the Participant:

- i) is working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training; or
- ii) is retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds or the Sheet Metal Workers' International Association Master Reciprocal Agreement (but has not retired under the NPF); was working in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and has not worked in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan; or
- iii) was working in Covered Employment at the time he became disabled; or
- iv) effective August 1, 2012, was working in Covered Employment within six (6) calendar months of the date he was found to be disabled, as verified by the U.S. Social Security Administration or Railroad Retirement Board, and is eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

C. Reclassification of Persons for Whom Contributions Were Not Required to be Made

If a Participant described in this Section II has not retired and returns to work in Covered Employment and completes one (1) Year of Service under a Schedule, his benefits will be re-adjusted in accordance with that Schedule, but the Participant will remain subject to all applicable rules in the Plan Document and such Schedule, including all rules relating to the eligibility for benefits (such as, but not limited to, any applicable delay rules, credited service rules, and minimum hours/activity requirements).

If a Participant's benefit commencement date is after the date of the NPF's initial Notice of Critical Status, and the Participant subsequently returns to work before receiving 12-consecutive monthly benefit checks, his benefit will be recalculated under the Schedule that applies to similarly-situated active employees at the time of his subsequent retirement.

### III. DEFAULT AND ALTERNATIVE SCHEDULES

A. General

The Rehabilitation Plan includes a Default Schedule and two (2) Alternative Schedules: (i) the First Alternative Schedule (also referred to as "FAS"); and (ii) the Second Alternative Schedule also referred to as "SAS"). The Second Alternative Schedule/SAS must be adopted on or before December 31, 2013. The Trustees review the RP and all Schedules no less frequently than annually

and may update them at any time, as they find necessary, to reflect the NPF's experience over the preceding Plan Year(s). The Default and Alternative Schedules are attached at Appendix A. The terms of each such Schedule, as updated from time to time, are incorporated by reference herein and form a part of this Rehabilitation Plan. Updated schedules may be substituted for the current Schedules at Appendix A. The Trustees may amend, or otherwise modify the RP or a Schedule at any time in its sole and absolute discretion. **The Trustees may add additional Schedules or discontinue any Schedule as it deems appropriate, in its sole and absolute discretion.**

Effective as of February 1, 2011, the bargaining parties cannot adopt a Schedule different than the Schedule that they previously adopted (or were deemed to have adopted), unless:

- a) (i) the Schedule in question has been updated or issued after February 2011 (e.g., the SAS); (ii) such Schedule specifically provides that it may be adopted by bargaining parties that had previously adopted a different type of Schedule; and (iii) the bargaining parties comply with any conditions for adoption of the new or updated Schedule, or
- b) (i) the bargaining parties' Collective Bargaining Agreement covers only Non-Construction Work; and (ii) the bargaining parties previously adopted an Alternative Schedule and subsequently agree to adopt the Default Schedule (as then in effect) on or after June 1, 2011.

When the bargaining parties duly adopt a particular Schedule, they also select the Contribution Rate increases and/or reductions in adjustable benefits that apply to Participants who are covered under the bargaining parties' CBA. The actual percentage increase in Contribution Rate(s) a Schedule requires may be rounded by the Trustees in their sole discretion. A Schedule's Contribution Rate requirements apply for the CBA's duration; provided the Schedule remains in effect for the duration of the CBA. Under some circumstances, a Schedule in effect during the term of the CBA may be superseded by another Schedule as a result of collective bargaining before the term of the CBA expires.

After a CBA's expiration, the terms of the Schedule in effect at the time of the expiration will apply, and those terms may be different than the terms of the Schedule in effect before the expiration of the CBA. The terms that may be different include, but are not limited to, the Contribution Rate requirements, and the adjustable benefit provisions.

When a CBA that reflects the adoption of an Alternative Schedule expires (referred to hereafter as the "Expired CBA"), the bargaining parties must promptly adopt the current version of that Alternative Schedule and pay current Contribution Rate increases required under that Schedule or, if available, they must adopt another version of the Alternative Schedule and pay the Contribution Rate increases required thereunder.<sup>2</sup> If the bargaining parties do not affirmatively negotiate the required Contribution Rate increases into their succeeding CBA, then notwithstanding anything to the contrary in the Plan Document or any Schedule, the additional benefit adjustments described in (1) through (4) below will be made upon the expiration date of the Expired CBA, *subject to all applicable notices*. Further, should three (3) months pass from the Expired CBA's expiration date without the negotiation and timely payment of the increases, the Trustees may conclude, in their sole and absolute discretion, that the required Contribution Rate increases will not be negotiated.

<sup>2</sup> Bargaining parties under Non-Construction Work CBA's may affirmatively adopt the Default Schedule.

In that case, notwithstanding anything to the contrary in the Plan Document or any Schedule, the additional benefit adjustments described in (1) through (4) below will be made upon the expiration date of the Expired CBA, *subject to all applicable notices*.

The additional benefit adjustments referenced above are as follows:

- 1) **Adjustment to Benefit Accrual Rate:** A Participant who was covered under the Expired CBA will accrue a monthly Normal Retirement Pension benefit with respect to his Contribution Hours equal to 1.0% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours for the portion of the Plan Year remaining after the date specified in a notice of benefit reduction provided to the Participant and for each Plan Year thereafter. Note that the term "Benefit Rate" is the Contribution Rate MINUS the portion of the Contribution Rate attributable to the 55/30 Rate (which is 30% of the Contribution Rate);
- 2) **Early Retirement Benefit Reductions:** The amount of any monthly benefit that otherwise would be payable before the attainment of Normal Retirement Age to a Participant who was covered under the Expired CBA, and whose Effective Date of Pension is on or after the expiration date of the Expired CBA will be limited to the actuarial equivalent (as determined in attached Chart 1) of his or her monthly Normal Retirement Pension benefit, unless the Participant has attained age 62 and satisfies the eligibility requirements in the Plan Document for a Special Early Retirement Pension on his or her Effective Date of Pension. If the Participant has attained age 62 and satisfies the eligibility requirements in the Plan Document for a Special Early Retirement Pension on his or her Effective Date of Pension, then the monthly benefit payable to the Participant shall be equivalent to his or her monthly Normal Retirement Pension benefit (i.e., unreduced for age);
- 3) **Benefit Forms:** Subject to the terms of any applicable notice, the following benefit forms will no longer apply to a Participant who was covered under the Expired CBA and whose Effective Date of Pension is on or after the expiration date of the Expired CBA: (i) 60 Certain Payments ("the 60-Month Guarantee"); and (ii) the pop-up feature (Reversion) for any joint and survivor annuity option. Note that these changes are cumulative to other changes applicable to persons who retired on or after March 1, 2008, such as the previous elimination of the level income option and 120 month guarantee; and
- 4) **Disability Benefit:** If a Participant was covered under the Expired CBA, and the Effective Date of his or her Full Disability Benefit is on or after the expiration date of the Expired CBA, his/her Full Disability Benefit will be limited to the actuarial equivalent (as determined in Chart 1 attached hereto) of his or her monthly Normal Retirement Pension benefit,

determined as if the Participant had attained age 55 on the Effective Date of his or her Disability Benefit.<sup>3</sup>

The details of each Schedule are set forth in Appendix A. The Trustees have the sole and absolute discretion to interpret the terms of the Rehabilitation Plan, its Schedules, and Plan Document, and its interpretation is final and binding on all persons. The Trustees also have the sole discretion to determine the effective date of any Collective Bargaining Agreement, and any such determination is final and binding on all persons.

Nothing in this RP or in any of the Schedules shall be construed to alter or modify the contribution requirements in the Trust Document.

**B. Work Under Multiple Schedules**

The following provisions govern when a Participant works under different Schedules.

**1. Benefit Accrual Formula**

The benefit accrual formula that will apply to a Participant is determined by the Schedule under which he earns his Contribution Hours.

**2. Benefit Adjustments**

In general, subject to the terms of any applicable notice, the benefit adjustments (e.g., early retirement pension benefits, 60 Certain Payments, and other payment options) that apply to a Participant are determined by the Schedule that applies to the Participant's bargaining unit under the Collective Bargaining Agreement negotiated by the Local Union, which represents the Participant for the purpose of collective bargaining (the "Home Local Schedule").

If the Participant works under a different Schedule than his Home Local Schedule, the Participant's benefit adjustments are determined under his Home Local Schedule, unless he has 3,500 or more Hours of Work in Covered Employment under a different Schedule within the five (5) consecutive Calendar Year period immediately preceding the date on which his benefit is being determined (e.g., benefit statements, notices, Effective Date of Pension, etc.). In that case, the Participant's benefit adjustments will be determined under the different Schedule.

For purposes of determining a Participant's Hours of Work in Covered Employment under his Home Local Schedule, any Hours of Work in Covered Employment under a predecessor Collective Bargaining Agreement will be included if the successor CBA incorporates the Participant's Home Local Schedule.

**IV. ANNUAL STANDARDS FOR MEETING RP REQUIREMENTS**

During each Plan Year of the Rehabilitation Period, the Trustees will review actuarial projections for purposes of determining whether the requirements of this RP are being met. If, during the Plan Year, the actuary projects that the NPF will emerge from critical status at or before the the end of

<sup>3</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.

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 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, 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 Collective Bargaining Agreement) will be made upon expiration of an existing CBA.

Attachments: Chart 1 & Appendix A: Default and Alternative Schedules

**CHART 1: TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)**

Age in Years	-----Months-----											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
 Form of Payment: Single Life Only

**DEFAULT SCHEDULE FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**January 2012**

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**I. Introduction**

This is the Default Schedule for the Rehabilitation Plan of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), which supersedes all prior versions of the Default Schedule. All capitalized terms have the same meaning given to such terms in the Plan Document unless otherwise defined in this Default Schedule or the Rehabilitation Plan ("RP").

This Default Schedule forms a part of, and is incorporated by reference into, the RP, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement ("CBA"). This Default Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a CBA. Nevertheless, contributions shall be made in a manner consistent with the Trust Document.

The Trustees may amend or modify the Default Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Schedule.

Notwithstanding anything to the contrary, the Trustees have the sole and absolute discretion to determine whether and when this Schedule or any prior version of this Schedule was adopted and implemented by the parties to a CBA or similar agreement.

This Default Schedule's Contribution Rate requirements apply for the initial duration of the bargaining parties' CBA but may be modified in future years. Upon expiration of the Collective Bargaining Agreement in effect when this Default Schedule was adopted or implemented, the bargaining parties will be deemed to have automatically adopted whichever successor Default Schedule is then in effect.

This Default Schedule may not be adopted by any bargaining parties who previously adopted an Alternative Schedule, except that the parties to a CBA that covers only Non-Construction Work may adopt this Default Schedule after May 31, 2011.

**II. Contribution Rate Requirements**

This Default Schedule currently requires no annual increases in the Employer's Contribution Rate except as may be required in order to comply with the provisions of the Trust Document and Plan Document. However, except as the RP may so provide, no Employer's Contribution Rate may be reduced.

**III. Normal Retirement Pension Benefit Accrual Rate**

A Participant covered under this Default Schedule will accrue a monthly Normal Retirement Pension benefit equal to 1.0% of the amount determined by multiplying the Participant's

Contribution Rate by his Contribution Hours for the Plan Year (or as applicable, the portion of the Plan Year to which the Default Schedule applies), commencing with the first (1st) day of the month following the month in which this Schedule is adopted or deemed to have been adopted (or on such other date as may be specified in any notice provided by the Fund pursuant to ERISA).

#### IV. Benefit Adjustments

This Schedule reduces "adjustable benefits," as that term is defined in ERISA Section 305. Notwithstanding any contrary provision in the Plan Document, a Participant who is covered under this Schedule is subject to benefit adjustments as described below.

##### A. Adjustments to Early Retirement Benefits, Retirement-Type Subsidies and Disability Benefits

1. *No 55/30 Pension and Special Early Retirement Pension:* Notwithstanding anything to the contrary in the Plan Document, the 55/30 Pension and the Special Early Retirement Pension are not available as an option for Participant's covered under this Default Schedule.
2. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit amount is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 65 (e.g., the Standard Early Retirement Pension benefit payable at age 55 is 40% of the Participant's Normal Retirement Pension benefit payable at age 65). For Effective Dates of Pension on or after January 1, 2011, a Participant's Standard Early Retirement Pension is further reduced to the actuarial equivalent of his Normal Retirement Pension benefit, payable as a single life annuity based on the Participants actual age on his Effective Date of Pension. The formula for determining actuarial equivalence is shown in Chart 1 attached to the Rehabilitation Plan.
3. *Disability Benefit:* The Full Disability Benefit for eligible Participants will be equivalent to the Standard Early Retirement Pension (i.e., on or after January 1, 2011, the actuarial equivalent of a Normal Retirement Pension benefit payable as a single life annuity), as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule and assuming he/she otherwise meets eligibility requirements.<sup>1</sup>

##### B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A

The NPF does not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, such as

<sup>1</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.



the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduced NPF COLA Benefits for some and eliminated it for others.

The NPF COLA Benefit paid an annual increase in the form of a "13th check" equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible Participant had been receiving NPF pension benefits. The increase took effect after a Participant had received twelve consecutive monthly pension payments, measured as of October 31 of each Plan Year.<sup>2</sup> Any scheduled increase under the NPF COLA Benefit that did not take effect before 2003, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that took effect, or had taken effect, after 2002 is reduced to zero.

Note: The Rehabilitation Plan and its Schedules provided that any retiree who received NPF COLA Benefit payments before 2003 had his NPF COLA Benefit payments "rolled back" to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> payment for 2002).

### C. Benefit Payment Options

The Default Schedule and previous Plan amendments reduced available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee");
3. Lump-sum distributions to surviving spouses;
4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution); and
5. The 60 Certain Payments (sometimes referred to as the "60-Month Guarantee") and the pop-up (Reversion) for the Joint and Survivor Annuity Options for any Participant with an Effective Date of Pension on or after January 1, 2011.

<sup>2</sup> This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

**FIRST ALTERNATIVE SCHEDULE FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**January 2012**

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**I. Introduction**

This is the First Alternative Schedule for the Rehabilitation Plan of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), which supersedes all prior versions of this Schedule. This version is now referred to as the "First Alternative Schedule" or "FAS" because a second alternative schedule (the "Second Alternative Schedule" or "SAS") was added for 2012. Any reference to any prior version of this Schedule is deemed to include a reference to the schedule that was previously known as the "Alternative Schedule." All capitalized terms have the same meaning given to such terms in the Plan Document or Rehabilitation Plan ("RP"), unless this Schedule provides otherwise.

This FAS forms a part of, and is incorporated by reference into, the RP, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement ("CBA"). This First Alternative Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a CBA. Nevertheless, contributions shall be made in a manner consistent with the Trust Document.

The Trustees may amend or modify the FAS at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this FAS and all prior versions of this Schedule.

Notwithstanding anything to the contrary, the Trustees have the sole and absolute discretion to determine whether and when this FAS or any prior version of this Schedule was adopted and implemented by the parties to a Collective Bargaining Agreement or similar agreement.

The FAS Contribution Rate requirements apply upon adoption and continue to apply for the duration (disregarding any extensions) of the CBA in effect at the time, the bargaining parties adopted the First Alternative Schedule. Those Contribution Rate requirements, which are described below, have been modified from the requirements in an earlier version of this Schedule by increasing the amount of the required increases for Plan Years beginning on and after January 1, 2011, and may again be modified in the future. Nothing in this FAS or in any prior version will be deemed to limit the bargaining parties' ability to negotiate higher Contribution Rate increases than those required in this Schedule.

The pension benefit accrual provisions described below took effect on the first day of the month following the month in which the bargaining parties adopted the FAS. However, the benefit accrual does not reflect the required annual Contribution Rate increase until the date on which the increased Contribution Rate becomes payable.

The initial version of this Schedule (previously referred to as the "Alternative Schedule") modified NPF benefits in various ways and controls over the contrary provisions of the Plan Document then in effect. Those benefit adjustments, described below continue to apply in this Schedule.

This version of the FAS shall cease to apply upon the expiration of the CBA in effect at the time the bargaining parties adopted (or are deemed to have adopted) this First Alternative Schedule.

Except as Rehabilitation Plan provides or requires, the Schedule or Schedules available to the bargaining parties and adopted by them under the next Collective Bargaining Agreement will govern the adjustable benefits and benefit accrual provisions applicable to the Participants covered under that CBA.

## II. Contribution Rate Requirements

This FAS requires annual increases in the Employer's Contribution Rate. However, the bargaining parties' CBA may require higher Contribution Rates or greater increases than those specified in this Schedule or any prior version. The required increases continue for the initial duration of the CBA. An Employer's Contribution Rate should increase no later than the anniversary of each allocation date or re-opener, but must increase no later than December 1 of the applicable Plan Year or such earlier date specified by the bargaining parties.

The Employer's Contribution Rate will be determined as follows:

- A. If the Contribution Rate in effect on 12/31/10 was increased by 7.0% for the 2011 Plan Year, the required increase for 2012 and subsequent Plan Years is as follows:

### Plan Year

2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.07);

2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.07);

2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.07);

2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.07);

2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.07);

2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.07);

2018 and thereafter = (To be Determined).

Notwithstanding the foregoing, and the RP's restrictions on decreasing Contribution Rates, the Trustees may adjust the amount of the annual increases listed above to be more or less than shown, to be effective upon the expiration of the CBA in effect at the time the bargaining parties adopted this First Alternative Schedule.

-OR-

- B. If the Contribution Rate in effect for any Plan Year ending on or after December 31, 2010 was NOT increased by at least 7.0% for each subsequent Plan Year, the schedule of required increases in [A] above shall not apply. **Instead, the Fund will provide the bargaining parties with a separate schedule of required Contribution Rate increases. The bargaining parties must contact the Fund to obtain a revised schedule of Contribution Rate increases prior to the negotiation of their latest Collective Bargaining Agreement.**

### III. Normal Retirement Pension Benefit Accrual Rate

The Participant's monthly Normal Retirement Pension benefit will accrue at the highest accrual rate in effect under the Plan Document during the term of this First Alternative Schedule; provided, that the Participant has Contribution Hours under a Collective Bargaining Agreement, which reflects or incorporates the terms of this FAS. The highest rate of accrual under the Fund's Plan Document currently is 1.5% with respect to Contribution Hours up to 1200, and 0.7% with respect to Contribution Hours in excess of 1200. **However, the Trustees may amend the benefit accrual provisions in the Plan Document at any time.** Note: For 55/30 Rates, the Plan Document provides that the accrual rate is based on 70% of the contributions to be made on a Participant's Contribution Hours.

### IV. Benefit Adjustments

This FAS continues to provide for reductions in "adjustable benefits" as that term is defined in ERISA Section 305. The reductions described below took effect under the terms of the initial version of this Schedule (when there was only a single alternative schedule).

Notwithstanding any contrary provision in the Plan Document, a Participant who is covered under this FAS is subject to benefit adjustments as described below.

- A. Adjustment to Early Retirement Benefits, Retirement-Type Subsidies and Disability Benefits
1. *Special Early Retirement Pension benefit:* The Special Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 62 (e.g., the Special Early Retirement Pension benefit payable at age 55 is 58% of the Participant's Normal Retirement Pension benefit payable at age 65).
  2. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit amount is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 65 (e.g., the Standard Early Retirement Pension benefit payable at age 55 is 40% of the Participant's Normal Retirement Pension benefit payable at age 65).

3. *Disability Benefit:* The Full Disability Benefit is equivalent to the modified Standard Early Retirement Pension, the modified Special Early Retirement Pension, or the 55/30 Pension, as applicable. This is determined as if the recipient were age 55, and assuming he/she otherwise meets eligibility requirements for the benefit, since all three forms of early retirement are available under the First Alternative Schedule.<sup>1</sup>

Note: The early retirement subsidy for the 55/30 Pension benefit has not been adjusted under this Schedule.

B. Benefit Increases that Would Not Be Guaranteed under ERISA Section 4022A

Consistent with the RP and prior versions this Schedule (and all schedules), the NPF no longer pays any post-retirement benefit increase that would not have been eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from 2008 (i.e., after 2002). This applies to a scheduled increase, like the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This resulted in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit paid an annual increase in the form of a "13th check" equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible Participant had been receiving NPF pension benefits. The increase took effect after a Participant had received twelve consecutive monthly pension payments, measured as of October 31 of each Plan Year.<sup>2</sup> Any scheduled increase under the NPF COLA Benefit that did not take effect before 2003, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that took effect, or had taken effect, after 2002 is reduced to zero.

Note: The Rehabilitation Plan and its Schedules provided that any retiree who received NPF COLA Benefit payments before 2003 had his NPF COLA Benefit payments "rolled back" to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> payment for 2002).

C. Benefit Payment Options

Prior versions of this Schedule and changes to the Plan Documents reduced available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee");
3. Lump-sum distributions to surviving spouses; and
4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's

<sup>1</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.

<sup>2</sup> This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution).

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**SECOND ALTERNATIVE SCHEDULE FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**January 2012**

**I. Introduction**

This Schedule is referred to as the "Second Alternative Schedule" of the Rehabilitation Plan ("RP") of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"). The Second Alternative Schedule (also referred to as "SAS") may be adopted on or before December 31, 2013 by any bargaining parties who: (i) previously adopted the First Alternative Schedule ("FAS"); and (ii) made the increases required by each version of the FAS, regardless of whether their Collective Bargaining Agreement ("CBA") had expired before or after the date the FAS was modified to increase the amount of the required Contribution Rate increase. Further, the SAS may only be adopted if all of the bargaining parties to a multiemployer Collective Bargaining Agreement agree to its adoption.

No adoption of this SAS will take effect unless, and until, the bargaining parties have demonstrated to the Trustees' satisfaction, that their CBA reflects the requirements of this Second Alternative Schedule and that all of the parties to the CBA have formally adopted this Second Alternative Schedule. The bargaining parties may satisfy this requirement by the using of any sample or model Collective Bargaining Agreement language the Fund may furnish. Any adoption of this SAS on or after January 1, 2014 shall be null and void.

All terms used in this SAS have the same meaning given to such term in the Plan Document or Rehabilitation Plan ("RP"), unless this SAS provides otherwise. The SAS forms a part of, and is incorporated into, the RP, the Fund's Plan and Trust Documents, and the bargaining parties' CBA. This Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a CBA. Nevertheless, contributions shall be made in a manner consistent with the Trust Document. The Trustees may amend or modify the SAS at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, interpret and apply the provisions of the Second Alternative Schedule, and any such amendment, interpretation or application will be final and binding on all persons.

Notwithstanding anything to the contrary, the Trustees determine, in their sole and absolute discretion, whether and when this SAS or any other Schedule was adopted and implemented by the bargaining parties. **The Trustees have the sole and absolute authority and discretion to reject the adoption of this Second Alternative Schedule by any bargaining parties for any reason the Trustees' deem appropriate, and any such rejection will be final and binding on all persons.**

The SAS Contribution Rate requirements apply upon adoption and continue to apply until the expiration of the Collective Bargaining Agreement as in effect at the time the bargaining parties adopted this Second Alternative Schedule. The Trustees may increase SAS Contribution Rate requirements in the future.

The First Alternative Schedule ("FAS") modified NPF benefits in various ways, and it controls over the provisions of the Plan Document then in effect. Those benefit adjustments continue to apply, as well as any benefit adjustments made in the Plan Document, except to the extent modified below.

The SAS modifies the FAS benefit accrual provisions. Note that benefit accrual does not reflect the required annual Contribution Rate increase until the date on which the increased Contribution Rate becomes payable.

This version of the SAS shall cease to apply upon the expiration of the Collective Bargaining Agreement in effect at the time the bargaining parties adopted this SAS. Except as provided under the Rehabilitation Plan, the Contribution Rate increases and benefit adjustment provisions of the SAS version in effect at the time of the next Collective Bargaining Agreement will control.

## II. Contribution Rate Requirements

This SAS requires annual increases in the Employer's Contribution Rate. However, the bargaining parties' CBA may require higher Contribution Rates or increases than those specified in this SAS or any other Schedule. The annual increases of the SAS start in the 2012 Plan Year. The required increases for the prior Plan Years are set forth in the First Alternative Schedule previously adopted by the bargaining parties. The SAS required increases continue for the initial duration of the CBA. A Contributing Employer's Contribution Rate increase should be made no later than the anniversary of each allocation date or re-opener, but must be made no later than December 1 of the applicable Plan Year or such earlier date the bargaining parties specify.

For each year during which the bargaining parties' CBA remains in effect, the Employer's Contribution Rate will be determined as follows:

### Plan Year

2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.035);

2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.035);

2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.035);

2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.035);

2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.035);

2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.035);

2018 and thereafter = (To be Determined).

Notwithstanding the foregoing, and the RP's restrictions on decreasing Contribution Rates, the Trustees may adjust the amount of the annual increases listed above to be more or less than shown, to be effective upon the expiration of the CBA in effect at the time the bargaining parties adopted this Second Alternative Schedule.



### III. Normal Retirement Pension Benefit Accrual Rate

Subject to any applicable notice, upon the bargaining parties' adoption of this SAS, a Participant who is covered under this Schedule will accrue a monthly Normal Retirement Pension benefit with respect to his or her Contribution Hours equal to 1.0% of the amount determined by multiplying the Participant's Benefit Rate by his Contribution Hours for the portion of the Plan Year remaining after the effective date specified in the applicable notice and for each Plan Year thereafter. Note: The term Benefit Rate is the Contribution Rate MINUS the portion of the Contribution Rate attributable to the 55/30 Rate (which is 30% of the Contribution Rate).

### IV. Benefit Adjustments

This SAS provides for reductions in "adjustable benefits" as that term is defined in ERISA Section 305. The reductions described below are *in addition to* the adjustable benefit reductions under the Rehabilitation Plan and any applicable Schedule (including but not limited to the First Alternative Schedule), and those reductions are incorporated by reference herein.

Notwithstanding any contrary provisions in the Plan Document, and subject to all applicable notices, upon the effective date of the bargaining parties' adoption of this Second Alternative Schedule, the following benefit reductions will apply:

1. *55/30 Pension benefit:* The 55/30 Pension is modified by eliminating the 55/30 Pension benefit for any Participant covered under this Schedule who has not attained age 60 on his or her Effective Date of Pension. If the Participant has attained age 60 and satisfies the requirements in the Plan Document for the payment of a 55/30 Pension on his or her Effective Date of Pension, then the monthly benefit payable to the Participant shall be equivalent to his or her monthly Normal Retirement Pension benefit (i.e., unreduced for age);
2. *Special Early Retirement Pension benefit:* The Special Early Retirement Pension is modified by eliminating the Special Early Retirement Pension benefit for any Participant covered under this Schedule who has not attained age 62 on his or her Effective Date of Pension. If the Participant has attained age 62 and satisfies the requirements in the Plan Document for the payment of a Special Early Retirement Pension on his or her Effective Date of Pension, then the monthly benefit payable to the Participant shall be equivalent to his or her monthly Normal Retirement Pension benefit (i.e., unreduced for age);
3. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by removing any subsidy. Specifically, if a Participant satisfies the requirements in the Plan Document for the payment of a Standard Early Retirement Pension, his or her monthly Standard Early Retirement Pension will be the *actuarial* equivalent (as determined under Chart 1 attached to the RP) of his or her monthly Normal Retirement Pension benefit, determined on the basis of the Participant's actual age on his or her Effective Date of Pension; and

4. ***Disability Benefit:*** The Disability Benefit is modified as follows: a Participant who satisfies the requirements in the Plan Document for the payment of a Full Disability Benefit will receive the actuarial equivalent (as determined under Chart 1 attached to the RP) of his or her monthly Normal Retirement Pension benefit, determined as if the Participant had attained age 55 on the Effective Date of his or her Full Disability Benefit. <sup>1</sup>
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<sup>1</sup> Under the Plan Document, the Full Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Full Disability Benefit does not exceed the amount of the applicable early retirement option.



**REHABILITATION PLAN AND FUNDING POLICY FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 526112463/001)**

**As amended and restated through February 24, 2011**

**I. INTRODUCTION**

This is the Rehabilitation Plan ("RP") adopted pursuant to ERISA Section 305 by the Board of Trustees of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), in its capacity as the NPFs "Plan Sponsor." The initial RP was effective March 1, 2008. This version reflects all amendments made through February 24, 2011. This RP also serves as the Funding Policy adopted by the Fund's Board of Trustees.

The assumptions that the Fund's actuary used to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this RP are described in an exhibit to the NPF's annual Certification of Funded Status, which the Fund actuary prepares and files.<sup>1</sup>

Each capitalized term in this RP and in each Schedule of Contribution Rates/Benefit Adjustments ("Schedule(s)") adopted by the Plan Sponsor has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or required by the context in which the term is used. Also, any reference to the term "Participant" in the RP or any Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless otherwise required by the context in which it is used. All gender references (e.g., he, she, his, her) are for convenience only and include the opposite gender. Any reference to the term Collective Bargaining Agreement shall be deemed to include a reference to any similar agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement), and any reference to the term "bargaining party(ies)" shall be deemed to include a reference to an Employer who is a party to such an agreement. As applicable, any reference in the RP or a Schedule to the term "pension" shall be deemed to include a reference to the term "disability benefit."

The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the RP, as well as all Schedules. This includes all prior and future versions.

The RP's objective is to enable the NPF to emerge from critical status by the end of the Plan's "Rehabilitation Period," which is the 13-year period commencing with the Plan Year that starts on January 1, 2011. The Fund is deemed to emerge from critical status when the Fund's actuary certifies that the NPF is not projected to have an accumulated funding deficiency for the Plan Year or any of the nine (9) subsequent Plan Years. The "Benchmarks" listed below are intended to gauge the NPF's progress towards achieving the RP's objective. Based upon the NPF's actual experience, those Benchmarks may be revised or otherwise modified from time to time.

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<sup>1</sup> These assumptions also include the Plan Sponsor's expectations concerning projected hours, employment levels and contributions. The Plan Sponsor's expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Plan Sponsor's views regarding future work levels in Covered Employment.

The RP utilizes a combination of benefit adjustments and Contribution Rate increases to meet its objective. This combination is reflected in the Schedules, which detail the applicable Contribution Rate increases and/or benefit adjustments that apply to Participants. One Schedule, the "Default Schedule," does not currently require Contribution Rate increases but significantly reduces adjustable benefits. The other Schedule, the "Alternative Schedule," requires annual Contribution Rate increases, but it reduces adjustable benefits to a lesser extent than the Default Schedule. The Schedules form a part of the RP and are incorporated herein by reference.

The RP prohibits the reduction of any Employer's Contribution Rate at any time before the end of the Rehabilitation Adoption Period (i.e., before January 1, 2011). For this purpose, any action that has the effect of reducing an Employer's contribution obligations to the Fund will be treated as a reduction of the Employer's Contribution Rate. The NPF will disregard any provision in a Collective Bargaining Agreement that takes effect before January 1, 2011, which has the effect of reducing any Employer's contribution obligations to the Fund (including but not limited to a reduction in the Contribution Rate).

Unless approved by the Plan Sponsor, the NPF also will disregard any provision in a Collective Bargaining Agreement that takes effect on or after January 1, 2011, which has the effect of reducing any Employer's contribution obligations to the Fund (including but not limited to a reduction in the Contribution Rate).

Required Contribution Rate increases shall be made in accordance with the Collective Bargaining Agreement, but in no event later than December 1 of the applicable Plan Year. The failure to contribute in accordance with the bargaining parties' Schedule will be treated as a delinquency, and can trigger the imposition of federal excise taxes. If contributions are not made in accordance with bargaining parties' Schedule, the bargaining parties may be terminated as Contributing Employers and Covered Employees. In addition, the Trustees may take such other actions, as they deem appropriate under the terms of the Plan Document and Trust Document, and ERISA.

**EMPLOYERS AND LOCAL UNIONS MUST SUBMIT COPIES OF ALL COLLECTIVE BARGAINING AGREEMENTS (INCLUDING ALL ADDENDA, AMENDMENTS, EXTENSIONS AND RENEWALS).**

**II. PERSONS FOR WHOM CONTRIBUTIONS ARE NOT REQUIRED TO BE MADE**

A. Initial Allowances Made for Persons for Whom Contributions Were Not Required to be Made

In formulating the initial Schedules in 2008, the Plan Sponsor was required to make an allowance for funding the benefits of Participants for whom contributions were not required to be made to the Fund. In accordance with this requirement, the Plan Sponsor initially made an allowance for two groups of Participants for whom contributions were not required to be made, and who were unlikely to return to Covered Employment and have contributions made to the Fund under any of the Schedules.

The first such group consisted of those Participants (e.g., retirees or those who have left the trade) who had ceased working in Covered Employment. The second such group consisted of those Participants who worked in the Sheet Metal Industry, but whose work was not covered under a collective bargaining agreement to which either the Sheet Metal Workers' International Association or a Local Union was a party or under any other agreement requiring NPF contributions.

Both groups of Participants were subject to the benefit adjustments described in subsection (1) below, and, with certain exceptions, the benefit adjustments described in subsection (2) below and subsection (B)(2)(a) below. Also, both groups of Participants were subject to the benefit adjustments made to the benefit payment options under the Default Schedule.

#### 1. Post-Retirement Benefit Increases not Guaranteed under ERISA Section 4022A

After January 1, 2008, the Fund does not pay any post-retirement increase if the increase had not been in effect more than 60 months from that date. This applies to any scheduled increase that did not take effect before 2003, such as any annual increase under the NPF COLA Benefit that had not taken effect (i.e., was not payable) before 2003.<sup>2</sup>

This means that after January 1, 2008, no NPF COLA Benefit is payable in excess of the amount a Participant received as a "13th check" in 2002. If a Participant had not been retired before December 1, 2001, and, therefore, did not receive any NPF COLA Benefit in 2002, he or she does not receive any annual increase under the NPF COLA Benefit after 2007. A Participant who was retired and did have his pension increased by the NPF COLA Benefit in 2002, continues to receive an NPF COLA Benefit, but it is reduced to the amount of the 2002 increase (i.e., the amount of the 13th check paid to the Participant in 2002). It remains fixed at that amount.

#### 2. Actuarial Adjustment to Early Retirement Benefits

A Participant described in this subsection (A), who had not retired under the NPF before March 1, 2008, will receive the actuarial equivalent of his Normal Retirement Pension benefit if he retires before age 65, instead of any subsidized early retirement benefit that he otherwise would have been eligible to receive, unless the Participant:

- (a) was working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training;
- (b) was retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds or the Sheet Metal Workers' International Association Master Reciprocal Agreement (but had not retired under the NPF); was working in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and had not worked in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan; or
- (c) was working in Covered Employment at the time he became disabled as verified by the U.S. Social Security Administration or Railroad Retirement Board, and was eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

<sup>2</sup> The NPF COLA Benefit had paid an annual increase to then eligible Participants who separated or retired in 1991 or later. The annual increase (paid in the form of a 13<sup>th</sup> payment) was equal to: (a) 2% x (b) the amount of pension benefits (accrued as of June 30, 1995) received over the preceding 12-consecutive months x (c) the number of whole years (up to 15) for which the Participant had been receiving monthly pension benefits. This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

The actuarial age reduction factors are contained in the attached Chart 1.

As noted, additional adjustments also may apply to persons described in this subsection (A). These additional adjustments are described in subsection (B)(2) below.

B. Allowance Made after Plan Year 2008 for Persons for Whom Contributions Were Not Required to be Made

1. Persons for Whom Contributions Were Not Required to Be Made in any Plan Year beginning on or after January 1, 2009

Allowances also are made for purposes of updating the Schedules for Plan Years beginning on and after January 1, 2009 for Participants:

- (a) who had a One-Year Break in Service in or after 2008; and
- (b) who had no contributions that were required to be made on their behalf and who were not retired (within the meaning of the Plan Document) under the NPF, in the Plan Year immediately following the Plan Year in which the One-Year Break in Service occurred.

Specifically, such Participants will be subject to the benefit adjustments described in subsection (A)(1) above, and with certain exceptions, the adjustments described in subsection (A)(2) above and subsection (B)(2) below will apply to such Participants if they last worked in Covered Employment performing Construction Work.

2. Additional Benefit Adjustments

- (a) Subject to ERISA's notice requirements and the exceptions described in paragraph (b) below, the following additional benefit adjustments will be made in each Plan Year beginning on or after January 1, 2009 for any Participant described in subsection (A) or subsection (B)(1) above, who last worked in Covered Employment performing Construction Work:
  - i) no early retirement benefit whatsoever will be payable before Normal Retirement Age (age 65) to such Participant if his Effective Date of Pension is on or after January 1, 2010;
  - ii) no disability benefit will be payable unless all eligibility conditions for a Full Disability Benefit had been satisfied before January 1, 2010;
  - iii) no 60 Certain Payments ("the 60-Month Guarantee") will apply to any benefit that has an Effective Date of Pension on or after January 1, 2010; and
  - iv) no pop-up feature (Reversion) will apply to any joint and survivor annuity option that has an Effective Date of Pension on or after January 1, 2010.
- (b) The additional adjustments described in the preceding paragraph do not apply if the Participant:

- i) is working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training;
- ii) is retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds or the Sheet Metal Workers' International Association Master Reciprocal Agreement (but has not retired under the NPF); was working in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and has not worked in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan; or
- iii) was working in Covered Employment at the time he became disabled as verified by the U.S. Social Security Administration or Railroad Retirement Board, and is eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

C. Reclassification of Persons for Whom Contributions Were Not Required to be Made

If a Participant described in this Section II has not retired and returns to work in Covered Employment and completes one (1) Year of Service under a Schedule, his benefits will be re-adjusted in accordance with that Schedule, but the Participant will remain subject to all applicable rules in the Plan Document and such Schedule, including all rules relating to the eligibility of benefits (such as, but not limited to, any applicable delay rules, credited service rules, and minimum hours/activity requirements).

If a Participant's benefit commencement date is after the date of the NPF's initial Notice of Critical Status, and the Participant subsequently returns to work before receiving 12-consecutive monthly benefit checks, his/her benefit will be recalculated under the Schedule that applies to similarly situated active employees at the time of their subsequent retirement.

### III. DEFAULT AND ALTERNATIVE SCHEDULES

A. General

The Rehabilitation Plan includes two (2) types of Schedules -- a Default Schedule and an Alternative Schedule. These Schedules are reviewed no less than annually and may be updated at any time, as the Plan Sponsor finds necessary, to reflect the NPF's experience over the preceding Plan Year(s). The current Default and Alternative Schedules are attached at Appendix A. The terms of each such Schedule, as updated from time to time, are incorporated by reference herein and form a part of this Rehabilitation Plan. Updated schedules may be substituted for the current Schedules at Appendix A. The Plan Sponsor may amend or otherwise modify a Schedule at any time in its sole and absolute discretion. The Plan Sponsor may add additional Schedules or eliminate Schedules as it deems appropriate, in its sole and absolute discretion. Effective as of February 1, 2011, the bargaining parties cannot adopt a different type of Schedule (e.g., Default or Alternative) than the one (Default or Alternative) they last adopted (or were deemed to have adopted) after the NPF entered critical status in 2008, unless the Schedule in question has been updated or issued after February 2011, and it specifically provides that it may be adopted by bargaining parties that had previously adopted a different type of Schedule.



The present Default Schedule does not require Contribution Rate increases, but contains more dramatic reductions in “adjustable benefits” (as defined in ERISA Section 305(e)(8)) than the Alternative Schedule. The Alternative Schedule requires annual Contribution Rate increases, but the reductions in adjustable benefits are not as great as those in the Default Schedule. By adopting a particular Schedule, the bargaining parties (i.e., the Local Union(s) and Employer(s)) have selected the Contribution Rate increases and/or reductions in adjustable benefits that apply to Participants who are covered under the bargaining parties’ Collective Bargaining Agreement. The actual percentage increase required by a Schedule may be rounded by the Plan Sponsor.

The details of each Schedule are set forth in Appendix A. If a Schedule contains more specific provisions than the Rehabilitation Plan or Plan Document, the more specific provision in the Schedule will control. The Plan Sponsor has the sole and absolute discretion to interpret the Schedules, as well as the terms of the Rehabilitation Plan and Plan Document, and its interpretation is binding on all persons.

Nothing in this RP or in any of the Schedules shall be construed to alter or modify the contribution requirements in the Trust Document.

#### B. Work Under Multiple Schedules

The following provisions govern when a Participant works under different Schedules.

##### 1. Benefit Accrual Formula

The benefit accrual formula that will apply to a Participant is determined by the Schedule under which he earns his Contribution Hours.

##### 2. Benefit Adjustments

In general, the benefit adjustments (e.g., early retirement pension benefits, 60/120 Certain Payments, and other payment options) that apply to a Participant are determined by the Schedule that applies to the Participant’s bargaining unit under the Collective Bargaining Agreement negotiated by the Local Union, which represents the Participant for the purpose of collective bargaining (the “Home Local Schedule”).

If the Participant works under a different Schedule than his Home Local Schedule, the Participant’s benefit adjustments are determined under his Home Local Schedule, unless he has 3,500 or more Hours of Work in Covered Employment under a different Schedule within the five (5) consecutive Calendar Year period immediately preceding the date on which his benefit is being determined (e.g., benefit statements, notices, Effective Date of Pension, etc.). In that case, the Participant’s benefit adjustments will be determined under the different Schedule.

For purposes of determining a Participant’s Hours of Work in Covered Employment under his Home Local Schedule, any Hours of Work in Covered Employment under a predecessor Collective Bargaining Agreement will be included if the successor Collective Bargaining Agreement incorporates the Participant’s Home Local Schedule.

#### IV. ANNUAL STANDARDS/BENCHMARKS FOR CREDIT BALANCE AND FUNDING STANDARD ACCOUNT

The Plan Sponsor measures the NPF's progress under the RP with reference to the NPF's Funding Standard Account ("FSA") credit balance for each year of the Rehabilitation Period, as well as actuarial projections showing the likelihood of the NPF emerging from critical status on or before the date specified in the RP. It is possible that the NPF will not meet the targeted FSA credit balance for one or more years but still will be deemed to meet the NPF's annual benchmark for the year if the actuary projects that the NPF will emerge from critical status on schedule (notwithstanding that the FSA credit balance differs from the standard specified below). The annual FSA credit balance (funding deficiency) that the Plan Sponsor uses as an annual standard for measuring the NPF's scheduled progress is specified below. Based on adverse market conditions for 2008 and changes in some of the assumptions used by the NPF's actuarial consultant, the annual standards below were modified to reflect the results of the January 1, 2009 Actuarial Valuation. The annual standards may be further modified in future years to reflect, among other things, the NPF's actual experience, and legislative or regulatory changes.

**FSA Credit Balance** - At the end of each calendar year shown below, the Fund's credit balance (funding deficiency) in its FSA should be approximately equal to or greater than (less than) the following:

<b>2008</b>	<b>\$213 million (as revised for change in funding method)</b>
<b>2009</b>	<b>\$215 million</b>
<b>2010</b>	<b>\$191 million</b>
<b>2011</b>	<b>\$173 million - [Rehabilitation Period Begins 1/1/2011]</b>
<b>2012</b>	<b>\$130 million</b>
<b>2013</b>	<b>\$70 million</b>
<b>2014</b>	<b>\$18 million</b>
<b>2015</b>	<b>\$(20) million</b>
<b>2016</b>	<b>\$(43) million</b>
<b>2017</b>	<b>\$(98) million</b>
<b>2018</b>	<b>\$(95) million</b>
<b>2019</b>	<b>\$(87) million</b>
<b>2020</b>	<b>\$(78) million</b>
<b>2021</b>	<b>\$(63) million</b>
<b>2022</b>	<b>\$(26) million</b>
<b>2023</b>	<b>and After ≥ 0</b>

## **V. ANNUAL REVIEW OF REHABILITATION PLAN AND SCHEDULES**

No less than annually, the Plan Sponsor will review the Rehabilitation Plan and its attached Schedules with the assistance of the NPF's actuarial consultant. If, for example, the NPF's actual experience does not reflect the assumptions used to develop the Rehabilitation Plan and Schedules, the Plan Sponsor may amend or modify the Rehabilitation Plan and/or the attached Schedules, based on the advice of the NPF's actuarial consultant, or it may amend the Schedules in any manner consistent with the requirements of ERISA and the Internal Revenue Code.

Attachments: Chart 1  
Appendix A: Default and Alternative Schedules

**CHART 1: TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)**

Age in Years	-----Months-----											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
 Form of Payment: Single Life Only

**DEFAULT SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**Amended and Restated Effective February 24, 2011**

**I. Introduction**

This is the Default Schedule for the Rehabilitation Plan of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), which is effective as of February 24, 2011, and which supersedes all prior versions of the Default Schedule.

All capitalized terms have the same meaning given to such terms in the Plan Document unless otherwise defined in this Default Schedule or the Rehabilitation Plan. This Default Schedule forms a part of, and is incorporated by reference in, the Rehabilitation Plan.

In addition, the Default Schedule forms a part of, and is incorporated into, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement. This Default Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a Collective Bargaining Agreement. Nevertheless, contributions shall be made in a manner consistent with the Trust Document. The Plan Sponsor (which is the Fund's Board of Trustees) may amend or modify the Default Schedule, the Rehabilitation Plan, and the Plan Document at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Schedule.

The Plan Sponsor has the sole discretion to determine whether and when this Default Schedule has been adopted by any party to a Collective Bargaining Agreement or a similar agreement requiring Fund contributions. In general, however, the Plan Sponsor will consider the bargaining parties (or other Contributing Employer such as a Related Organization or Local Union) to have adopted this Default Schedule, and will consider the terms of the Collective Bargaining Agreement or other agreement to be consistent with the Rehabilitation Plan under the following circumstances:

- A. the Plan Sponsor receives satisfactory evidence that the parties to the Collective Bargaining Agreement have incorporated this Default Schedule into the parties' Collective Bargaining Agreement for the initial term of that Agreement; or
- B. in the case of a Related Organization, or a Local Union that are Contributing Employers, or any similar entity that is a Contributing Employer, the Contributing Employer substantiates to the Plan Sponsor's satisfaction that its participation or adoption agreement incorporates this Default Schedule for the duration of such agreement.

In the case of an Employer who contributes to the NPF only with respect to employees who are not covered by a Collective Bargaining Agreement, the Employer will be treated as if it is the sole bargaining party, whose adoption or participation agreement was a Collective Bargaining Agreement, with a term ending on the first day of the Plan Year beginning after the Employer was provided the Rehabilitation Plan Schedules.

This Default Schedule's Contribution Rate requirements apply for the initial duration of the bargaining parties' Collective Bargaining Agreement but may be modified in future years. Upon

expiration of the Collective Bargaining Agreement in effect when this Default Schedule was adopted or implemented, the bargaining parties will be deemed to have automatically adopted whichever successor Default Schedule is then in effect.

This Default Schedule significantly modifies NPF benefits. Those benefit modifications take effect as described below.

## II. Contribution Rate Requirements

This Default Schedule currently requires no annual increases in the Employer's Contribution Rate except as may be required in order to comply with the provisions of the Trust Document and Plan Document. However, except as provided in the Rehabilitation Plan, no Employer's Contribution Rate may be reduced.

## III. Normal Retirement Pension Benefit Accrual Rate

A Participant covered under this Default Schedule will accrue a monthly Normal Retirement Pension benefit equal to 1.0% of the amount determined by multiplying the Participant's Contribution Rate by his Contribution Hours for the Plan Year (or as applicable, the portion of the Plan Year to which the Default Schedule applies), commencing with the first (1st) day of the month following the month in which this Schedule is adopted or deemed to have been adopted (or on such other date as may be specified in any notice provided by the Fund pursuant to ERISA).

## IV. Benefit Adjustments

This Schedule reduces "adjustable benefits," as that term is defined in ERISA Section 305. With the exception of certain adjustments that take effect for retirements on or after January 1, 2011, most of the adjustments described below have already been made as explained in earlier versions of the Default Schedule.

Notwithstanding any contrary provision in the Plan Document, a Participant who is covered under this Schedule is subject to benefit adjustments as described below.

### A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefits

1. *No 55/30 Pension and Special Early Retirement Pension:* Notwithstanding anything to the contrary in the Fund's Plan Document, the 55/30 Pension and the Special Early Retirement Pension are not available as an option for Participant's covered under this Default Schedule.
2. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit amount is reduced one-half of one percent (.5%) for each month for which the Participant is under the age of 65 (e.g., the Standard Early Retirement Pension benefit payable at age 55 is 40% of the Participant's Normal Retirement Pension benefit payable at age 65). For Effective Dates of Pension on or after January 1, 2011, a Participant's Standard Early Retirement Pension is further reduced to the actuarial equivalent of his Normal Retirement Pension benefit, payable as a single life

annuity based on the Participants actual age on his Effective Date of Pension. The formula for determining actuarial equivalence is shown in Chart 1 below.

3. *Disability Benefit:* The Disability Benefit for eligible Participants will be equivalent to the Standard Early Retirement Pension, as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule. No Disability Benefit is available for a Participant who is age 55 or older at the time a Disability Benefit otherwise would be payable.

#### B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A

The NPF does not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, such as the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduced NPF COLA Benefits for some and eliminated it for others.

The NPF COLA Benefit paid an annual increase in the form of a "13th check" equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible Participant had been receiving NPF pension benefits. The increase took effect after a Participant had received twelve consecutive monthly pension payments, measured as of October 31 of each Plan Year.\* Any scheduled increase under the NPF COLA Benefit that did not take effect before 2003, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that took effect, or was to take effect, after 2002 is reduced to zero.

Note: The Rehabilitation Plan and its Schedules provide that any retiree who received NPF COLA Benefit payments before 2003 had his NPF COLA Benefit payments "rolled back" to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> payment for 2002).

#### C. Benefit Payment Options

The Default Schedule reduces the number of available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee"); and
3. Lump-sum distributions to surviving spouses;
4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution); and
5. the 60 Certain Payments (sometimes referred to as the "60-Month Guarantee") and the pop-up (Reversion) for the Joint and Survivor Annuity Options for any Participant with an Effective Date of Pension on or after January 1, 2011.

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\*This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

**CHART 1:  
TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT  
AGE 65)**

Age in Years	-----Months-----											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table Form of Payment: Single Life  
 Only



**ALTERNATIVE SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
(EIN/PN 526112463/001)**

**Amended and Restated Effective February 24, 2011**

---

**I. Introduction**

This is the Alternative Schedule for the Rehabilitation Plan of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), which is effective as of February 24, 2011, and which supersedes all prior versions of the Alternative Schedule.

All capitalized terms have the same meaning given to such terms in the Plan Document or Rehabilitation Plan, unless this Schedule provides otherwise. This Alternative Schedule forms a part of, and is incorporated by reference in, the Rehabilitation Plan.

In addition, the Alternative Schedule forms a part of, and is incorporated into, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement. This Alternative Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a Collective Bargaining Agreement. Nevertheless, contributions shall be made in a manner consistent with the Trust Document. The Plan Sponsor (which is the Fund's Board of Trustees) may amend or modify the Alternative Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Trustees have the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the Alternative Schedule.

Notwithstanding anything to the contrary, the Plan Sponsor determines, in its sole and absolute discretion, whether and when this Alternative Schedule or any other version of the Alternative Schedule was adopted and implemented by the parties to a Collective Bargaining Agreement or similar agreement. In the 2008 version of this Schedule, the Plan Sponsor outlined common approaches to adoption. Note also, that the Plan Sponsor has determined that the bargaining parties (or as applicable, a Contributing Employer that is a Related Organization, Local Union or similar entity) automatically adopt the version of the Alternative Schedule that is in effect when their Collective Bargaining Agreement or other similar agreement replaces the expired version that was in effect when the Alternative Schedule was first adopted (or deemed to have been adopted).

The Contribution Rate requirements of the Alternative Schedule apply upon adoption and continue to apply until the expiration of the Collective Bargaining Agreement as in effect at the time the bargaining parties adopted the Alternative Schedule. Those Contribution Rate requirements, which are described below, have been modified from the requirements in an earlier version of the Alternative Schedule by increasing the amount of the required increases for Plan Years beginning on and after January 1, 2011, and may again be modified in the future. Nothing in this Alternative Schedule or in any prior version will be deemed to limit the bargaining parties' ability to negotiate higher Contribution Rate increases than those required in the Alternative Schedule.

The initial version of the Alternative Schedule modified NPF benefits in various ways and controls over the provisions of the Plan Document then in effect. Those benefit adjustments, described

below under the heading "Benefit Adjustments," continue to apply in this version of the Alternative Schedule.

The benefit accrual provisions described below took effect on the first day of the month following the month in which the bargaining parties adopted the Alternative Schedule. However, the benefit accrual does not reflect the required annual Contribution Rate increase until the date on which the increased Contribution Rate becomes payable.

## II. Contribution Rate Requirements

This Alternative Schedule requires annual increases in the Employer's Contribution Rate. However, the bargaining parties' Collective Bargaining Agreement may require higher Contribution Rates or increases than those specified in this Alternative Schedule or any prior version. The annual increases in this Alternative Schedule commence with the 2011 Plan Year. The required increases for the prior Plan Years are set forth in the prior version of the Alternative Schedule. The required increases continue for the initial duration of the Collective Bargaining Agreement. A Contributing Employer's Contribution Rate should be made no later than the anniversary of each allocation date or re-opener, but must be made no later than December 1 of the applicable Plan Year or such earlier date specified by the bargaining parties.

For each year during which the bargaining parties' Collective Bargaining Agreement remains in effect, the Employer's Contribution Rate will be determined as follows:

### Plan Year

- 2011 Contribution Rate = (Contribution Rate in effect on 12/31/10) x (1.07);
- 2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.07);
- 2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.07);
- 2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.07);
- 2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.07);
- 2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.07);
- 2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.07); and
- 2018 and thereafter = (To be Determined).

Notwithstanding the foregoing, the amount by which the Employer's Contribution Rate must be increased may be more or less, than the amount specified above for any of the listed years after the bargaining parties current Collective Bargaining Agreement expires (or its initial term if extended).

### III. Normal Retirement Pension Benefit Accrual Rate

As under prior versions of the Alternative Schedule, the Participant's Normal Retirement Pension benefit will accrue at the highest accrual rate in effect under the Plan Document during the term of this Alternative Schedule, provided that the Participant has Contribution Hours under a Collective Bargaining Agreement, which reflects or incorporates the terms of this Alternative Schedule. As of January 1, 2011, the highest rate of accrual under the Fund's Plan Document is 1.5% with respect to Contribution Hours up to 1200, and 0.7% with respect to Contribution Hours in excess of 1200.

***However, the benefit accrual provisions under the Plan Document may be amended by the Plan Sponsor at any time.*** Note: For 55/30 Rates, the Plan Document provides that the accrual rate is based on 70% of the contributions to be made on a Participant's Contribution Hours.

### IV. Benefit Adjustments

This Alternative Schedule continues to provide for reductions in "adjustable benefits" as that term is defined in ERISA Section 305. Because this Schedule requires annual Contribution Rate increases, the reductions in benefits are less dramatic than those in the Default Schedule. The reductions described below took effect under the terms of the initial version of the Alternative Schedule.

Notwithstanding any contrary provision in the Plan Document, a Participant who is covered under this Alternative Schedule is subject to benefit adjustments as described below.

#### A. Adjustment to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefits

1. *Special Early Retirement Pension benefit:* The Special Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit is reduced by one-half of one percent (.5%) for each month for which the Participant is under the age of 62 (e.g., the Special Early Retirement Pension benefit payable at age 55 is 58% of the Participant's Normal Retirement Pension benefit payable at age 65).
2. *Standard Early Retirement Pension benefit:* The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Pension benefit amount is reduced one-half of one percent (.5%) for each month for which the Participant is under the age of 65 (e.g., the Standard Early Retirement Pension benefit payable at age 55 is 40% of the Participant's Normal Retirement Pension benefit payable at age 65).
3. *Disability Benefit:* The Disability Benefit is equivalent to the modified Standard Early Retirement Pension, the modified Special Early Retirement Pension, or the 55/30 Pension, as applicable. This is determined as if the recipient were age 55, and assuming he/she otherwise meets eligibility

requirements for the benefit, since all three forms of early retirement are available under the Alternative Schedule.<sup>1</sup>

Note: The early retirement subsidy for the 55/30 Pension benefit has not been adjusted.

**B. Benefit Increases that Would Not Be Guaranteed under ERISA Section 4022A**

Pursuant to the terms of the Alternative Schedule (and Default Schedule) the NPF no longer pays any post-retirement benefit increase that would not have been eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from 2008 (i.e., after 2002). This applies to a scheduled increase, like the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This resulted in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit had paid an annual increase in the form of a 13th payment equal to 2% of the then eligible Participant's annual benefit (as accrued through June 30, 1995) multiplied by the number of full years that the Participant qualified for NPF pension benefits. The increase initially took effect after a Participant has received twelve consecutive monthly checks,<sup>2</sup> measured as of October 31 of each Plan Year. Any scheduled increase under the NPF COLA Benefit that had not taken effect because a Participant was not retired or has not been retired long enough to have received the increase in 2007, would not be guaranteed under ERISA Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that did not take effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) was reduced to zero.

**C. Benefit Payment Options**

The Alternative Schedule reduced available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120 Certain Payment Option (sometimes called "120-Month Guarantee"); and
3. Lump-sum distributions to surviving spouses;
4. Other lump sum payments in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit, or a preretirement death benefit, may not exceed \$5,000 to be eligible for a lump-sum distribution).

<sup>1</sup> Under the Plan Document, the Disability Benefit is not an option for any Participant age 55 or older, since the amount of the Disability Benefit does not exceed the amount of the applicable early retirement option.

<sup>2</sup> This 12-month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

CHART 1: TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)

Age Years	-----Months-----											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
 Form of Payment: Single Life Only



**REHABILITATION PLAN AND FUNDING POLICY FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 52 6112463/001)**

As amended and restated through December 7, 2010

**I. INTRODUCTION**

This is the Rehabilitation Plan ("RP") adopted pursuant to ERISA Section 305 by the Plan Sponsor of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"). The initial RP was effective March 1, 2008. This version reflects all amendments made through December 7, 2010. This RP also serves as the Funding Policy adopted by the Fund's Board of Trustees, which also is the Fund's "Plan Sponsor." The assumptions that the Fund's actuary used to determine the NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop and modify this RP are described in an exhibit to the NPF's annual Certification of Funded Status, which is prepared and filed by the Fund's actuary.<sup>1</sup>

Each capitalized term in this RP and in each schedule of Contribution Rates/Benefit Adjustments ("Schedule(s)") adopted by the Plan Sponsor has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or required by the context in which the term is used. Also, any reference to the term "Participant" in the RP or any Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless otherwise required by the context in which it is used. All gender references (e.g., he, she, his, her) are for convenience only and include the opposite gender. Any reference to the term Collective Bargaining Agreement shall be deemed to include a reference to any similar agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement), and any reference to the term "bargaining party(ies)" shall be deemed to include a reference to an Employer who is a party to such an agreement. As applicable, any reference in the RP or a Schedule to the term "pension" shall be deemed to include a reference to the term "disability benefit."

The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the RP, as well as all Schedules. This includes all prior and future versions.

The RP's objective is to enable the NPF to emerge from critical status by the end of the Plan's "Rehabilitation Period," which is the 13-year period commencing with the Plan Year that starts on January 1, 2011. The Fund is deemed to emerge from critical status when the Fund's actuary certifies that the NPF is not projected to have an accumulated funding deficiency for the Plan Year or any of the nine (9) subsequent Plan Years. The "Benchmarks" listed below are intended to gauge the NPF's progress towards achieving the RP's objective. Based upon the NPF's actual experience, those Benchmarks may be revised or otherwise modified from time to time.

<sup>1</sup> These assumptions reflect the Plan Sponsor's expectations concerning projected hours, employment levels and contributions. The Plan Sponsor's expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Plan Sponsor's views regarding future work levels in the Sheet Metal Industry.

The RP utilizes a combination of benefit adjustments and Contribution Rate increases to meet its objective. This combination is reflected in the Schedules, which detail the applicable Contribution Rate increases and/or benefit adjustments that apply to Participants. One Schedule, the "Default Schedule," does not currently require Contribution Rate increases but significantly reduces adjustable benefits. The other Schedule, the "Alternative Schedule," requires annual Contribution Rate increases, but it reduces adjustable benefits to a lesser extent than the Default Schedule. The Schedules form a part of the RP and are as determined incorporated herein by reference.

The RP prohibits the reduction of any Employer's Contribution Rate at any time before the end of the Rehabilitation Adoption Period (i.e., before January 1, 2011). For this purpose, any action that has the effect of reducing an Employer's contribution obligations to the Fund will be treated as a reduction of the Employer's Contribution Rate. The NPF will disregard any provision in a Collective Bargaining Agreement that takes effect before January 1, 2011, which has the effect of reducing any Employer's contribution obligations to the Fund (including but not limited to a reduction in the Contribution Rate).

Unless approved by the Plan Sponsor, the NPF also will disregard any provision in a Collective Bargaining Agreement that takes effect on or after January 1, 2011, which has the effect of reducing any Employer's contribution obligations to the Fund (including but not limited to a reduction in the Contribution Rate).

Required Contribution Rate increases should be made on the anniversary of each allocation date or re-opener, but in no event later than December 1 of the applicable Plan Year.

**EMPLOYERS AND LOCAL UNIONS MUST SUBMIT COPIES OF ALL COLLECTIVE BARGAINING AGREEMENTS (INCLUDING ALL ADDENDA, AMENDMENTS, EXTENSIONS AND RENEWALS) FOR CORRECT CONTRIBUTION RATES, BENEFIT ACCRUALS AND BENEFIT ADJUSTMENTS.**

**II. PERSONS FOR WHOM CONTRIBUTIONS ARE NOT REQUIRED TO BE MADE**

A. Initial Allowances Made for Persons for Whom Contributions Were Not Required to be Made

In formulating the initial Schedules in 2008, the Plan Sponsor was required to make an allowance for funding the benefits of Participants for whom contributions were not required to be made to the Fund. In accordance with that requirement, the Plan Sponsor initially made an allowance for two groups of Participants for whom contributions were not required to be made, and who also were unlikely to return to Covered Employment and have contributions made to the Fund under any of the Schedules.

The first such group consisted of those Participants (such as retirees) who had ceased working in the Sheet Metal Industry and were not working for a Contributing Employer in Non-Covered Employment. The second such group consisted of those Participants who worked in the Sheet Metal Industry, but whose work was not covered under a collective bargaining agreement to which either the Sheet Metal Workers International Association or a Local Union was a party or under any other agreement requiring contributions to the NPF.



Both groups of Participants were subject to the benefit adjustments described in subsection (1) below, and, with certain exceptions, the benefit adjustments described in subsection (2) below and subsection (B)(2)(a) below.

1. Post-Retirement Benefit Increases not Guaranteed under ERISA Section 4022A

After January 1, 2008, the Fund does not pay any post-retirement increase if the increase had not been in effect more than 60 months from that date. This applies to any scheduled increase that did not take effect before 2003, such as any annual increase under the NPF COLA Benefit that had not taken effect (i.e., was not payable) before 2003.<sup>2</sup>

This means that after January 1, 2008, no NPF COLA Benefit is payable in excess of the amount a Participant received as a 13th check in 2002. If a Participant had not been retired before December 1, 2001, and, therefore, did not receive any NPF COLA Benefit in 2002, he or she does not receive any annual increase under the NPF COLA Benefit after 2007. A Participant who was retired and did have his pension increased by the NPF COLA Benefit in 2002, continues to receive an NPF COLA Benefit payment, but it is reduced to the amount of the 2002 increase (i.e., the amount of the 13th check paid to the Participant in 2002). It remains fixed at that amount.

2. Actuarial Adjustment to Early Retirement Benefits

A Participant described in this subsection (A), who had not retired under the NPF before March 1, 2008, will receive the actuarial equivalent of his Normal Retirement Pension benefit if he retires before age 65, instead of any subsidized early retirement benefit that he otherwise would have been eligible to receive, unless the Participant:

- a) was working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training;
- b) was retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds (but had not retired under the NPF); was engaged in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and had not engaged in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan; or
- c) was working in Covered Employment at the time he became disabled (as verified by the U.S. Social Security Administration or Railroad Retirement Board), and

<sup>2</sup> The NPF COLA Benefit had paid an annual increase to then eligible retirees who separated or retired in 1991 or later. The annual increase (paid in the form of a 13th check) was equal to: (a) 2% x (b) the amount of pension benefits (accrued as of July 1, 1995) received over the preceding 12-consecutive months x (c) the number of whole years (up to 15) for which the retiree had been receiving monthly pension benefits. This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

was eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

The actuarial age reduction factors are contained in the attached Chart 1.

As noted, additional adjustments also may apply to persons described in this subsection (A). These additional adjustments are described in subsection (B) (2) below.

B. Allowance Made after Plan Year 2008 for Persons for Whom No Contributions Were Required to be Made

1. Persons for Whom No Contributions Were Required to Be Made in any Plan Year beginning on or after January 1, 2009

Allowances also are made for purposes of updating the Schedules for Plan Years beginning on and after January 1, 2009 for Participants:

- a) who had a One-Year Break in Service in or after 2008; and
- b) who had no contributions that were required to be made on their behalf and who were not retired (within the meaning of the Plan Document) under the NPF, in the Plan Year immediately following the Plan Year in which the One Year Break in Service occurred.

Specifically, such Participants will be subject to the benefit adjustments described in subsection (A)(1) above, and with certain exceptions, the adjustments described in subsection (A)(2) above and subsection (B)(2) below will apply to such Participants if they last worked in Covered Employment performing Construction Work.

2. Additional Benefit Adjustments

- (a) Subject to ERISA's notice requirements and the exceptions described in paragraph (b) below, the following additional benefit adjustments will be made in each Plan Year beginning on or after January 1, 2009 for any Participant described in subsection (A) or subsection (B)(1) above, who last worked in Covered Employment performing Construction Work:
  - i) no early retirement benefit whatsoever will be payable before Normal Retirement Age (age 65) to such Participant if his Effective Date of Pension is on or after January 1, 2010;
  - ii) no disability benefit will be payable unless all eligibility conditions for a Full Disability Benefit have been satisfied before January 1, 2010;
  - iii) no 60-month guarantee will apply to any benefit that has an Effective Date of Pension on or after January 1, 2010; and

- iv) no pop-up feature (reversion option) will apply to any joint and survivor annuity benefit that has an Effective Date of Pension on or after January 1, 2010.

- (b) The additional adjustments described in the preceding paragraph do not apply if the Participant:
- i) is working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training;
  - ii) is retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds (but has not retired under the NPF); was engaged in Covered Employment at the time he retired under the other multiemployer defined benefit plan; and has not engaged in Disqualifying Employment at any time since his retirement under the other multiemployer defined benefit plan; or
  - iii) was working in Covered Employment at the time he became disabled as verified by the U.S. Social Security Administration or Railroad Retirement Board, and is eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

C. Reclassification of Persons for Whom No Contributions Were Required to be Made

If a Participant described in this Section II has not retired and returns to work in Covered Employment and completes one (1) Year of Service under a Schedule, his benefits will be re-adjusted in accordance with that Schedule, but the Participant will remain subject to all applicable rules in the Plan Document and such Schedule, including all rules relating to the eligibility of benefits (such as, but not limited to, any applicable delay rules, credited service rules, and minimum hours/activity requirements).

If a Participant's benefit commencement date was after the date of the NPF's Notice of Critical Status, and the Participant subsequently returns to work before receiving 12 consecutive monthly benefit checks, his/her benefit will be recalculated under the Schedule that applies to similarly situated active employees at the time of her/his subsequent retirement.

### III. DEFAULT AND ALTERNATIVE SCHEDULES

A. General

The Rehabilitation Plan includes a Default Schedule and an Alternative Schedule. These Schedules are reviewed annually and may be updated at any time, as the Plan Sponsor finds necessary, to reflect the NPF's experience over the preceding Plan Year(s). The current Default and Alternative Schedules are attached at Appendix A. The terms of each such Schedule, as updated from time to time, are incorporated by reference herein and form a part of this Rehabilitation Plan. Updated schedules may be substituted for the current Schedules at Appendix A. The Plan Sponsor may amend or otherwise modify a Schedule at

any time in its sole and absolute discretion. The Plan Sponsor may add additional Schedules or eliminate Schedules (other than a Default Schedule) as it deems appropriate, in its sole and absolute discretion.

~~The present Default Schedule does not require Contribution Rate increases, but contains more dramatic reductions in “adjustable benefits” (as defined in ERISA Section 305(e)(8)) than the Alternative Schedule. If the Default Schedule applies, the monthly amount of a Participant’s Normal Retirement Pension accrued under the Default Schedule is 1.0% of the amount determined by multiplying the Participant’s Contribution Rate by his contribution Hours for the Plan year (or as applicable, the portion of the Plan Year to which the Default schedule applies). The Alternative Schedule requires annual Contribution Rate increases, but the reductions in adjustable benefits are not as great as those in the Default Schedule. By adopting a particular Schedule, the bargaining parties (i.e., the Local Union(s) and Employer(s)) select the Contribution Rate increases and/or reductions in adjustable benefits that apply to Participants who are covered under the bargaining parties’ Collective Bargaining Agreement. The actual percentage increase required by a Schedule may be rounded by the Plan Sponsor.~~

If the bargaining parties have adopted or are deemed to have adopted the Alternative Schedule and the applicable Collective Bargaining Agreement contemplates that the required Contribution Rate increases will be made from the allocation of the wage package by the Local Union, the Local Union shall make the required allocation on or before the date the Contribution Rate increase is required to be made. If the Local Union fails to make the required allocation on or before such date, then the Plan Sponsor may deem the Alternative Schedule to have been rescinded, and the Default Schedule to have been adopted in its stead, by the bargaining parties. In that event, the Default Schedule’s benefit adjustment and accrual provisions will take effect as of the date specified in the notice of benefit adjustments.

If the bargaining parties’ Collective Bargaining Agreement has a contribution schedule that is inconsistent with the contribution requirements in the Alternative Schedule, then the Plan Sponsor may deem the Default Schedule (then in effect) to have been adopted by the bargaining parties. In that event, the bargaining parties would have to comply with the contribution schedule in the Default Schedule, even if it exceeds the contribution schedule in the Collective Bargaining Agreement. The Default Schedule’s benefit adjustment and benefit accrual provisions would take effect as of the date specified in the notice of benefit adjustments.

The details of each Schedule are set forth in Appendix A. If a Schedule contains more specific provisions than the Rehabilitation Plan or Plan Document, the more specific provision in the Schedule will control. The Plan Sponsor has the sole and absolute discretion to interpret the Schedules, as well as the terms of the Rehabilitation Plan and Plan Document, and its interpretation is binding on all persons.

Nothing in this RP or in any of the Schedules shall be construed to alter or modify the contribution requirements in the Fund’s Trust Document.

#### B. Work Under Multiple Schedules

The following provisions govern when a Participant works under different Schedules.

##### 1. Benefit Accrual Formula

The benefit accrual formula that will apply to a Participant is determined by the Schedule under which he earns his Contribution Hours.

## 2. Benefit Adjustments

In general, the benefit adjustments (e.g., Standard Early, 55/30, Special Early, 60-month guarantees, etc.) that apply to a Participant are determined by the Schedule that applies to the Participant's bargaining unit under the Collective Bargaining Agreement negotiated by the Local Union, which represents the Participant for the purpose of collective bargaining (the "Home Local Schedule").

If the Participant works under a different Schedule than his Home Local Schedule, the Participant's benefit adjustments are determined under his Home Local Schedule, unless he has 3,500 or more Hours of Work in Covered Employment under a different Schedule within the five (5) consecutive Calendar Year period immediately preceding the date on which his benefit is being determined (e.g., benefit statements, notices, Effective Date of Pension, etc.). In that case, the Participant's benefit adjustments will be determined under the different Schedule.

For purposes of determining a Participant's Hours of Work in Covered Employment under his Home Local Schedule, any Hours of Work in Covered Employment under a predecessor Collective Bargaining Agreement will be included if the successor Collective Bargaining Agreement incorporates the Participant's Home Local Schedule.

If a Participant has worked under more than one version of a Home Local Schedule, the terms of the Home Local Schedule in effect as of the date on which his benefit is being determined (e.g., benefit statement, notice, Effective Date of Pension, etc.) will control.

## IV. ANNUAL STANDARDS/BENCHMARKS FOR CREDIT BALANCE AND FUNDING STANDARD ACCOUNT

The Plan Sponsor measures the NPF's progress under the RP with reference to the NPF's Funding Standard Account ("FSA") credit balance for each year of the Rehabilitation Period, as well as actuarial projections showing the likelihood of the NPF emerging from critical status on or before the date specified in the RP. It is possible that the NPF will not meet the targeted FSA credit balance for one or more years but still will be deemed to meet the NPF's annual benchmark for the year if the actuary projects that the NPF will emerge from critical status on schedule (notwithstanding that the FSA credit balance differs from the standard specified below). The annual FSA credit balance/(funding deficiency) that the Plan Sponsor uses as an annual standard for measuring the NPF's scheduled progress is specified below. Based on adverse market conditions for 2008 and changes in some of the assumptions used by the NPF's actuarial consultant, the annual standards below were modified to reflect the results of the January 1, 2009 Actuarial Valuations. The annual standards may be further modified in future years to reflect, among other things, the NPF's actual experience, and legislative or regulatory changes.

**FSA Credit Balance** - At the end of each calendar year shown below, the Fund's credit balance/(funding deficiency) in its Funding Standard Account should be approximately equal to or greater than/(less than) the following:

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<b>2008</b>	<b>\$213 million (as revised for change in funding method)</b>
<b>2009</b>	<b>\$215 million</b>
<b>2010</b>	<b>\$191 million</b>
<b>2011</b>	<b>\$173 million - [Rehabilitation Period Begins 1/1/2011]</b>
<b>2012</b>	<b>\$130 million</b>
<b>2013</b>	<b>\$70 million</b>
<b>2014</b>	<b>\$18 million</b>
<b>2015</b>	<b>\$(20) million</b>
<b>2016</b>	<b>\$(43) million</b>
<b>2017</b>	<b>\$(98) million</b>
<b>2018</b>	<b>\$(95) million</b>
<b>2019</b>	<b>\$(87) million</b>
<b>2020</b>	<b>\$(78) million</b>
<b>2021</b>	<b>\$(63) million</b>
<b>2022</b>	<b>\$(26) million</b>
<b>2023 +</b>	<b>No deficiency</b>

#### **V. ANNUAL REVIEW OF REHABILITATION PLAN AND SCHEDULES**

Annually, the Plan Sponsor will review the Rehabilitation Plan and its attached Schedules with the assistance of the NPF's actuarial consultant. If, for example, the NPF's actual experience does not reflect the assumptions used to develop the Rehabilitation Plan and Schedules, the Plan Sponsor may amend or modify the Rehabilitation Plan and/or the attached Schedules, based on the advice of the NPF's actuarial consultant, or it may amend the Schedules in any manner consistent with the requirements of ERISA and the Internal Revenue Code.

Attachments: Chart 1;  
Appendix A:  
Default and Alternative Schedules

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CHART 1: TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)

Age Years	-----Months-----											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8115	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
 Form of Payment: Single Life Only





**REHABILITATION PLAN AND FUNDING POLICY FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 52 6112463/001)**

As amended and restated through September 2009

**I. INTRODUCTION**

This is the Rehabilitation Plan ("RP") adopted pursuant to ERISA Section 305 by the Plan Sponsor of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"). The initial RP was effective March 1, 2008. This version reflects amendments made through July 1, 2009. This RP also constitutes the Funding Policy adopted by the Fund's Board of Trustees, which also is the Fund's "Plan Sponsor." Each capitalized term in this RP and each attached Schedule will have the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or required by the context in which the term is used. Also, any reference to the term "Participant" in the RP or any attached Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless otherwise required by the context in which it is used. The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the RP, as well as all Schedules. This includes all prior and future versions.

The objective of the RP is to enable the NPF to emerge from critical status by the end of the Plan's "Rehabilitation Period," which is the 13-year period commencing on January 1, 2011. Previously, the Rehabilitation Plan period was a 10-year period. In accordance with the Worker, Retiree, and Employer Recovery Act of 2008, the Plan Sponsor elected to extend the Rehabilitation Period to 13 years. The Fund is deemed to emerge from critical status when the Fund's actuary certifies that the NPF is not projected to have an accumulated funding deficiency for the Plan Year or any of the nine (9) subsequent Plan Years. The "Benchmarks" listed below are intended to gauge the NPF's progress towards achieving the RP's objective. Based upon the actual experience of the NPF, those Benchmarks may be revised or otherwise modified from time to time.

The RP utilizes a combination of benefit adjustments and contribution rate increases to meet its objective. This combination is reflected in the attached Schedules, which detail the applicable contribution rate increases and/or benefit adjustments that apply to Participants. One Schedule, the "Default Schedule," does not currently require contribution rate increases but significantly reduces adjustable benefits. The other Schedule, the "Alternative Schedule," requires annual contribution rate increases, but it reduces adjustable benefits to a lesser extent than the Default Schedule. The RP prohibits the reduction of any Employer's Contribution Rate at any time before the end of the Rehabilitation Period. Any action that has the effect of reducing an Employer's contribution obligations to the Fund will be treated as a reduction of the Employer's Contribution Rate. The NPF will disregard any provision in a Collective Bargaining Agreement or similar agreement, which has the effect of reducing any Employer's Contribution Rate or which has the effect of reducing any Employer's NPF contribution obligations.

**EMPLOYERS AND LOCAL UNIONS MUST SUBMIT COPIES OF ALL COLLECTIVE BARGAINING AGREEMENTS (INCLUDING ALL ADDENDA, AMENDMENTS, EXTENSIONS AND RENEWALS) TO THE FUND IN ORDER TO ENSURE THAT ALL MEMBERS/EMPLOYEES RECEIVE THE CORRECT BENEFIT ACCRUALS AND BENEFIT ADJUSTMENTS, AND TO ENSURE THAT EMPLOYERS ARE BILLED FOR THE CORRECT CONTRIBUTION RATES. IF AN UP-TO-DATE COLLECTIVE BARGAINING AGREEMENT HAS NOT BEEN SUBMITTED TO THE FUND, THE FUND MAY MAKE BENEFIT ADJUSTMENTS AND ASSESSMENTS UNDER ANY SCHEDULE IT DEEMS APPROPRIATE, INCLUDING BUT NOT LIMITED TO AN ALTERNATIVE OR DEFAULT SCHEDULE.**

## II. PERSONS FOR WHOM CONTRIBUTIONS ARE NOT REQUIRED TO BE MADE

### A. Allowances Made for Persons for Whom Contributions Were Not Required to be Made in 2007 and 2008

In formulating the initial 2008 Schedules, the Plan Sponsor was required to make an allowance for funding the benefits of Participants for whom contributions were not required to be made. Specifically, the Plan Sponsor made an allowance for two groups of Participants who had no contributions made on their behalf in 2007 and 2008, and therefore were unlikely to return to Covered Employment and have NPF contributions made under any of the 2008 Schedules.

The first such group consisted of those Participants (such as retirees) who had ceased working in the Sheet Metal Industry, and were not working for a Contributing Employer in Non-Covered Employment. The second such group consisted of those Participants who worked in the Sheet Metal Industry, but whose work was not covered under a collective bargaining agreement to which either the Sheet Metal Workers International Association, AFL-CIO (SMWIA) or a Local Union was a party or under any other agreement requiring contributions to the NPF.

Both groups of Participants were subject to the benefit adjustments described below in subsections II (1) and (2) below, unless the Participant: (i) was working for a Contributing Employer in non-covered service; (ii) was retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds and was not engaged in Disqualifying Employment and had not been engaged in Disqualifying Employment since his retirement under the other multiemployer defined benefit plan; or (iii) was working in Covered Employment at the time he/she became disabled as verified by the U.S. Social Security Administration or Railroad Retirement Board, and he/she was eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

#### 1. Post-Retirement Benefit Increases not Guaranteed under ERISA Section 4022A

After January 1, 2008, the Fund does not pay any post-retirement increase if the increase had not been in effect more than 60 months from that date. This applies to any scheduled increase that did not take effect before 2003, such as any annual increase under the NPF COLA Benefit that did not take effect before 2003.

The NPF COLA Benefit had paid an annual increase to then eligible retirees who separated or retired in 1991 or later. The annual increase (paid in the form of a 13th check) was equal to: (a) 2% x (b) the amount of pension benefits (accrued as of July 1, 1995) received over the preceding 12-consecutive months<sup>1</sup> x (c) the number of whole years (up to 15) for which the retiree had been receiving monthly pension benefits.

This means that after January 1, 2008, no NPF COLA Benefit was or will be paid in excess of the amount a Participant received as a 13th check in 2002. If a Participant had not been retired before December 1, 2001, and, therefore, did not receive any NPF COLA Benefit in 2002, he or she will not receive any annual increase under the NPF COLA Benefit after 2007. A Participant who was retired and did have his pension increased by the NPF COLA Benefit in 2002, will continue to receive an NPF COLA Benefit payment, but it will be reduced to the amount of the 2002 increase (i.e., the amount of the 13th check paid

<sup>1</sup> This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

to the Participant in 2002). It will remain fixed at that amount. The reductions also apply to the Participant's Beneficiary (and Alternate Payees).

## 2. Actuarial Adjustment to Early Retirement

Any Participant described in II.A. above who had not yet retired under the NPF but later does so before age 65 will not receive any subsidized early retirement benefit. Instead, the Participant will receive the actuarial equivalent of his Normal Retirement Benefit, based on his/her actual age at retirement. The actuarial age reduction factors are contained in Chart 1, which is attached to the RP.

If any person described above has not retired with an effective date on or before December 1, 2009 and no contributions were required to be made on such person's behalf for 2009, then the additional adjustments described below will be made, subject to applicable notice requirements.

### B. Allowance Made after Plan Year 2008 for Persons for Whom No Contributions Were Required to be Made

For purposes of updating Schedules after 2008, *additional* allowances (adjustments) will be made for persons for whom no contributions were required to be made as of the Plan Year to which any updates would apply. Specifically, additional adjustments will be made for any Participant who is not receiving pension or disability benefits from the NPF if (i) the Participant's Covered Employment was in Construction Work; (ii) the Participant has had a One-Year Break in Service in or after 2008; and (iii) no contributions were required to be made in the Plan Year preceding the year in which any update would be made to the attached Schedule(s). These additional benefit adjustments also apply to any such Participant whose benefits were previously adjusted because no contributions were required to be made on his/her behalf in 2007 or 2008.

Subject to the notice requirements under ERISA, the following benefit adjustments will be made for Participants described in the preceding paragraph, unless the Participant: (i) was working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training; (ii) was retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds and was not engaged in Disqualifying Employment and had not been engaged in Disqualifying Employment since his retirement under the other multiemployer defined benefit plan; or (iii) was working in Covered Employment at the time he became disabled as verified by the U.S. Social Security Administration or Railroad Retirement Board, and he was eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

1. No early retirement benefit whatsoever will be payable before age 65 to such Participant if his effective date of pension is on or after January 1, 2010;
2. No disability benefit will be payable unless all eligibility conditions for a Full Disability Benefit have been satisfied before January 1, 2010;
3. No 60-month guarantee will apply to any benefit that becomes payable to such Participant on or after January 1, 2010; and
4. No pop-up feature (reversion option) will apply to any joint and survivor annuity benefit that becomes payable to such Participant on or after January 1, 2010.

### **C. Reclassification of Persons for Whom No Contributions Were Required to be Made**

If a Participant described in this Section II has not retired and returns to work in Covered Employment and completes one (1) Year of Service under an attached Schedule, his benefits will be re-adjusted in accordance with that Schedule, but the Participant will remain subject to all applicable rules in the Plan Document and such Schedule, including all rules relating to the eligibility of benefits, including but not limited to any delay rules, credited service rules, and minimum hours requirements.

If a Participant's benefit commencement date was after the date of the NPF's Notice of Critical Status, and the Participant subsequently returns to work before receiving 12 consecutive monthly benefit checks, his/her benefit will be recalculated under the Schedule that applies to active employees at the time of her/his subsequent retirement.

## **III. DEFAULT AND ALTERNATIVE SCHEDULES**

### **A. General**

The Rehabilitation Plan includes a Default Schedule and one or more Alternative Schedules. These Schedules are updated annually or more frequently, as the Plan Sponsor finds necessary, to reflect the NPF's experience over the preceding Plan Year(s). The 2008 and 2009 Schedules are attached hereto at Appendix A, and all future updated Schedules also will be attached hereto at Appendix A. The terms of each such Schedule, as updated from time to time, are incorporated by reference herein and form a part of this Rehabilitation Plan. The Plan Sponsor may amend or otherwise modify a Schedule at any time in its sole and absolute discretion. The Plan Sponsor may add additional Schedules or eliminate Schedules (other than a Default Schedule) as it deems appropriate, in its sole and absolute discretion.

In general, the Default Schedule does not require Contribution Rate increases, but contains more dramatic reductions in "adjustable benefits" (as defined in Section 305(e)(8) of ERISA) than the Alternative Schedule. The Alternative Schedule(s) require(s) annual Contribution Rate increases, but the reductions in adjustable benefits are not as great as those in the Default Schedule. By adopting a particular Schedule, the bargaining parties (i.e., the Local Union(s) and Employer(s)) select the Contribution Rate increases and/or reductions in adjustable benefits that will apply to Participants who are covered under the bargaining parties' collective bargaining agreement. The actual percentage increase required by a Schedule may be rounded by the Plan Sponsor if the NPF's actuarial consultant projects that the NPF will continue to make the scheduled progress in meeting the requirements of the Rehabilitation Plan.

The details of each applicable Schedule are set forth in Appendix A. If a Schedule contains more specific provisions than the Rehabilitation Plan or Plan Document, the more specific provision in the Schedule will control. The Plan Sponsor has the sole and absolute discretion to interpret the Schedules, as well as the terms of the Rehabilitation Plan and Plan Document.

### **B. Work Under Multiple Schedules**

The following rules govern when a Participant works under different Collective Bargaining Agreements with differing Schedules.

#### **1. Benefit Accrual Formula**

The benefit accrual formula that will apply to a Participant is determined by the Schedule under which he earns his Contribution Hours. The Participant's Contribution Rate, however, may be governed by another

**Collective Bargaining Agreement (e.g., his home Local Union if the Participant travels to a different Local Union, depending upon the applicability of any reciprocal agreement).**

## **2. Benefit Adjustments**

In general, the benefit adjustments (e.g., Standard Early, 55/30, Special Early, 60-month guarantees, etc.) that apply to a Participant are determined by the Schedule that applies to the Participant's bargaining unit under the Collective Bargaining Agreement negotiated by the Local Union of which the Participant is a member (or if not a member, the Local Union that normally represents him for the purpose of collective bargaining) (the "Home Local Schedule").

If the Participant works outside of his Home Local under a different Schedule than his Home Local Schedule, the Participant's benefit adjustments will be determined under his Home Local Schedule unless he has 3,500 or more Hours of Work in Covered Employment under a different Schedule within the five (5) consecutive Calendar Year period immediately preceding the date on which his benefit is being determined (e.g., benefit statements, notices, Effective Date of Pension, etc.). In that case, the Participant's benefit adjustments will be determined under the different Schedule.

For purposes of determining a Participant's Hours of Work in Covered Employment under his Home Local Schedule, any Hours of Work in Covered Employment under a predecessor Collective Bargaining Agreement (or similar agreement) will be included if the successor Collective Bargaining Agreement (or similar agreement) incorporates the Participant's Home Local Schedule.

If a Participant has worked under more than one version of a Home Local Schedule, the terms of the Home Local Schedule in effect as of the date on which his benefit is being determined (e.g., benefit statement, notice, Effective Date of Pension, etc.) will control.

## **IV. ANNUAL STANDARDS/BENCHMARKS FOR CREDIT BALANCE AND FUNDING STANDARD ACCOUNT**

The Plan Sponsor will measure the NPF's progress under the RP with reference to the NPF's Funding Standard Account ("FSA") credit balance for each year of the Rehabilitation Period, as well as actuarial projections showing the likelihood of the NPF emerging from Critical Status on or before the date specified in the RP. It is possible that the NPF will not meet the targeted FSA credit balance for one or more years but still will be deemed to meet the NPF's annual benchmark for the year if the actuary projects that the NPF will emerge from Critical Status on schedule (notwithstanding that the FSA credit balance differs from the standard specified below). The annual FSA credit balance/(funding deficiency) that the Plan Sponsor intends to use as an annual standard for measuring the NPF's scheduled progress is specified in subsection A below. Based on adverse market conditions for 2008 and changes in some of the assumptions used by the NPF's actuarial consultant, the annual standards below have been modified to reflect the results of the January 1, 2009 Actuarial Valuations. The annual standards may be further modified in future years to reflect actual experience.

**FSA Credit Balance** - At the end of each calendar year shown below, the Fund's credit balance/(funding deficiency) in its Funding Standard Account should be approximately equal to or greater than/(less than) the following:

<b>2008</b>	<b>\$213 million (as revised for change in funding method)</b>
<b>2009</b>	<b>\$215 million</b>

2010	\$191 million
2011	\$173 million - [Rehabilitation Period Begins 1/1/2011]
2012	\$130 million
2013	\$70 million
2014	\$18 million
2015	\$(20) million
2016	\$(43) million
2017	\$(98) million
2018	\$(95) million
2019	\$(87) million
2020	\$(78) million
2021	\$(63) million
2022	\$(26) million
2023 and after	No deficiency

#### V. ASSUMPTIONS USED TO DEVELOP THE RP

Described below are significant assumptions that the Fund's actuary used to determine NPI's funded status and to make the projections that the Plan Sponsor relied upon to develop and amend this RP. The Fund's actuary has determined that these assumptions are reasonable based on prior actuarial experience, and the Plan Sponsor's expectations concerning projected hours, employment levels and contributions. The Plan Sponsor believes these expectations are reasonable because they are based on a comparison of actual hours worked versus expected hours worked over the past decade, historical and projected membership levels, and Labor and Management Trustees' views regarding future work level in the Sheet Metal Industry. Based on the foregoing, the Plan Sponsor assumes that active Participants working in the unionized sheet metal industry will decline one percent (1%) per year from 2008 until the end of the rehabilitation period, resulting in a corresponding decrease in contribution hours.<sup>2</sup>

##### A. Significant Actuarial Assumptions:

1. Mortality rates - The Fund's actuary uses the following tables to determine the mortality rates of the Participants.
  - a. For healthy Participants the RP-2000 Combined Healthy Blue Collar Mortality Table; and

<sup>2</sup> In the 2008 Plan Year, the decrease was less than the projected magnitude.

- b. For disabled Participants (persons receiving NPF disability benefits) the RP- 2000 Combined Healthy Blue Collar Mortality Table for males, with Participants under age 60 set forward to age 65 and Participants over age 60 set forward five (5) years.

The expected rate for active Participants to terminate employment for reasons other than healthy retirement (e.g., disability) is calculated with reference to the above mortality tables, the percentage of disabled Participants over the preceding nine-year period, and the rate of withdrawals over the preceding nine-year period.

2. Retirement Age Assumptions - The Fund's actuary assumes that Participants generally retire at the following rates:

age	55: 10%;
ages	56-58: 2%;
age	59: 8%;
ages	60-61: 15%;
ages	62-69: 50%; and
age	70: 100%.

However, to project the expected cost of 55/30 Pensions, the actuary assumes that 30% of the eligible Participants will retire at the age when they are first eligible. For the remainder, the actuary assumes a 15% rate of retirement or, if greater, 5% plus the rate of retirement normally used for projecting retirements before age 62.

The actuary also assumes that inactive, vested Participants will retire at age 65.

3. Hours of Work - The actuary assumes that Participants in the construction segment will average 1,650 hours per year, and 1,700 hours per year in the nonconstruction segment of the Sheet Metal Industry.
4. Assumed Actuarial Rate of Return - The actuary assumes an actuarial rate of return of 7.50% for purposes of its actuarial valuation and assumes that the Fund will have a market return of 7.50% for each Plan Year after 2008 for purposes of its projections over the term of the rehabilitation adoption period and the rehabilitation period. Note that in evaluating the RP annually and making any modifications, the Fund's actuary reviews actual rates of return for prior years and will adjust assumed rates of return as it deems appropriate.

The actuarial rate of return reflects a portion of the current year market return and a portion of the market returns in each of the four previous years, in accordance with the actuarial asset method. The actuarial value of assets is calculated as the market value of assets less unrecognized returns in each of the last five years, no earlier than January 1, 2007. Unrecognized return is equal to the difference between the actual market return and the projected return on the market value, and is recognized over a five-year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value. The actuarial value was initialized at market value as of January 1, 2007.

Additionally, the Fund's actuary has assumed that the Fund will obtain an automatic 5-year extension of its amortization period for the 2009 Plan Year, and that the Internal Revenue Service approves the change to the NPF's funding method retroactively to the unit credit method. All required Contribution Rate increases are presumed to be made no later than the last day of the applicable Plan Year, but the Plan



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Sponsor expects that the increases will be made on the anniversary of each allocation date or re-opener, which generally will be earlier than the last day of the applicable Plan Year.

#### **VI. ANNUAL REVIEW OF REHABILITATION PLAN AND SCHEDULES**

Annually, the Plan Sponsor will review the Rehabilitation Plan and its attached Schedules with the assistance of the NPF's actuarial consultant. If, for example, the NPF's actual experience does not reflect the assumptions used to develop the Rehabilitation Plan and Schedules, the Plan Sponsor may amend or modify the Rehabilitation Plan and/or the attached Schedules, based on the advice of the NPF's actuarial consultant or it may amend the Schedules in any manner consistent with the requirements of ERISA and the Internal Revenue Code. However, if the bargaining parties have adopted a Schedule before the Plan Sponsor amends it, the Schedules' contribution rate requirements may remain in force for the duration of the Collective Bargaining Agreement that incorporates the terms of the Schedule.

Attachments: Chart 1;  
Appendix A: 2008 Default and Alternative Schedules;  
2009 Default and Alternative Schedules

**CHART 1: TRUE ACTUARIAL EQUIVALENT EARLY RETIREMENT REDUCTION FACTORS (FROM NORMAL RETIREMENT AGE 65)**

Age Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
56	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
57	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
58	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
59	0.5343	0.5389	0.5436	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
60	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
61	0.6526	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
62	0.7235	0.7302	0.7369	0.7436	0.7503	0.7570	0.7637	0.7704	0.7771	0.7838	0.7905	0.7972
63	0.8039	0.8116	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
64	0.8954	0.9041	0.9128	0.9216	0.9303	0.9390	0.9477	0.9564	0.9651	0.9738	0.9826	0.9913
65	1.0000											

The Segal Company  
 Interest rate: 7.50%  
 Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
 Form of Payment: Single Life Only

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Supplement 1 to the Plan Document for the Sheet Metal Workers' National Pension Fund  
Employer Identification Number: 52 6112463 Plan Number: 001

2008 DEFAULT SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN

I. Introduction

This is the Default Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") for Plan Year 2008. This 2008 Default Schedule applies only to parties who adopt it before January 1, 2008. All capitalized terms have the meaning given to such terms in the Fund's Plan Document or as otherwise defined in this Schedule. "Participant" includes Beneficiaries and alternate payees unless the context suggests otherwise.

The Board of Trustees, which is the Fund's Plan Sponsor, has the sole discretion to determine whether and when this 2008 Default Schedule was adopted by any party to a Collective Bargaining Agreement or other agreement. In general, however, the Plan Sponsor will consider the bargaining parties (or other Contributing Employer such as a Related Organization or Local Union) to have adopted this 2008 Default Schedule, and will consider the terms of the Collective Bargaining Agreement or other agreement to be consistent with the Rehabilitation Plan under the following circumstances:

- A. the Plan Sponsor receives satisfactory evidence that the parties to the Collective Bargaining Agreement incorporated this 2008 Default Schedule for the term of the parties' Collective Bargaining Agreement; or
- B. in the case of a Related Organization, or a Local Union that are Contributing Employers, or any similar entity that is a Contributing Employer, the Contributing Employer substantiates to the Plan Sponsor's satisfaction that its participation or adoption agreement incorporates this 2008 Default Schedule for the duration of such agreement.

Once adopted, the Plan Sponsor may deem the underlying Collective Bargaining Agreement or other agreement to be consistent with this 2008 Default Schedule.

Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not adopted a Schedule, the Default Schedule will be implemented automatically on the earlier of the date (1) on which the Secretary of Labor certifies that the parties are at an impasse, or (2) which is 180 days after the date on which the collective bargaining agreement expires. In the case of an Employer who contributes to NPF only with respect to employees who are not covered by a Collective Bargaining Agreement, the Schedules shall apply as if the Employer were a bargaining party, and its adoption or participation agreement was a collective bargaining agreement with a term ending on the first day of the 2009 Plan Year beginning after the Employer is provided the Rehabilitation Plan Schedules.

The Contribution Rate requirements in this 2008 Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement but may be modified in future years. The benefit accrual provisions described below take effect on the first day of the month following the month in which the bargaining parties adopt the 2008 Default Schedule.

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In addition, the Plan Sponsor expects that all bargaining parties and other parties will adopt either the 2008 Default Schedule or the 2008 Alternative Schedule by the end of 2008. If, however, the parties have not adopted one of the 2008 Schedules before the 1<sup>st</sup> of September 2008, the normal retirement benefit formula will change to 0.5% of the contributions due for each hour of work performed under the bargaining parties' Collective Bargaining Agreement or other agreement.

The 2008 Default Schedule significantly modifies NPF benefits. Except as otherwise provided, those benefit modifications will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C). The 2008 Default Schedule is a supplement to, and forms a part of, the Fund's Plan Document, and the Default Schedule will control over any conflicting provision in the Plan Document. The Plan Sponsor may amend or modify this Default Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code.

**II. Contribution Rate Requirements**

The 2008 Default Schedule requires no annual increases in the Employer's Contribution Rate. However, the Contribution Rate in effect on February 1, 2008 may not be reduced.

**III. Pension Benefit Accrual Rate**

Effective as of the first day of the month following the month that this 2008 Default Schedule is adopted by a Participant's Employer (as determined by the Trustees in their sole discretion), the Participant's pension benefits will accrue at a different rate than the rate of accrual specified in the Plan Document. Specifically, notwithstanding anything to the contrary in the Fund's Plan Document, the monthly amount of a Participant's Normal Retirement Pension accrued on or after the first day of the month following the month that this 2008 Default Schedule is adopted by a Participant's Employer is 1.0% of the contributions due on the Participant's behalf for each Plan Year beginning with the Plan Year in which the Default Schedule is adopted by the Participant's Employer, except that no Contribution Hours before such date of adoption will be taken into account.

**IV. Benefit Adjustments**

This Schedule reduces "adjustable benefits," as that term is defined in ERISA Section 305. Because this Schedule does not require annual Contribution Rate Increases, the reductions in adjustable benefits are more dramatic than those contained in the 2008 Alternative Schedule. The reductions described below will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C) has been given.

Notwithstanding any contrary provision in the Fund's Plan Document and subject to the terms of any future or amended Schedules covering the Participant who is covered under this 2008 Default Schedule, the following benefit adjustments will apply:

**A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefits**

1. *No 55/30 Pension and Special Early Retirement Pension benefits:* Notwithstanding anything to the contrary in the Fund's Plan Document, the 55/30 Pension and the

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Special Early Retirement Pension are not available as an option for Participant's covered under this 2008 Default Schedule.

2. **Standard Early Retirement Pension benefit:** Notwithstanding anything to the contrary in the Fund's Plan Document, the standard Early Retirement Pension for Participants covered under this 2008 Default Schedule is modified by reducing the percentage of the Normal Retirement Benefit amount that the Participant will receive if he retires before age 65. Under the modified standard Early Retirement Pension, the Participant's Normal Retirement Benefit amount is reduced to 6% for each year that the Participant is under the age of 65 (e.g., the Early Retirement Pension payable at 55 is 40% of the benefit payable to the Participant at age 65 (under the Normal Retirement Benefit)).
3. **Disability Benefit:** The Disability Benefit for eligible Participants will be equivalent to the standard Early Retirement Pension, as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule. No disability benefit will be payable at age 55. Note that the Plan Document contains a transition provision for persons whose disabilities occurred before December 1, 2007, which permits eligible Participants to obtain a Disability Benefit under the terms of the Plan Document.

#### B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A

The NPF will not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, such as the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduces NPF COLA Benefits for some and eliminates it for others.

The NPF COLA Benefit pays an annual increase in the form of a 13<sup>th</sup> check equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible retiree had been receiving pension benefits from the Fund. The increase takes effect after a retiree has received twelve consecutive monthly checks, measured as of October 31 of each Plan Year.\* Any scheduled increase under the NPF COLA Benefit that has not taken effect yet because the Participant has not retired or has not been retired long enough to have received the increase in 2007, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that has not taken effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) will be reduced to zero. This reduction also applies to the Participant's Beneficiaries (including alternate payees).

**Note:** The Rehabilitation Plan and its Schedules provide that any retiree who received NPF COLA Benefit payments before 2003 will have his NPF COLA Benefit payments rolled back to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> check for 2002). This reduction also will apply to the Participant's Beneficiary (and alternate payees).

\* This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

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**C. Benefit Payment Options**

**The 2008 Default Schedule reduces the number of available benefit payment options by eliminating:**

- 1. The Level Income Option;**
- 2. The 120-Month Guarantee; and**
- 3. Lump-sum distributions in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit may not exceed \$5,000 to be eligible for a lump-sum distribution).**

**- END OF 2008 DEFAULT SCHEDULE AS OF MARCH 1, 2008 -**

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<b>Supplement 2 to the Plan Document for the Sheet Metal Workers' National Pension Fund</b> <b>Fund Employer Identification Number: 52-6112463 Plan Number: 001</b>
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**2008 ALTERNATIVE SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN**

**I. Introduction**

This is the 2008 Alternative Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") for the 2008 Plan Year. This 2008 Alternative Schedule applies only to parties who adopt and implement it within the 2008 Plan Year. All capitalized terms have the meaning given to such terms in the Fund's Plan Document or as otherwise defined in this Schedule. "Participant" includes Beneficiaries and alternate payees unless the context suggests otherwise.

The 2008 Alternative Schedule is attached to, and forms a part of, the Fund's Plan Document, and the Alternative Schedule will control over any conflicting provision in the Plan Document. The Plan Sponsor (i.e., Board of Trustees) may amend or modify the Alternative Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Schedule.

The Plan Sponsor determines whether and when this 2008 Alternative Schedule was adopted and implemented by any party to a Collective Bargaining Agreement or other agreement. In general, however, the Plan Sponsor will consider the bargaining parties (or as applicable, a Contributing Employer that is a Related Organization, Local Union or similar entity) to have adopted this 2008 Alternative Schedule, and will consider the terms of the Collective Bargaining Agreement or other agreement to be consistent with the Rehabilitation Plan under the following circumstances:

- A. The Plan Sponsor receives satisfactory substantiation that the bargaining parties' Collective Bargaining Agreement is consistent with this 2008 Alternative Schedule for the term of the parties' Collective Bargaining Agreement.<sup>1</sup>
- B. A Local Union exercises authority granted, under the terms of the Collective Bargaining Agreement, addendum or amendment thereto to allocate a portion of its wage and benefit package in order to increase the Contribution Rate over the term of the Collective Bargaining Agreement. The Plan Sponsor must receive satisfactory substantiation that the allocation authority exists and was properly executed in order for the allocation to serve as a means of adopting a Schedule. By providing substantiation to the Plan Sponsor, the Local Union represents that it will make any future allocations necessitate by the Contribution

<sup>1</sup> Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not adopted a Schedule, the Default Schedule will be implemented automatically on the earlier of the date (a) on which the Secretary of Labor certifies that the parties are at an impasse, or (b) which is 180 days after the date on which the collective bargaining agreement expires.

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**Rate requirements in the Schedule.**

- C. In the case of a Local Union, Related Organization, or similar entity that is a Contributing Employer, the Contributing Employer must submit substantiation satisfactory to the Plan Sponsor that its participation or adoption agreement is consistent with this 2008 Alternative Schedule for the duration of such agreement.**

Once adopted, this 2008 Alternative Schedule becomes part of, and is incorporated by reference into, the underlying Collective Bargaining Agreement or other agreement.<sup>2</sup>

The Contribution Rate requirements in this Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement. The benefit accrual provisions described below take effect on the first day of the month following the month in which the bargaining parties adopt the 2008 Alternative Schedule. However, the benefit accrual does not reflect the annual Contribution Rate increase until the due date for the increased Contribution Rate.

In addition, the Plan Sponsor expects that all bargaining parties and other parties will adopt either the 2008 Default Schedule or the 2008 Alternative Schedule by the end of 2008. If, however, the parties have not adopted one of the 2008 Schedules before the 1<sup>st</sup> of September 2008, the normal retirement benefit formula will change to 0.5% of the contributions due for each hour of work performed under the bargaining parties' Collective Bargaining Agreement or other agreement.

The 2008 Alternative Schedule modifies NPF benefits in various ways and controls over the provisions of the Plan Document. Except as otherwise provided, the Alternative Schedule benefit modifications will take effect on the conclusion of the 2008 Plan Year.

**II. Contribution Rate Requirements**

The 2008 Alternative Schedule requires annual increases in the Employer's Contribution Rate. The annual increases commence with the 2008 Plan Year and continue for the period that the Collective Bargaining Agreement (or other agreement) remains in effect. A Contributing Employer's Contribution Rate must reflect the annual increase on or before the date specified. This date should be the anniversary, allocation or reopening date and should be explicitly stated in the notice to the Fund concerning the adoption of the Alternative Schedule.<sup>3</sup> The failure to contribute at the Schedule's increased Contribution Rates will constitute a delinquency. A continuing delinquency or a pattern of repeated delinquencies may result in the termination of the Contributing Employers' participation in the Fund and the imposition of withdrawal liability or Exd Contributions.

For each year during which the bargaining parties' Collective Bargaining Agreement remains in effect, the Employer's Contribution Rate will be determined as follows:

<sup>2</sup> In any event, the bargaining parties will be deemed to have accepted the terms of this Alternative Schedule for the duration of their Collective Bargaining Agreement, once the 2008 Contribution Rate increase is made.

<sup>3</sup> If no such date is specified, the Contribution Rate must be increased no later than December 1 of the applicable Plan Year.



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**Plan Year**

**2008 Contribution Rate = (Contribution Rate in effect under the Collective Bargaining Agreement immediately before the adoption of this 2008 Alternative Schedule) x (1.10);**

**2009 Contribution Rate = (Contribution Rate in effect on 12/31/08) x (1.07);**

**2010 Contribution Rate = (Contribution Rate in effect on 12/31/09) x (1.07);**

**2011 Contribution Rate = (Contribution Rate in effect on 12/31/10) x (1.05);**

**2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.05);**

**2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.04);**

**2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.04);**

**2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.03);**

**2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.03); and**

**2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.03).**

**III. Normal Retirement Benefit Accrual Rate**

Effective as of the first day of the month following the month that this 2008 Alternative Schedule is adopted (as the Trustees determine in their sole discretion), the Participant's Normal Retirement Benefit will accrue at the highest accrual rate in effect under the Fund's Plan Document during the term of this Alternative Schedule, provided that the Participant has hours of work in Covered Employment under a Collective Bargaining Agreement or other agreement, which reflects or incorporates the terms of this 2008 Alternative Schedule. As of January 1, 2008, the highest rate of accrual under the Fund's Plan Document is 1.5% with respect to contribution hours up to 1200, and 0.7% with respect to contribution hours in excess of 1200. Note: For 55/30 Local Unions, the Plan Document provides that the accrual rate is based on 70% of the contributions required to be made on a Participant's hours of work.

**IV. Benefit Adjustments**

This Schedule contains reductions in "adjustable benefits," as that term is defined in ERISA Section 305. Because this Schedule requires annual Contribution Rate increases, the reductions in adjustable benefits are less dramatic than those imposed in the 2008 Default Schedule. Subject to all notice requirements, the reductions described below will take effect on December 31, 2008, except that the reduction of benefit increases that would not be guaranteed under Section 4022A of ERISA on January 1, 2008 (e.g. post-2002 increases under the NPF COLA Benefit) will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C) has been given.

Notwithstanding any contrary provision in the Fund's Plan Document and subject to the terms of any future Schedules covering the Participant and/or his Beneficiary, a Participant who is covered under this 2008 Alternative Schedule (and/or his Beneficiary) will have his benefits adjusted as follows:

APPENDIX C TO PLAN DOCUMENT  
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**A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefit**

1. The 2008 Alternative Schedule does not change subsidies for 55/30.
2. *Special Early Retirement benefit:* Under the modified Special Early Retirement Pension, the Participant's Normal Retirement Benefit is reduced by six percent (6%) for each year that the Participant is under the age of 62.
3. *Standard Early Retirement benefit:* Under the modified Standard Early Retirement Pension, the Participant's Normal Retirement Benefit amount is reduced to 6% for each year that the Participant is under the age of 65 (e.g., the Early Retirement Pension payable is 40% of the Participant's benefit payable at age 65 (Normal Retirement Benefit)).
4. *Disability Benefit:* The Disability Benefit may be equivalent to the standard Early Retirement Pension, or Special Early Retirement, or the 55/30 Pension, as if the recipient were age 55, and assuming he/she otherwise meets eligibility requirements for the benefit, since all three forms of Early Retirement are available under the 2008 Alternative Schedule. No Disability Benefit will be payable at age 55. Note that the Plan Document contains a transition provision for persons whose disabilities occurred before December 1, 2007, which permits eligible Participants to obtain a Disability Benefit under the terms of the Plan Document.

**B. Benefit Increases That Would Not Be Guaranteed Under Section 4022A**

The NPF will not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, like the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This results in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit has paid an annual increase in the form of a 12<sup>th</sup> check equal to 2% of then eligible retiree's annual benefit (as accrued through June 30, 1995) multiplied by the number of full years that retiree has been receiving NPF pension benefits. The increase takes effect after a retiree has received twelve consecutive monthly checks,<sup>4</sup> measured as of October 31 of each Plan Year. Any scheduled increase under the NPF COLA Benefit that has not taken effect yet because the Participant has not retired or has not been retired long enough to have received the increase in 2007, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that has not taken effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) is reduced to zero. This reduction also applies to the Participant's Beneficiaries (including alternate payees).

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<sup>4</sup> This 12-month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

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**C. Benefit Payment Options**

The 2008 Alternative Schedule reduces the number of available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120-Month Guarantee; and
3. Lump-sum distributions in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit may not exceed \$5,000 to be eligible for a lump-sum distribution).

— END OF 2008 ALTERNATIVE SCHEDULE AS OF MARCH 1, 2008 —

APPENDIX C TO PLAN DOCUMENT  
(EIN/PLN 52-6112463/001)



**Supplement 1 to Plan Document for the Sheet Metal Workers' National Pension Fund EIN/PN  
526112463/001**

**DEFAULT SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN  
May 1, 2009**

**I. Introduction**

This is the Default Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"). This Default Schedule applies to parties who adopt it on or after May 1, 2009, or who previously adopted the 2008 Default Schedule with an underlying Collective Bargaining Agreement that expires on or after May 1, 2009.

All capitalized terms have the meaning given to such terms in the Fund's Plan Document unless otherwise defined in this Default Schedule. "Participant" includes Beneficiaries (including Alternate Payees) unless the context suggests otherwise.

The Board of Trustees, which is the Fund's Plan Sponsor, has the sole discretion to determine whether and when this Default Schedule has been adopted by any party to a Collective Bargaining Agreement or a similar agreement requiring Fund contributions. In general, however, the Plan Sponsor will consider the bargaining parties (or other Contributing Employer such as a Related Organization or Local Union) to have adopted this Default Schedule, and will consider the terms of the Collective Bargaining Agreement or other agreement to be consistent with the Rehabilitation Plan under the following circumstances:

- A. the Plan Sponsor receives satisfactory evidence that the parties to the Collective Bargaining Agreement incorporated this Default Schedule for the term of the parties' Collective Bargaining Agreement; or
- B. in the case of a Related Organization, or a Local Union that are Contributing Employers, or any similar entity that is a Contributing Employer, the Contributing Employer substantiates to the Plan Sponsor's satisfaction that its participation or adoption agreement incorporates this Default Schedule for the duration of such agreement.

Once adopted, the Plan Sponsor may deem the underlying Collective Bargaining Agreement or other agreement to be consistent with this Default Schedule.

Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not previously adopted a Rehabilitation Plan Schedule, the Default Schedule will be implemented automatically 180 days after the date on which the Collective Bargaining Agreement expires. The bargaining parties will be deemed to have adopted the Default Schedule on the date it was implemented. In the case of an Employer who contributes to the NPF only with respect to employees who are not covered by a Collective Bargaining Agreement, the Employer will be treated as if it is a bargaining party, and its adoption or participation agreement were a Collective Bargaining Agreement with a term ending on the first day of the Plan Year beginning after the Employer was provided the Rehabilitation Plan Schedules.

The Contribution Rate requirements in this Default Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement but may be modified in future years.

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Upon expiration of the Collective Bargaining Agreement in effect when this Default Schedule was adopted or implemented, the bargaining parties will be deemed to have automatically adopted whichever successor Default Schedule is then in effect, unless the Plan Sponsor has provided an alternative schedule or schedules to the parties, and the parties adopt one of those. The Plan Sponsor has the sole discretion to decide whether or not it will provide any additional schedules to the parties that have adopted this or any other Default Schedule.

This Default Schedule significantly modifies NPF benefits. Those benefit modifications take effect as described below. The Default Schedule is a supplement to, and forms a part of, the Fund's Plan Document, and the Default Schedule controls over any conflicting provision in the Plan Document, except to the extent that the Plan Sponsor modifies any of the benefits described herein by amending the Plan Document. This Default Schedule is part of, the Fund's Rehabilitation Plan. A modification or amendment to any Default Schedule automatically modifies or amends any inconsistent provisions in the body of the Rehabilitation Plan document. This Default Schedule and the Plan Document may be amended or modified by the Plan Sponsor at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code.

#### **II. Contribution Rate Requirements**

This Default Schedule requires no annual increases in the Employer's Contribution Rate except as may be required in order to comply with the provisions of the Trust Document and Plan Document. However, in no event may Contribution Rates be reduced.

#### **III. Pension Benefit Accrual Rate**

If the bargaining parties were previously subject to the 2008 Default Schedule, the Participant's rate of accrual will remain the same as under the 2008 Default Schedule for the duration of this Default Schedule.

If

- (i) the bargaining parties previously adopted the 2008 Alternative Schedule and adopted this Default Schedule after May 1, 2009, or
- (ii) no Schedule previously had been adopted or imposed before May 1, 2009,

a Participant who then becomes covered under this Default Schedule will cease to accrue his pension benefit at the highest rate specified in the Plan Document. Instead, commencing on the first (1st) day of the month following the month in which this Schedule is adopted or imposed (or on such other date as may be specified in any notice provided by the Fund pursuant to ERISA) the Participant will accrue a monthly Normal Retirement Benefit equal to 1.0% for all Contribution Hours worked for each Plan Year (or-portion of the Plan Year) during the term of this Default Schedule.

#### **IV. Benefit Adjustments**

This Schedule reduces "adjustable benefits," as that term is defined in ERISA Section 305. Because this Schedule does not require annual Contribution Rate increases, the reductions in adjustable benefits are more dramatic than those contained in the Alternative Schedule. With the exception of certain adjustments that take effect for retirements on or after January 1, 2011, most of the adjustments described below will have already been made for Participants who were covered under the predecessor version of the Default Schedule (first issued in 2008).

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If a Participant was not subject to any Schedule before May 1, 2009, the reductions described below will take effect 30 days after the notice described in ERISA Section 305 (e) (6) (C) is given ("Notice of Benefit Adjustments"), except as otherwise noted.

If the bargaining parties adopt this Default Schedule on or after May 1, 2009 as a replacement for the Alternative Schedule, the benefit adjustments described below will not apply to any Participant who: (i) retires (within the meaning of the Plan Document) within three (3) calendar months after the month in which this Default Schedule was adopted; and (ii) has an Effective Date of Pension (or Disability Benefit), which is not later than the first day of the month following the end of such three (3) calendar month-period. For all other Participants, the benefit adjustments described below will take effect 30 days after the date that the Notice of Benefit Adjustments has been given to the Participant.

Notwithstanding any contrary provision in the Plan Document, and subject to the terms of any future Schedules covering a Participant who is covered under this Default Schedule, the following benefit adjustments will apply:

**A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefits**

1. *No 55/30 Pension and Special Early Retirement Pension:* Notwithstanding anything to the contrary in the Fund's Plan Document, the 55/30 Pension and the Special Early Retirement Pension are not available as an option for Participant's covered under this Default Schedule.
2. *Standard Early Retirement Pension:* Notwithstanding anything to the contrary in the Fund's Plan Document, the standard Early Retirement Pension for Participants covered under this Default Schedule is modified by reducing the percentage of the Normal Retirement Benefit amount that the Participant will receive if he retires before age 65. Under the modified standard Early Retirement Pension, if a Participant's Effective Date of Pension is before January 1, 2011, the Participant's Normal Retirement Benefit amount is reduced by 6% for each year (and fraction thereof) that the Participant is under the age of 65 (e.g., the standard Early Retirement Pension payable at 55 is 40% of the benefit payable to the Participant at age 65 (under the Normal Retirement Pension). For Effective Dates of Pension on or after January 1, 2011, a Participant's standard Early Retirement Pension is further reduced to the actuarial equivalent of his Normal Retirement Benefit, payable as a single life annuity based on the Participant's actual age on his Effective Date of Pension. The formula for determining actuarial equivalence is displayed in Chart 1 below.
3. *Disability Benefit:* The Disability Benefit for eligible Participants will be equivalent to the standard Early Retirement Pension, as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule. No Disability Benefit is available for a Participant who is age 55 or older at the time a Disability Benefit otherwise would be payable.

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**B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A**

The NPF does not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e. after 2002). This applies to a scheduled increase, such as the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduced NPF COLA Benefits for some and eliminated it for others.

The NPF COLA Benefit paid an annual increase in the form of a 13th check equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible retiree had been receiving pension benefits from the Fund. The increase took effect after a retiree had received twelve consecutive monthly checks, measured as of October 31 of each Plan Year. Any scheduled increase under the NPF COLA Benefit that did not take effect before 2003, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that took effect, or was to take effect, after 2002 is reduced to zero. This reduction also applies to Beneficiaries (including alternate Payees).

Note: The Rehabilitation Plan and its Schedules provide that any retiree who received NPF COLA Benefit payments before 2003 had his NPF COLA Benefit payments "rolled back" to the amount of the increase that took effect before 2003 (i.e. to the amount of the 13th check for 2002). This reduction also applies to Beneficiaries (and alternate payees).

**C. Benefit Payment Options**

The Default Schedule reduces the number of available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120-Month Guarantee; and
3. Lump-sum distributions in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit may not exceed \$5,000 to be eligible for a lump-sum distribution); and
4. Additionally, this Default Schedule eliminates the 60-month guarantee and the pop-up for the Joint and Survivor Annuity options for any Participant with an Effective Date of Pension on or after January 1, 2011.

<sup>\*</sup>This 12-consecutive month period runs from November 1st through October 31st of the preceding year.

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Chart 1

The Actuarial Equivalent Early Retirement Reduction Factors (From Normal Retirement Age 65)

--- and months ---

Age Years	0	1	2	3	4	5	6	7	8	9	10	11
65	0.3659	0.3688	0.3718	0.3747	0.3777	0.3806	0.3836	0.3865	0.3894	0.3924	0.3953	0.3983
66	0.4012	0.4045	0.4078	0.4111	0.4144	0.4177	0.4210	0.4242	0.4275	0.4308	0.4341	0.4374
67	0.4407	0.4444	0.4481	0.4517	0.4554	0.4591	0.4628	0.4664	0.4701	0.4738	0.4775	0.4811
68	0.4848	0.4889	0.4931	0.4972	0.5013	0.5054	0.5096	0.5137	0.5178	0.5219	0.5261	0.5302
69	0.5343	0.5389	0.5438	0.5482	0.5528	0.5575	0.5621	0.5667	0.5714	0.5760	0.5806	0.5853
70	0.5899	0.5951	0.6004	0.6056	0.6108	0.6160	0.6213	0.6265	0.6317	0.6369	0.6422	0.6474
71	0.6528	0.6585	0.6644	0.6703	0.6762	0.6821	0.6881	0.6940	0.6999	0.7058	0.7117	0.7176
72	0.7235	0.7302	0.7369	0.7438	0.7508	0.7577	0.7647	0.7716	0.7785	0.7854	0.7923	0.7992
73	0.8030	0.8116	0.8192	0.8268	0.8344	0.8420	0.8497	0.8573	0.8649	0.8725	0.8802	0.8878
74	0.8954	0.9041	0.9128	0.9215	0.9303	0.9390	0.9477	0.9564	0.9651	0.9739	0.9826	0.9913
75	1.0000											

The Segal Company  
Interest rate: 7.50%  
Mortality table: RP-2000 Male Combined Healthy Blue Collar Table  
Form of Payment: Single Life Only

End of Default Schedule



APPENDIX C TO PLAN DOCUMENT  
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Supplement 2 to the Plan Document for the Sheet Metal Workers' National Pension. This supersedes the 2008 edition of the Alternative Schedule  
Fund Employer identification Number: 52 6112463 Plan Number: 001

**THE 2009 PLAN YEAR ALTERNATIVE SCHEDULE FOR SHEET METAL WORKERS'  
NATIONAL PENSION FUND'S REHABILITATION PLAN**

**I. Introduction**

This is the Alternative Schedule for the 2009 Plan Year. This Alternative Schedule applies to parties who have adopted it (in the manner described below) within the 2009 Plan Year or, if later, before a successor Alternative Schedule has been put into effect by the Plan Sponsor. This Alternative Schedule supersedes the 2008 Alternative Schedule as described below. All capitalized terms have the meaning given to such terms in the Plan Document or as otherwise defined in this Schedule.

The bargaining parties who adopted the 2008 Alternative Schedule will continue to be governed by the terms of the 2008 Alternative Schedule until the expiration of the Collective Bargaining Agreement that was in effect when the Schedule was adopted. If, upon expiration of that Collective Bargaining Agreement, the bargaining parties have not notified the Fund, in writing, that they have adopted a different Schedule (e.g., a Default Schedule), the bargaining parties will be deemed to have adopted the terms of whichever Alternative Schedule is in effect at that time. For example, if the parties' Collective Bargaining Agreement expires after April 2009, and the bargaining parties did not notify the Fund, in writing, that they were adopting the Default Schedule, then the bargaining parties will have adopted this Alternative Schedule, effective as of such expiration date.

The Alternative Schedule forms a part of, and is incorporated into, the Fund's Plan and Trust Documents, and the bargaining parties' Collective Bargaining Agreement. This Alternative Schedule will control over any conflicting provision in the Plan Document, the Trust Document, or a Collective Bargaining Agreement. Nevertheless, unless inconsistent herewith, contributions shall be made consistent with the Trust Document and the bargaining parties have incorporated the Trust and Plan Documents into their collective bargaining agreement. The Plan Sponsor (i.e., Board of Trustees) may amend or modify the Alternative Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of the Alternative Schedule.

Notwithstanding anything to the contrary, the Plan Sponsor determines, in its sole and absolute discretion, whether and when this Alternative Schedule or any other version of the Alternative Schedule was adopted and implemented by the parties to a Collective Bargaining Agreement or similar agreement. In the 2008 version of this Schedule, the Plan Sponsor outlined common approaches to adoption. Note also, that the Plan Sponsor has determined that the bargaining parties (or as applicable, a Contributing Employer that is a Related Organization, Local Union or similar entity) automatically adopt the version of the Alternative Schedule that is in effect when their Collective Bargaining Agreement or other agreement expires, unless they have notified the Fund, in writing, that they have adopted the Default Schedule (or other applicable Schedule) then in effect.

The Contribution Rate requirements of the Alternative Schedule apply upon adoption and continue to apply until the expiration of the Collective Bargaining Agreement as in effect at the time the bargaining

Alternative Schedule as of May 1, 2009

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Appendix A

APPENDIX C TO PLAN DOCUMENT  
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parties adopted the Alternative Schedule. Those Contribution Rate requirements, which are described below, have been modified from the requirements in the 2008 Alternative Schedule by increasing the amount of the required increases for Plan Years beginning on and after January 1, 2010.

The 2008 Alternative Schedule modified NPF benefits in various ways and controls over the provisions of the Plan Document then in effect. No additional benefit modifications were added to this Alternative Schedule. Accordingly, the same benefit adjustments in effect under the 2008 Alternative Schedule continue to apply under this Alternative Schedule. Those benefit adjustments are described below.

The benefit accrual provisions described below took effect on the first day of the month following the month in which the bargaining parties adopted the 2008 Alternative Schedule. However, the benefit accrual does not reflect the required annual Contribution Rate increase until the date on which the increased Contribution Rate becomes payable.

## II. Contribution Rate Requirements

This Alternative Schedule requires annual increases in the Employer's Contribution Rate. The annual increases under the 2008 Alternative Schedule commenced with the 2008 Plan Year. Because the bargaining parties who adopt this Alternative Schedule previously adopted the 2008 Alternative Schedule and made the required increase for 2008, the annual increases in this Alternative Schedule commence with the 2009 Plan Year. The required increases continue for the duration of the Collective Bargaining Agreement (or similar agreements) as in effect at the time the Alternative Schedule was adopted by the bargaining parties. A Contributing Employer's Contribution Rate must reflect the annual increase on or before the date specified. This date should be the anniversary, allocation, or reopener date and should be communicated explicitly, in writing, to the Fund.<sup>1</sup> The failure to contribute at the increased Contribution Rate specified in the Schedule will constitute a delinquency. A continuing delinquency or a pattern of repeated delinquencies may result in the termination of the Contributing Employers' participation in the Fund and the imposition of withdrawal liability or Exit Contributions and may subject Employers to excise taxes, in addition to any other consequences provided for under the Fund's Plan Document, Trust Document or applicable law.

For each year during which the bargaining parties' Collective Bargaining Agreement remains in effect, the Employer's Contribution Rate will be determined as follows:

### Plan Year

2009 Contribution Rate = (Contribution Rate in effect on 12/31/08) x (1.07);

2010 Contribution Rate = (Contribution Rate in effect on 12/31/09) x (1.07);

2011 Contribution Rate = (Contribution Rate in effect on 12/31/10) x (1.07);

2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.07);

<sup>1</sup> If no such date is specified, the Contribution Rate must be increased no later than December 1 of the applicable Plan Year.

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**2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.07);**

**2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.07);**

**2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.07);**

**2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.07); and**

**2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.07).**

### III. Normal Retirement Benefit Accrual Rate

As under the 2008 Alternative Schedule, the Participant's Normal Retirement Benefit will accrue at the highest accrual rate in effect under the Plan Document during the term of this Alternative Schedule, provided that the Participant has hours of work in Covered Employment under a Collective Bargaining Agreement or other agreement, which reflects or incorporates the terms of this Alternative Schedule. As of January 1, 2009, the highest rate of accrual under the Fund's Plan Document is 1.5% with respect to contribution hours up to 1200, and 0.7% with respect to contribution hours in excess of 1200. However, the benefit accrual provisions under the Plan Document may be amended by the Plan Sponsor at any time. Note: For 55/30 Rates, the Plan Document provides that the accrual rate is based on 70% of the contributions to be made on a Participant's hours of work.

### IV. Benefit Adjustments

This Alternative Schedule contains reductions in "adjustable benefits" as that term is defined in ERISA Section 305. Because this Schedule requires annual Contribution Rate increases, the reductions in benefits are less dramatic than those in the Default Schedule. The reductions described below took effect under the terms of the 2008 Alternative Schedule.

Notwithstanding any contrary provision in the Plan Document and subject to the terms of any future Schedule that may apply to the Participant and/or his Beneficiary, a Participant who is covered under this Alternative Schedule will have had his/her benefits adjusted as follows under the terms of the 2008 Alternative Schedule. Alternate Payees under a Qualified Domestic Relations Order are treated as Participants or Beneficiaries for purposes of the Alternative Schedule.

#### A. Adjustment to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefit

Neither the 2008 Alternative Schedule, nor this Alternative Schedule, changes the subsidy for 55/30.

1. **Special Early Retirement benefit:** The Special Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Benefit is reduced by six percent (6%) for each year that the Participant is under the age of 62.
2. **Standard Early Retirement benefit:** The Standard Early Retirement Pension is modified by reducing the early retirement subsidy. Specifically, the Participant's Normal Retirement Benefit amount is reduced by 6% for each year that the Participant is under

Alternative Schedule as of May 1, 2009

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APPENDIX C TO PLAN DOCUMENT  
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the age of 65 (e.g., the Early Retirement Pension payable at age 55 is 40% of the Participant's Normal Retirement Benefit payable at age 65).

3. **Disability Benefit:** The Disability Benefit is equivalent to the modified Standard Early Retirement Pension, the modified Special Early Retirement, or the 55/30 Pension, as applicable. This is determined as if the recipient were age 55, and assuming he/she otherwise meets eligibility requirements for the benefit, since all three forms of Early Retirement are available under the 2008 Alternative Schedule.<sup>2</sup>

#### B. Benefit Increases That Would Not Be Guaranteed Under Section 4022A

Pursuant to the terms of the Alternative Schedule (and Default Schedule) the NPF no longer pays any post-retirement benefit increase that would not have been eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from 1/1/2008 (i.e., after 2002). This applies to a scheduled increase, like the annual increase under the NPF COLA, which did not take effect before 2003. This resulted in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit had paid an annual increase in the form of a 13<sup>th</sup> check equal to 2% of the then eligible retiree's annual benefit (as accrued through June 30, 1995) multiplied by the number of full years that the retiree qualified for NPF pension benefits. The increase initially took effect after retiree has received twelve consecutive monthly checks,<sup>3</sup> measured as of October 1 of each Plan Year. Any scheduled increase under the NPF COLA Benefit that had not taken effect because a Participant was not retired or has not been retired long enough to have received the increase in 2007, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that did not take effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) was reduced to zero. This reduction also applied to the Participant's Beneficiaries (including alternate payees). No changes to those reductions have been made under this Alternative Schedule.

#### C. Benefit Payment Options

The Alternative Schedule has reduced available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120-Month Guarantee; and
3. Lump-sum distributions to surviving spouses or in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit may not exceed \$5,000 to be eligible for a lump-sum distribution).

- END OF ALTERNATIVE SCHEDULE AS OF May 1, 2009 -

<sup>2</sup> Under the Plan Document, the Disability Benefit is not an option for any Participant over age 55, since the amount of the Disability Benefit is not greater than the amount of the applicable early retirement option

<sup>3</sup> This 12-month period runs from November 1st through October 31st of the preceding year.



**REHABILITATION PLAN AND FUNDING POLICY FOR  
SHEET METAL WORKERS' NATIONAL PENSION FUND  
(EIN/PN 52 6112463/001)  
AS OF MARCH 1, 2008**

**I. INTRODUCTION**

This is the Rehabilitation Plan ("RP") adopted pursuant to ERISA Section 305 by the Plan Sponsor of the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF"), as of March 1, 2008. This RP also constitutes the Funding Policy adopted by the Fund's Board of Trustees, which is the Plan Sponsor. Except as indicated or by context, all capitalized terms have the meaning given such terms in the Fund's Plan Document. Unless the context suggests otherwise, references to "Participant" include Beneficiaries and alternate payees. The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Rehabilitation Plan including all Schedules thereto.

The RP's objective is for the NPF to cease to be in critical status by December 31, 2020. To achieve this objective, the Fund's actuary must certify that the NPF is not projected to have a funding deficiency in that Plan Year and for any of the nine (9) years that follow.

The Plan Sponsor expects the Fund to achieve the "Benchmarks" listed below and emerge from critical status through a combination of benefits adjustment and contribution rate increases. These are reflected in the two attached Schedules. One Schedule, the "Default Schedule," does not require contribution rate increases but significantly reduces adjustable benefits. The other Schedule, the "Alternative Schedule," requires annual contribution rate increases, but it reduces adjustable benefits to a lesser extent than the Default Schedule. All benefit adjustments are subject to ERISA's notice requirements.

**II. PERSONS FOR WHOM CONTRIBUTIONS ARE NOT REQUIRED TO BE MADE**

In formulating the Schedules, the Plan Sponsor must take into account the funding of benefits of Participants for whom contributions are not required to be made at the time of this RP's adoption. Specifically, the Plan Sponsor has made an allowance for two groups of those Participants, based on the likelihood that they will not return to Covered Employment and have NPF contributions made under either a Default Schedule or Alternative Schedule. The first group consists of those Participants, such as retirees, who have ceased working in the Sheet Metal Industry, other than persons working for a Contributing Employer in a non-covered service and not engaged in Disqualifying Employment. The second group consists of those Participants who continue working in the Sheet Metal Industry but whose work is not covered under a collective bargaining agreement to which either the Sheet Metal Workers International Association, AFL-CIO (SMWIA) or a Local Union is a party or other agreement under which NPF contributions are required. Both groups of Participants will be subject to benefit adjustments as follows:

APPENDIX C TO PLAN DOCUMENT  
(EIN/PLN 52-6112463/001)**A. Post-Retirement Benefit Increases not Guaranteed under ERISA Section 4022A**

After January 1, 2008, the Fund will not pay any post-retirement increase if the increase was not in effect more than 60 months from that date. This applies to a scheduled increase, such as the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduces NPF COLA Benefits for some and eliminates it for others.

The NPF COLA Benefit has paid an annual increase to then eligible retirees who separated or retired in 1991 or later. The annual increase (paid in the form of a 13<sup>th</sup> check) is equal to: (a) 2% x (b) the amount of pension benefits (accrued as of July 1, 1995) received over the preceding 12-consecutive months<sup>1</sup> x (c) the number of whole years (up to 15) for which the retiree had been receiving monthly pension benefits.

This means that no NPF COLA Benefit will be paid in excess of the amount a Participant received as a 13<sup>th</sup> check in 2002. If a Participant had not been retired before December 1, 2001, and, therefore, did not receive any NPF COLA Benefit in 2002, he or she will not receive any annual increase after 2007. A Participant who was retired and did have his pension increased by the NPF COLA Benefit in 2002, will continue to receive an NPF COLA Benefit, but it will be reduced to the amount of the 2002 increase (i.e., the amount of the 13<sup>th</sup> check paid to the Participant in 2002). It will remain fixed in that amount. The reductions also apply to the Participant's Beneficiary (and alternate payees).

**B. Actuarial Adjustment to Early Retirement**

Any Participant in this category who has not retired/separated under the NPF and does so before age 65 will not receive the early retirement benefit described in the 2008 Default Schedule or Plan Document. Instead, the Participant will receive the actuarial equivalent of his Normal Retirement Benefit, based on his actual age at retirement.

In addition, should a Participant's benefit commencement date be after the date of the Notice of Critical Status and the Participant then returns to work before receiving 12 consecutive monthly benefit checks, his benefit will be recalculated under the Schedule that applies to active employees at the time of his subsequent retirement.

**III. DESCRIPTION OF 2008 DEFAULT AND ALTERNATIVE SCHEDULES****A. General Information**

The Rehabilitation Plan includes the two attached Schedules for the 2008 Plan Year – a 2008 Default Schedule and a 2008 Alternative Schedule. The Schedules will be updated annually, as the Plan Sponsor finds necessary, to reflect the NPF's experience over the preceding Plan Year(s). However, the contribution rate requirements in the Schedule will continue for the term of the Collective Bargaining Agreement or other agreement, requiring NPF contributions.

<sup>1</sup> This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

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Subject to the Plan Sponsor's sole discretion, the Schedule is adopted when the Plan Sponsor receives substantiation that the Collective Bargaining Agreement or similar agreement (e.g., Participation or Adoption Agreement) includes language consistent with the contribution requirements of a Schedule. In general, the Plan Sponsor will consider the bargaining parties to have adopted a particular Schedule, and will consider the terms of a Collective Bargaining Agreement to be consistent with the Rehabilitation Plan, when a Schedule is adopted in accordance with the Schedule's requirements.

The salient features of the Default and Alternative Schedules for 2008 are summarized below. The attached 2008 Schedules are an integral part of the Rehabilitation Plan. Copies of materially updated future Schedules, will replace the 2008 Schedules.

**B. Summary of the Default Schedule for the 2008 Plan Year<sup>2</sup>**

1. ***Contribution Rate Increases:*** No rate increases are required in the 2008 Default Schedule, but Contribution Rates cannot be decreased.
2. ***Rate of Pension Accrual:*** Pension benefits will NOT accrue at the same rate as specified in the Plan Document but will instead be 1% of all contributions required to be made for the Participant. However, if the rate of accrual in effect on January 1, 2008 is less, the Default Schedule could, under certain circumstances, provide that the lower rate of accrual applies. In general, the rate of accrual will apply after the Schedule is adopted.
3. ***Changes to Adjustable Benefits:*** Significant changes are made to post-retirement benefit increases, early retirement benefits, benefit accrual and optional forms of benefits.

After January 1, 2008, the Fund will not pay any post-retirement increase if the increase was not in effect more than 60 months from that date. This will reduce NPF COLA Benefits for some and eliminate it for others. NPF COLA Benefits will be reduced in the same fashion as discussed in Section II.

Early Retirement subsidies and benefit forms change. The 55/30 Pension and the Special Early Retirement Pension are eliminated as an early retirement options. The standard Early Retirement Pension subsidies decrease (meaning the reduction factors are greater).

Two optional benefit forms – the level income option and the 120-month guarantee option - are eliminated. Lump sum payments in excess of \$5,000 are eliminated also.

**NOTE:** The Disability Benefit for eligible Participants will be equivalent to the standard Early Retirement Pension, as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule.

**A complete description of benefit adjustments follows in the attached Default Schedule.**

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<sup>2</sup> The NPF's Plan Year mirrors the calendar year.



APPENDIX C TO PLAN DOCUMENT  
(EIN/PLN 52-6112463/001)**C. Summary of the 2008 Alternative Schedule for the 2008 Plan Year**

**1. *Required Contribution Rate Increases:*** Beginning with the Contribution Rate payable as of January 1, 2008, the Contribution Rate must be increased annually by the following percentages.

<u>Plan Year</u>	<u>% Increase for Each Plan Year</u>
2008	10%
2009, 2010	7%
2011, 2012	5%
2013, 2014	4%
2015, 2016, 2017	3%

These percentages are approximate. The actual percentage increase can be rounded by the Plan Sponsor if the NPF's actuarial consultant projects that it will not have a material impact on the NPF's ability to meet the benchmark for a Plan Year.

The amount of the Contribution Rate, as increased under the Alternative Schedule, must be required in the Collective Bargaining Agreement, or other written representation evidencing that the required Contribution Rate increase will be paid by date certain. In the case of Employers whose Covered Employees participate under an agreement other than a Collective Bargaining Agreement, that agreement should reflect the terms of the 2008 Alternative Schedule.

The failure to contribute at the increased Contribution Rate will constitute a delinquency. Contribution Rates should be increased for a Plan Year no later than the allocation, anniversary or re-opener date specified in the bargaining parties' Collective Bargaining Agreement or in a similar written instrument. In any event, the Contribution Rate must be increased for the applicable Plan Year by the date on which contributions are due for hours worked in December of that Plan Year.

2. ***Rate of Pension Accrual:*** Pension benefits will accrue at the highest accrual rate in effect under the Plan Document during the term of the Alternative Schedule.
3. ***Changes to Adjustable Benefits:***

After January 1, 2008, no post-retirement increase will be paid if the increase was not in effect more than 60 months from that date. This will result in a reduction of NPF COLA Benefits for some and the elimination of COLA for others. NPF COLA Benefits will be reduced in the same fashion as discussed in Section II.

The early retirement subsidies and benefit forms change for Special Early Retirement and standard Early Retirement increase in the aggregate. Note there are no reduction factors for the 55/30 Pension in the 2008 Alternative Schedule.

Two optional benefit forms – the level income option and the 120-month guarantee option - are eliminated. Lump sum payments in excess of \$5,000 are eliminated also.

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**NOTE:** The Disability Benefit may be equivalent to the standard Early Retirement Pension, or Special Early Retirement, or the 55/30 Pension, as if the recipient were age 55, and assuming he/she otherwise meets eligibility requirements for those benefits, since all three forms of Early Retirement are available under the 2008 Alternative Schedule.

**A complete description of benefit adjustments follows in the attached Alternative Schedule.**

**IV. ANNUAL STANDARDS/BENCHMARKS FOR CREDIT BALANCE AND FUNDING STANDARD ACCOUNT**

**A. Credit Balance**

At the beginning of each calendar year shown below, the Fund's credit balance/(funding deficiency) in its Funding Standard Account should approximately be equal to or greater than/(less than) the following:

2008:	\$247 million
2009:	\$45 million
2010	\$(75) million
2011	\$(86) million - [Beginning of Rehabilitation Period]
2012	\$(87) million
2013	\$(88) million
2014	\$(83) million
2015	\$(74) million
2016	\$(61) million
2017	\$(44) million
2018	\$(25) million
2019	\$40 million
2020	\$109 million
2021	\$179 million - [End of Rehabilitation Period]

**B. Benchmarks - The preceding benchmarks are based on the following assumptions and the assumptions used to develop the RP (see below):**

1. all bargaining parties will adopt one of the two Schedules no later

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- than December 2008;
2. substantially all of the Collective Bargaining Agreements that reflected the required contribution increases under the NPF's former "recovery program" also will reflect the contribution rate increases required under the Alternative Schedule, and the remainder will reflect the terms of the Default Schedule;
  3. the Fund obtains an automatic 5-year extension of its amortization period for the Plan Year commencing January 1, 2010 (subject to modification based upon whether the Fund meets or exceeds the benchmarks above);
  4. NPF's actual experience is consistent with the actuarial assumptions described below; and
  5. all required contribution rate increases under the Alternative Plan will be made no later than the last day of the applicable Plan Year [however, the Plan Sponsor believes that the increases actually will be made earlier (e.g., on the anniversary of each allocation date or re-opener).]

**V. ANNUAL REVIEW OF REHABILITATION PLAN AND SCHEDULES**

Annually, the Plan Sponsor will review the Rehabilitation Plan and its attached Schedules with the assistance of the NPF's actuarial consultant. If, for example, the NPF's actual experience does not reflect the assumptions used to develop the Rehabilitation Plan and Schedules, the Plan Sponsor may amend or modify the Rehabilitation Plan and/or the attached Schedules, based on the advice of the NPF's actuarial consultant or it may amend the Schedules in any manner consistent with the requirements of ERISA and the Internal Revenue Code. However, if the bargaining parties have adopted a Schedule before the Plan Sponsor amends it, the Schedules' contribution rate requirements may remain in force for the duration of the Collective Bargaining Agreement that incorporates the terms of the Schedule.

**VI. ASSUMPTIONS USED TO DEVELOP RP**

Described below are significant assumptions that the Fund's actuary used to determine NPF's funded status and to make the projections that the Plan Sponsor relied upon to develop this RP. The Fund's actuary has determined that these assumptions are reasonable based on prior actuarial experience, and the Plan Sponsor's expectations concerning projected hours, employment levels and contributions. The Plan Sponsor believes these expectations are reasonable because they are based on a comparison of actual hours worked versus expected hours worked over the past nine (9) years, historical and projected membership levels, and Labor and Management Trustees' views regarding future construction activity for the Sheet Metal Industry. Based on the foregoing, the Plan Sponsor assumes that active Participants working in the unionized sheet metal industry will decline one percent (1%) per year from 2007 until the end of the rehabilitation period, resulting in a corresponding decrease in contribution hours.

**A. Significant Actuarial Assumptions:**

1. **Mortality rates** - The Fund's actuary uses the following tables to determine the mortality rates of the Participants.
  - a. **For healthy Participants the RP-2000 Combined Healthy Blue Collar**

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- b. For disabled Participants (persons receiving Fund disability benefits) the RP- 2000 Combined Healthy Blue Collar Mortality Table for males, with Participants under age 60 set forward to age 65 and Participants over age 60 set forward five (5) years.

The expected rate for active Participants to terminate employment for reasons other than healthy retirement (e.g., disability) is calculated with reference to the above mortality tables, the percentage of disabled Participants over the preceding nine-year period, and the rate of withdrawals over the preceding nine-year period (source: January 1, 2007 Actuarial Valuation).

2. Retirement Age Assumptions - The Fund's actuary assumes that Participants generally retire at the following rates:

age 55	- 10%;
ages 56-58	- 2%;
age 59	- 8%;
ages 60-61	- 15%;
ages 62-69	- 50%; and
age 70	- 100%.

However, to project the expected cost of 55/30 Pensions, the actuary assumes that 30% of the eligible Participants will retire at the age when they are first eligible. For the remainder, the actuary assumes a 15% rate of retirement or, if greater, 5% plus the rate of retirement normally used for projecting retirements before age 62.

The actuary also assumes that inactive, vested Participants will retire at age 65.

3. Hours of Work - The actuary assumes that Participants in the construction segment will average 1,650 hours per year, and 1,700 hours per year in the non-construction segment of the Sheet Metal Industry.
4. Assumed Actuarial Rate of Return - The actuary assumes an actuarial rate of return of 7.50% in making its projections over the term of the rehabilitation adoption period and the rehabilitation period.

The actuarial rate of return reflects a portion of the current year market return and a portion of the market returns in each of the four previous years, in accordance with the actuarial asset method. The actuarial value of assets is calculated as the market value of assets less unrecognized returns in each of the last five years, no earlier than January 1, 2007. Unrecognized return is equal to the difference between the actual market return and the projected return on the market value, and is recognized over a five-year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value. The actuarial value was initialized at market value as of January 1, 2007.

Attachments - 2008 Default Schedule and 2008 Alternative Schedule

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Supplement 1 to the Plan Document for the Sheet Metal Workers' National Pension Fund  
Employer Identification Number: 52 6112463 Plan Number: 001

**2008 DEFAULT SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN**

**I. Introduction**

This is the Default Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") for Plan Year 2008. This 2008 Default Schedule applies only to parties who adopt it before January 1, 2009. All capitalized terms have the meaning given to such terms in the Fund's Plan Document or as otherwise defined in this Schedule. "Participant" includes Beneficiaries and alternate payees unless the context suggests otherwise.

The Board of Trustees, which is the Fund's Plan Sponsor, has the sole discretion to determine whether and when this 2008 Default Schedule was adopted by any party to a Collective Bargaining Agreement or other agreement. In general, however, the Plan Sponsor will consider the bargaining parties (or other Contributing Employer such as a Related Organization or Local Union) to have adopted this 2008 Default Schedule, and will consider the terms of the Collective Bargaining Agreement or other agreement to be consistent with the Rehabilitation Plan under the following circumstances:

- A. the Plan Sponsor receives satisfactory evidence that the parties to the Collective Bargaining Agreement incorporated this 2008 Default Schedule for the term of the parties' Collective Bargaining Agreement; or
- B. in the case of a Related Organization, or a Local Union that are Contributing Employers, or any similar entity that is a Contributing Employer, the Contributing Employer substantiates to the Plan Sponsor's satisfaction that its participation or adoption agreement incorporates this 2008 Default Schedule for the duration of such agreement.

Once adopted, the Plan Sponsor may deem the underlying Collective Bargaining Agreement or other agreement to be consistent with this 2008 Default Schedule.

Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not adopted a Schedule, the Default Schedule will be implemented automatically on the earlier of the date (1) on which the Secretary of Labor certifies that the parties are at an impasse, or (2) which is 180 days after the date on which the collective bargaining agreement expires. In the case of an Employer who contributes to NPF only with respect to employees who are not covered by a Collective Bargaining Agreement, the Schedules shall apply as if the Employer were a bargaining party, and its adoption or participation agreement was a collective bargaining agreement with a term ending on the first day of the 2009 Plan Year beginning after the Employer is provided the Rehabilitation Plan Schedules.

The Contribution Rate requirements in this 2008 Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement but may be modified in future years. The benefit accrual provisions described below take effect on the first day of the month following the month in which the bargaining parties adopt the 2008 Default Schedule.

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In addition, the Plan Sponsor expects that all bargaining parties and other parties will adopt either the 2008 Default Schedule or the 2008 Alternative Schedule by the end of 2008. If, however, the parties have not adopted one of the 2008 Schedules before the 1<sup>st</sup> of September 2008, the normal retirement benefit formula will change to 0.5% of the contributions due for each hour of work performed under the bargaining parties' Collective Bargaining Agreement or other agreement.

The 2008 Default Schedule significantly modifies NPF benefits. Except as otherwise provided, those benefit modifications will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C). The 2008 Default Schedule is a supplement to, and forms a part of, the Fund's Plan Document, and the Default Schedule will control over any conflicting provision in the Plan Document. The Plan Sponsor may amend or modify this Default Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code.

**II. Contribution Rate Requirements**

The 2008 Default Schedule requires no annual increases in the Employer's Contribution Rate. However, the Contribution Rate in effect on February 1, 2008 may not be reduced.

**III. Pension Benefit Accrual Rate**

Effective as of the first day of the month following the month that this 2008 Default Schedule is adopted by a Participant's Employer (as determined by the Trustees in their sole discretion), the Participant's pension benefits will accrue at a different rate than the rate of accrual specified in the Plan Document. Specifically, notwithstanding anything to the contrary in the Fund's Plan Document, the monthly amount of a Participant's Normal Retirement Pension accrued on or after the first day of the month following the month that this 2008 Default Schedule is adopted by a Participant's Employer is 1.0% of the contributions due on the Participant's behalf for each Plan Year beginning with the Plan Year in which the Default Schedule is adopted by the Participant's Employer, except that no Contribution Hours before such date of adoption will be taken into account.

**IV. Benefit Adjustments**

This Schedule reduces "adjustable benefits," as that term is defined in ERISA Section 305. Because this Schedule does not require annual Contribution Rate increases, the reductions in adjustable benefits are more dramatic than those contained in the 2008 Alternative Schedule. The reductions described below will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C) has been given.

Notwithstanding any contrary provision in the Fund's Plan Document and subject to the terms of any future or amended Schedules covering the Participant who is covered under this 2008 Default Schedule, the following benefit adjustments will apply:

**A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefits**

1. *No 55/30 Pension and Special Early Retirement Pension benefits:* Notwithstanding anything to the contrary in the Fund's Plan Document, the 55/30 Pension and the

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Special Early Retirement Pension are not available as an option for Participant's covered under this 2008 Default Schedule.

2. **Standard Early Retirement Pension benefit:** Notwithstanding anything to the contrary in the Fund's Plan Document, the standard Early Retirement Pension for Participants covered under this 2008 Default Schedule is modified by reducing the percentage of the Normal Retirement Benefit amount that the Participant will receive if he retires before age 65. Under the modified standard Early Retirement Pension, the Participant's Normal Retirement Benefit amount is reduced to 6% for each year that the Participant is under the age of 65 (e.g., the Early Retirement Pension payable at 55 is 40% of the benefit payable to the Participant at age 65 (under the Normal Retirement Benefit)).
3. **Disability Benefit:** The Disability Benefit for eligible Participants will be equivalent to the standard Early Retirement Pension, as if the recipient were age 55, since neither the Special Early Retirement Pension nor the 55/30 Pension options are available under the Default Schedule. No disability benefit will be payable at age 55. Note that the Plan Document contains a transition provision for persons whose disabilities occurred before December 1, 2007, which permits eligible Participants to obtain a Disability Benefit under the terms of the Plan Document.

#### B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A

The NPF will not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, such as the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This reduces NPF COLA Benefits for some and eliminates it for others.

The NPF COLA Benefit pays an annual increase in the form of a 13<sup>th</sup> check equal to 2% of the eligible retiree's annual benefit (based on benefits accrued through June 30, 1995) multiplied by the number of full years that the eligible retiree had been receiving pension benefits from the Fund. The increase takes effect after a retiree has received twelve consecutive monthly checks, measured as of October 31 of each Plan Year.\* Any scheduled increase under the NPF COLA Benefit that has not taken effect yet because the Participant has not retired or has not been retired long enough to have received the increase in 2007, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that has not taken effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) will be reduced to zero. This reduction also applies to the Participant's Beneficiaries (including alternate payees).

Note: The Rehabilitation Plan and its Schedules provide that any retiree who received NPF COLA Benefit payments before 2003 will have his NPF COLA Benefit payments rolled back to the amount of the increase that took effect before 2003 (i.e., to the amount of the 13<sup>th</sup> check for 2002). This reduction also will apply to the Participant's Beneficiary (and alternate payees).

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\* This 12-consecutive month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

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**C. Benefit Payment Options**

**The 2008 Default Schedule reduces the number of available benefit payment options by eliminating:**

- 1. The Level Income Option;**
- 2. The 120-Month Guarantee; and**
- 3. Lump-sum distributions in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit may not exceed \$5,000 to be eligible for a lump-sum distribution).**

**- END OF 2008 DEFAULT SCHEDULE AS OF MARCH 1, 2008 -**



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Supplement 2 to the Plan Document for the Sheet Metal Workers' National Pension  
Fund Employer Identification Number: 52 6112463 Plan Number: 001

2008 ALTERNATIVE SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN

**I. Introduction**

This is the 2008 Alternative Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") for the 2008 Plan Year. This 2008 Alternative Schedule applies only to parties who adopt and implement it within the 2008 Plan Year. All capitalized terms have the meaning given to such terms in the Fund's Plan Document or as otherwise defined in this Schedule. "Participant" includes Beneficiaries and alternate payees unless the context suggests otherwise.

The 2008 Alternative Schedule is attached to, and forms a part of, the Fund's Plan Document, and the Alternative Schedule will control over any conflicting provision in the Plan Document. The Plan Sponsor (i.e., Board of Trustees) may amend or modify the Alternative Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code. The Plan Sponsor has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Schedule.

The Plan Sponsor determines whether and when this 2008 Alternative Schedule was adopted and implemented by any party to a Collective Bargaining Agreement or other agreement. In general, however, the Plan Sponsor will consider the bargaining parties (or as applicable, a Contributing Employer that is a Related Organization, Local Union or similar entity) to have adopted this 2008 Alternative Schedule, and will consider the terms of the Collective Bargaining Agreement or other agreement to be consistent with the Rehabilitation Plan under the following circumstances:

- A. The Plan Sponsor receives satisfactory substantiation that the bargaining parties' Collective Bargaining Agreement is consistent with this 2008 Alternative Schedule for the term of the parties' Collective Bargaining Agreement.<sup>1</sup>
- B. A Local Union exercises authority granted, under the terms of the Collective Bargaining Agreement, addendum or amendment thereto to allocate a portion of its wage and benefit package in order to increase the Contribution Rate over the term of the Collective Bargaining Agreement. The Plan Sponsor must receive satisfactory substantiation that the allocation authority exists and was properly executed in order for the allocation to serve as a means of adopting a Schedule. By providing substantiation to the Plan Sponsor, the Local Union represents that it will make any future allocations necessitate by the Contribution

<sup>1</sup> Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not adopted a Schedule, the Default Schedule will be implemented automatically on the earlier of the date (a) on which the Secretary of Labor certifies that the parties are at an impasse, or (b) which is 180 days after the date on which the collective bargaining agreement expires.

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**Rate requirements in the Schedule.**

- C. In the case of a Local Union, Related Organization, or similar entity that is a Contributing Employer, the Contributing Employer must submit substantiation satisfactory to the Plan Sponsor that its participation or adoption agreement is consistent with this 2008 Alternative Schedule for the duration of such agreement.**

Once adopted, this 2008 Alternative Schedule becomes part of, and is incorporated by reference into, the underlying Collective Bargaining Agreement or other agreement.<sup>2</sup>

The Contribution Rate requirements in this Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement. The benefit accrual provisions described below take effect on the first day of the month following the month in which the bargaining parties adopt the 2008 Alternative Schedule. However, the benefit accrual does not reflect the annual Contribution Rate increase until the due date for the increased Contribution Rate.

In addition, the Plan Sponsor expects that all bargaining parties and other parties will adopt either the 2008 Default Schedule or the 2008 Alternative Schedule by the end of 2008. If, however, the parties have not adopted one of the 2008 Schedules before the 1<sup>st</sup> of September 2008, the normal retirement benefit formula will change to 0.5% of the contributions due for each hour of work performed under the bargaining parties' Collective Bargaining Agreement or other agreement.

The 2008 Alternative Schedule modifies NPF benefits in various ways and controls over the provisions of the Plan Document. Except as otherwise provided, the Alternative Schedule benefit modifications will take effect on the conclusion of the 2008 Plan Year.

**II. Contribution Rate Requirements**

The 2008 Alternative Schedule requires annual increases in the Employer's Contribution Rate. The annual increases commence with the 2008 Plan Year and continue for the period that the Collective Bargaining Agreement (or other agreement) remains in effect. A Contributing Employer's Contribution Rate must reflect the annual increase on or before the date specified. This date should be the anniversary, allocation or reopener date and should be explicitly stated in the notice to the Fund concerning the adoption of the Alternative Schedule.<sup>3</sup> The failure to contribute at the Schedule's increased Contribution Rates will constitute a delinquency. A continuing delinquency or a pattern of repeated delinquencies may result in the termination of the Contributing Employers' participation in the Fund and the imposition of withdrawal liability or Exit Contributions.

For each year during which the bargaining parties' Collective Bargaining Agreement remains in effect, the Employer's Contribution Rate will be determined as follows:

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<sup>2</sup> In any event, the bargaining parties will be deemed to have accepted the terms of this Alternative Schedule for the duration of their Collective Bargaining Agreement, once the 2008 Contribution Rate increase is made.

<sup>3</sup> If no such date is specified, the Contribution Rate must be increased no later than December 1 of the applicable Plan Year.

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**2008 Contribution Rate = (Contribution Rate in effect under the Collective Bargaining Agreement Immediately before the adoption of this 2008 Alternative Schedule) x (1.10);**

**2009 Contribution Rate = (Contribution Rate in effect on 12/31/08) x (1.07);**

**2010 Contribution Rate = (Contribution Rate in effect on 12/31/09) x (1.07);**

**2011 Contribution Rate = (Contribution Rate in effect on 12/31/10) x (1.05);**

**2012 Contribution Rate = (Contribution Rate in effect on 12/31/11) x (1.05);**

**2013 Contribution Rate = (Contribution Rate in effect on 12/31/12) x (1.04);**

**2014 Contribution Rate = (Contribution Rate in effect on 12/31/13) x (1.04);**

**2015 Contribution Rate = (Contribution Rate in effect on 12/31/14) x (1.03);**

**2016 Contribution Rate = (Contribution Rate in effect on 12/31/15) x (1.03); and**

**2017 Contribution Rate = (Contribution Rate in effect on 12/31/16) x (1.03).**

**III. Normal Retirement Benefit Accrual Rate**

Effective as of the first day of the month following the month that this 2008 Alternative Schedule is adopted (as the Trustees determine in their sole discretion), the Participant's Normal Retirement Benefit will accrue at the highest accrual rate in effect under the Fund's Plan Document during the term of this Alternative Schedule, provided that the Participant has hours of work in Covered Employment under a Collective Bargaining Agreement or other agreement, which reflects or incorporates the terms of this 2008 Alternative Schedule. As of January 1, 2008, the highest rate of accrual under the Fund's Plan Document is 1.5% with respect to contribution hours up to 1200, and 0.7% with respect to contribution hours in excess of 1200. Note: For 55/30 Local Unions, the Plan Document provides that the accrual rate is based on 70% of the contributions required to be made on a Participant's hours of work.

**IV. Benefit Adjustments**

This Schedule contains reductions in "adjustable benefits," as that term is defined in ERISA Section 305. Because this Schedule requires annual Contribution Rate increases, the reductions in adjustable benefits are less dramatic than those imposed in the 2008 Default Schedule. Subject to all notice requirements, the reductions described below will take effect on December 31, 2008, except that the reduction of benefit increases that would not be guaranteed under Section 4022A of ERISA on January 1, 2008 (e.g. post-2002 increases under the NPF COLA Benefit) will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C) has been given.

Notwithstanding any contrary provision in the Fund's Plan Document and subject to the terms of any future Schedules covering the Participant and/or his Beneficiary, a Participant who is covered under this 2008 Alternative Schedule (and/or his Beneficiary) will have his benefits adjusted as follows:

APPENDIX C TO PLAN DOCUMENT  
(EIN/PLN 52-6112463/001)

**A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefit**

1. The 2008 Alternative Schedule does not change subsidies for 55/30.
2. *Special Early Retirement benefit:* Under the modified Special Early Retirement Pension, the Participant's Normal Retirement Benefit is reduced by six percent (6%) for each year that the Participant is under the age of 62.
3. *Standard Early Retirement benefit:* Under the modified Standard Early Retirement Pension, the Participant's Normal Retirement Benefit amount is reduced to 6% for each year that the Participant is under the age of 65 (e.g., the Early Retirement Pension payable is 40% of the Participant's benefit payable at age 65 (Normal Retirement Benefit)).
4. *Disability Benefit:* The Disability Benefit may be equivalent to the standard Early Retirement Pension, or Special Early Retirement, or the 55/30 Pension, as if the recipient were age 55, and assuming he/she otherwise meets eligibility requirements for the benefit, since all three forms of Early Retirement are available under the 2008 Alternative Schedule. No Disability Benefit will be payable at age 55. Note that the Plan Document contains a transition provision for persons whose disabilities occurred before December 1, 2007, which permits eligible Participants to obtain a Disability Benefit under the terms of the Plan Document.

**B. Benefit Increases That Would Not Be Guaranteed Under Section 4022A**

The NPF will not pay any post-retirement benefit increase that would not be eligible for guarantee under ERISA Section 4022A on January 1, 2008 because it was adopted, or if later, took effect, less than 60 months from January 1, 2008 (i.e., after 2002). This applies to a scheduled increase, like the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This results in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit has paid an annual increase in the form of a 13<sup>th</sup> check equal to 2% of then eligible retiree's annual benefit (as accrued through June 30, 1995) multiplied by the number of full years that retiree has been receiving NPF pension benefits. The increase takes effect after a retiree has received twelve consecutive monthly checks,<sup>4</sup> measured as of October 31 of each Plan Year. Any scheduled increase under the NPF COLA Benefit that has not taken effect yet because the Participant has not retired or has not been retired long enough to have received the increase in 2007, would not be guaranteed under Section 4022A on January 1, 2008 because the scheduled increase must have taken effect more than 60 months before that date.

Accordingly, any scheduled increase under the NPF COLA Benefit that has not taken effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) is reduced to zero. This reduction also applies to the Participant's Beneficiaries (including alternate payees).

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<sup>4</sup>This 12-month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

APPENDIX C TO PLAN DOCUMENT  
(EIN/PLN 52-6112463/001)

**C. Benefit Payment Options**

The 2008 Alternative Schedule reduces the number of available benefit payment options by eliminating:

1. The Level Income Option;
2. The 120-Month Guarantee; and
3. Lump-sum distributions in excess of \$5,000 (i.e., the present value of the Participant's accrued benefit may not exceed \$5,000 to be eligible for a lump-sum distribution).

– END OF 2008 ALTERNATIVE SCHEDULE AS OF MARCH 1, 2008 –

## **APPENDIX D – SHEET METAL WORKERS’ INTERNATIONAL ASSOCIATION MASTER RECIPROCAL AGREEMENT**

The purpose of the Sheet Metal Workers’ International Association Master Reciprocal Agreement (“Agreement”) is to enable a sheet metal worker to have his/her fringe benefit contributions attributable to sheet metal work performed outside of the jurisdiction of his/her Home Local forwarded to the employee benefit fund sponsored by the sheet metal worker’s Home Local including a sheet metal workers national employee benefit fund if the employee in the Home Local participates in a national fund. This Agreement applies to four categories of employee benefit funds: (a) defined benefit pension funds, (b) defined contribution pension funds (e.g. 401(k) plans or annuity plans), and (c) health & welfare funds. A fund will be covered by this Agreement only if it has executed both this Agreement and one or more of the following addendums to this Agreement, as applicable: (a) The Defined Benefit Pension Fund Addendum, (b) The Defined Contribution Pension Fund Addendum, or (c) The Health and Welfare Fund Addendum.

To be effective, the Agreement and Addendum must be executed by a duly authorized representative of a Signatory Fund. WITNESSETH:

WHEREAS, the Trustees of each Signatory Fund acting under separate Plan and Trust Documents are authorized and empowered to grant and administer benefits, under their respective Plans to employees who are and have been represented in collective bargaining by Local Unions affiliated with the Sheet Metal Workers’ International Association; and

WHEREAS, because of the mobility of employees and employers, many employees work in the jurisdiction of several different employee benefit funds during their working lifetimes; and

WHEREAS, it is usually the case that sheet metal workers are advantaged if they received credit under the fund(s) in which they participate through their Home Local for work outside of the jurisdiction of their Home Local.

WHEREAS, it is intended, in such cases, that the contributions made on behalf of those sheet metal workers be paid to the fund(s) in which they participate through their Home Local rather than the corresponding fund(s) in the jurisdiction where the work is being performed, pursuant to a reciprocity agreement entered into by those funds.

WHEREAS, it is in the interest of all Signatory Funds in each of the above four categories and all participants in these Signatory Funds to standardize the reciprocity agreements among those categories of Signatory Funds; and

WHEREAS, each Signatory Fund is qualified as tax-exempt under the appropriate provision of the Internal Revenue Code, and currently operating in such a manner as to continue to be entitled to exemption; and

WHEREAS, the Trustees of each Signatory Fund represents and warrants that they have been duly authorized to make, execute and deliver this Agreement and agree that their respective Signatory Fund acts as a custodian for the contributions that are required to be forwarded to another Signatory Fund;

NOW THEREFORE, in consideration of the mutual promises made between and among the Boards of Trustees of the Signatory Fund(s), it is mutually understood and agreed as follows:

Section 1. Form of Reciprocity - The Board of Trustees of each Signatory Fund has adopted the applicable Addendum, which provides for a “money follows the man” form of reciprocity, whereby contributions received by one or more Signatory Fund(s) are forwarded to the employee’s Home Fund or Home Funds. Home Fund or Home Fund(s) shall mean the Signatory Fund(s) established by the Employer(s) and the Local Union (the “Home Local”), which represents the employee in question for purposes of collective bargaining in the primary geographic area in which the employee is employed. Cooperating Fund or Cooperating Funds shall mean the Signatory Fund(s) obligated to forward contributions received by it to the Home Fund(s). A Cooperating Fund holds such contributions merely as a transfer agent and a non-fiduciary custodian for the Home Fund(s). The Trustees of each Cooperating Fund and each Home Fund acknowledge and agree that any contributions received by a Cooperating Fund are solely assets of the Home Fund to which those contributions are to be forwarded, and the Trustees of the Cooperating Fund have no control or authority with respect to the management or disposition of those assets. All fiduciary functions and duties regarding those contributions rest solely with the Trustees of the Home Fund to which the contributions are required to be forwarded.

Section 2. Recognition - Each Signatory Fund, for the period it is bound by this Agreement, recognizes each other Signatory Fund as a “Cooperating Fund” to the extent that such Fund has signed this Agreement and executed the applicable Addenda.

Section 3. Cooperation - Each Signatory Fund agrees to exchange information as necessary to permit implementation of the provisions in this Agreement and each applicable Addendum. Each Fund shall comply promptly with a reasonable written request of another signatory Fund for information or data necessary to carry out the purposes of this Agreement.

Section 4. The Board of Trustees of each Signatory Fund agrees that, to the extent permitted by law, no change shall be made in the provisions of its governing documents, which would have the effect of changing the provisions of the Agreement or any Addendum to which it is Signatory, including the Signatory Plan amendment, which is an Exhibit to each Addendum

Section 5. Duration of Agreement - The Effective Date of the Agreement and the applicable Addenda shall be date set forth as the Effective Date shown on this Agreement and the applicable Addenda. Notwithstanding the foregoing, this Agreement shall first be operative with respect to each category of Funds when there are two Signatory Funds in that category and shall continue in effect with respect to that category as long as there are two or more Signatory Funds in that category.

Section 6. Central Filing of Agreements - Within ten (10) days from the date of execution of this Agreement and each applicable Addendum, the Signatory Fund(s) shall file a signed original of the Agreement and each applicable Addendum(s) with:

Reciprocal Agreement Administrator  
General Secretary Treasurer  
Sheet Metal Workers' International Association  
1750 New York Ave. N.W.  
Washington, DC 20006

Section 7. Release – By entering in to this Agreement and each applicable Addendum, the Board of Trustees of each Home Fund hereby releases the Board of Trustees of each Cooperating Fund from any and all liability or claim by any employee, or by anyone claiming through the employee, which arises out of or relates to the forwarding of contributions to the applicable Home Fund(s). The Home Fund is responsible for explaining to each of its participants that his/her eligibility for benefits and all other questions relating to his/her participation are governed by the plan document(s) of the Home Fund(s) and not by the terms of the plan document(s) of the Cooperating Fund(s).

Section 9. Forwarding of Contributions – As soon as practicable after receipt of proper notice pursuant to the Constitution and ritual of the of the Sheet Metal Workers International Association and Affiliated Local Unions Union(s) that maintains the Cooperating Fund(s) will collect and forward to the employee's Home Fund(s) the contributions made to the Cooperating Fund(s) for the employee's hours of work in the jurisdiction of the Cooperating Fund(s). In any event, the Cooperating Fund will forward the contributions to the Home Fund(s) as soon a practicable after the date it learns that the contributions are supposed to be forwarded to the Home Fund(s) and are not assets of the Cooperating Fund. The contributions so forwarded shall be accompanied by such records or reports which are necessary or appropriate. Except as may be provided in the applicable Addendum, the Cooperating Fund(s) shall forward the actual dollar amount of contributions received regardless of any differences in the contributions rates between the Cooperating Fund(s) and the Home Fund(s). No administrative fee shall be deducted by the Cooperating Fund(s).

Section 10. Eligibility – Each Home Fund shall be responsible for determining whether an employee is eligible to accrue and/or receive benefits from the Home Fund based on the Home Fund's plan document(s).

Section 11. Designation of New Home Fund – If an employee transfers or otherwise changes his membership from one Local Union to another Local Union, his Home Fund(s) shall be the Signatory Fund(s) in the jurisdiction of his/her new Local Union.

Section 12. Termination - The Board of Trustees of a Signatory Fund may terminate participation in this Agreement by sending a notice of termination, via certified mail, to the Reciprocal Agreement Administrator at the address listed above. A termination notice shall be effective only if the following criteria are met:

- (a) The notice states that the intended termination date is 90 days after the date of the notice's mailing.



- (b) The notice if signed by one Union and one Employer Trustee who have been duly authorized to execute the termination notice.
- (c) All contributions required to be forwarded to another Signatory Fund have in fact been forwarded prior to the intended termination date.

Section 13. Publication – The Reciprocal Agreement Administrator will cause to be published periodically, but at least semi-annually, a list of all Signatory Funds by category and list of all Signatory Fund that have filed a notice of termination of their participation in this Agreement since the last list was published.

Section 14. Dispute Resolution – In the event that any dispute between Signatory Funds arising out of or relating to the interpretation, application or operation of the Agreement and/or the Addendum(s) hereto cannot be resolved informally, the disputed matter shall be subject to final-and-binding determination by an impartial party designated by the Reciprocal Agreement Administrator. The Board of Trustees of either Signatory Fund must give notice to the Board of Trustees of the other Signatory Fund of its intention to submit the dispute to the General President within thirty days after the date of their failure to agree. The determination of the impartial party shall be final and binding upon the interested parties including the respective Boards of Trustees.

Section 15. Separate Liability –

- (a) It is expressly understood and agreed that no Signatory Fund assumes any of the liabilities or obligations of any other Signatory Fund. Each Signatory Fund shall be liable solely and exclusively for benefits due under its own plan, and no Signatory Fund shall be liable for the acts or omissions of any other Signatory Fund and/or the Board of Trustees of any other Signatory Fund.
- (b) The Board of Trustees of each Signatory Fund shall be fully protected in acting upon any instrument, certificate, report or paper believed by them to be genuine, and the Board of Trustees of each Signatory Fund shall be under no duty to investigate or inquire as to any statement in any such writing, or as to the authority of the person making such statement, but may accept the same as conclusive evidence of the accuracy of the statement contained therein and the authority to make it.

Section 16. Miscellaneous –

- (a) This Agreement may not be modified, varied, or altered except pursuant to an amendment agreed to by a majority of the Signatory Funds.
- (b) This Agreement shall be construed and enforced according to the laws of the District of Columbia to the extent not preempted by the Employee Retirement Income Security Act of 1974, as amended.

- (c) This Agreement shall supersede any existing agreements among Signatory Funds to the extent they conflict with terms of the Agreement and/or the applicable Addendum(s).
- (d) Neither the Sheet Metal Workers' International Association nor its officers, employees or agents shall in any way be responsible or liable for the payment of benefits, the transfer of monies, the accuracy of reports, or for any acts and omissions of any Signatory Fund; nor shall they have any financial or legal liability with regard to transactions between Funds pursuant to this Agreement or the administration of this Agreement.

IN WITNESS WHEREOF the undersigned Signatory Fund by the signatures of its duly authorized representative(s) hereby becomes a party to this Agreement and agrees to be bound by its terms and provisions. The Effective Date for the following shall be:

\_\_\_\_\_, 20\_\_\_\_\_.

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Authorized Representatives Signature

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Print First Name, Last Name, Position

ADDENDUM A (DEFINED BENEFIT PENSION FUND) TO THE  
SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION  
MASTER RECIPROCAL AGREEMENT

The Trustees of the \_\_\_\_\_ Fund ("Fund") agree as follows:

The Fund is a defined benefit pension plan that provides pension and ancillary benefits to participants who are covered by a collective bargaining agreement to which a Local Union of the Sheet Metal Workers' International Association is a party.

All terms in this Addendum shall have the same meaning as in the Sheet Metal Workers' International Association Master Reciprocal Agreement. When the Fund forwards Contributions under the Agreement and this Addendum, it acts as a Cooperating Fund, and is acting only in the capacity of a non-fiduciary custodian and/or transfer agent. The Contributions being forwarded are at all times assets of the Home Local Fund(s).

As soon practicable, after receipt of: (i) a written notice from the Local Union that maintains the Cooperating Fund(s) (the "Cooperating Local") that there is an employee from another Local Union's jurisdiction working under a collective bargaining agreement within the jurisdiction of the Cooperating Local, and (ii) defined benefit pension plan Contributions for hours of work performed by that employee, the Cooperating Fund will forward all those Contributions to the employee's respective Home Fund(s) together with a report showing, by employee, the hours for which the Contributions have been paid along with any other information, if any, upon which Contributions are based as follows:

1. If the employee is working under a collective bargaining agreement in the jurisdiction of the Cooperating Local, which only provides for Contributions to the Sheet Metal Workers' National Pension Fund ("NPF") and he/she does not participate in another Home Local Fund, then there will be no transfer of Contributions since the NPF is both the Cooperating Fund and the Home Local Fund.
2. If the employee is covered by a defined benefit pension plan in his/her Home Local and is not covered by the NPF, then the Cooperating Fund will transfer all Contributions to the Home Local Fund.
3. If the employee is working under a collective bargaining agreement in the jurisdiction of the Cooperating Local, which only provides for Contributions to a Home Local Fund other than the NPF and the employees Home Local Fund is the NPF and there is not other Home Local defined benefit pension Fund, then the Cooperating Fund will transfer all Contributions to the NPF.
4. If the Home Local's collective bargaining agreement provides for Contributions to the NPF and another Home Local Fund, then the Cooperating Fund (if not the same as the NPF) will forward the full amount of Contributions to the NPF, and the NPF (acting in the capacity of a Cooperating Fund) will forward the amount in excess of the NPF rate under the Home Local's

collective bargaining agreement to the Home Local Fund. In event that the amount in excess of the NPF rate is greater than the Home Local Fund's rate, the NPF will not forward such excess. Instead, the amount of the Contributions in excess of the Local Fund amount will be treated as having been made for work performed in covered employment under the NPF.

5. If the Home Local's collective bargaining agreement does not provide for contributions to the NPF or any other defined benefit fund, then all of the contributions shall be paid to the Home Local Fund that is a defined contribution Signatory Fund.

The sole method of terminating this Addendum is pursuant to the termination provisions in the Sheet Metal Workers International Association Master Agreement.

IN WITNES WHEREOF the undersigned Defined Benefit Fund by the signatures of its duly authorized representative(s) hereby becomes a party to this Addendum and agrees to be bound by its terms and provisions:

\_\_\_\_\_, 20\_\_\_\_\_.

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\_\_\_\_\_  
Authorized Representative

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\_\_\_\_\_  
Print First Name, Last Name, Position

**APPENDIX E TO THE SHEET METAL WORKERS' NATIONAL PENSION  
FUND'S PLAN DOCUMENT- Work for certain Employers Not Treated as  
Covered Employment**

Under Section 1.14 of the Plan Document, the term "Covered Employment" shall not include any work performed for the following Employers (or any of its predecessors, successors, assigns or affiliates) on or after the date listed in the following table:

Employer	Date
Cool Sheet Metal, Inc.	February 1, 2011
Metropolis Sheetmetal Contractors, Inc.	February 1, 2011

**APPENDIX F TO THE SHEET METAL WORKERS' NATIONAL PENSION FUND'S PLAN  
DOCUMENT – List of Eligible Providers/Programs Under Article 15**

Sheet Metal Workers'	4	Health Plan
Sheet Metal Workers'	7	Zone 3 Health Plan
Sheet Metal Workers'	10	Benefit Fund
Sheet Metal Workers'	12	Combined Funds
Sheet Metal Workers'	16	Health Trust
Sheet Metal Workers'	17	Trust Funds
Sheet Metal Workers'	20	Welfare & Benefit Fund
Sheet Metal Workers'	33	Tri-County Health Fund
Sheet Metal Workers'	33	Toledo Area Construction Workers
Sheet Metal Workers'	33	Cleveland Health Plan
Sheet Metal Workers'	33	Carpenters Health Fund of WV
Sheet Metal Workers'	33	Youngstown District Health Plan
Sheet Metal Workers'	46	Health & Welfare Plan
Sheet Metal Workers'	49	Family Health Plan
Sheet Metal Workers'	66	Allied Metal Crafts Security Plans Trust Fund
Sheet Metal Workers'	71	Industry Welfare Plan
Sheet Metal Workers'	80	Insurance Fund
Sheet Metal Workers'	83	Insurance Fund
Sheet Metal Workers'	91	Health Plan
Sheet Metal Workers'	100	Health Fund
Sheet Metal Workers'	100	(Baltimore) Health Plan
Sheet Metal Workers'	104	Health Care Plan
Sheet Metal Workers'	110	Welfare Fund
Sheet Metal Workers'	112	Southern Tier Building Trade
Sheet Metal Workers'	206	Health Benefit Trust
Sheet Metal Workers'	265	Health Plan
Sheet Metal Workers'	268	Health Plan
Sheet Metal Workers'	292	Health Fund
Sheet Metal Workers'	359	Arizona Health Plan
Sheet Metal Workers'		National Health Fund (SMW+ or MAPD)
Sheet Metal Workers'		Northwest Health Fund
Sheet Metal Workers'		Trust Fund of Southern CA, AZ, and NV
SMART/SMWIA		Staff Retiree Health Plan

Note: A provider or program listed herein and persons participating through the provider/program must continue to meet all current and future eligibility requirements found in the Plan Document.

**APPENDIX G TO THE SHEET METAL WORKERS' NATIONAL PENSION FUND'S PLAN  
DOCUMENT –Determining the Applicable Percentage for Plan Years beginning on and  
after January 1, 2014.**

See Excerpts On Pages That Follow

**SECTION 2: Actuarial Valuation Results as of January 1, 2013 for the Sheet Metal Workers' National Pension Fund**

For your information, the following chart shows the rate of return on an actuarial basis compared to the market value investment return for the last eighteen years, including three-year, five-year, ten-year and eighteen-year averages. However, actuarial planning is long term as the obligations of pension plans are expected to continue for the lifetime of its active and inactive participants.

As indicated below, the experience in the past few years has shown both higher and lower rates of return than the long-term assumption. Overall, interest rates have declined substantially in the current economic environment. Based upon this experience, the current asset allocation, and future expectations, we have maintained the assumed long-term rate of return of 7.50%. However, we will continue to monitor the plan's investment returns and may revise our assumed long-term rate of return in a future actuarial valuation, if warranted.

**CHART 17**

**Investment Return – Actuarial Value vs. Market Value: Years Ended December 31, 1995 - 2012**

Change in Asset Method			Actuarial Value Investment Return		Market Value Investment Return		Change in Asset Method			Actuarial Value Investment Return		Market Value Investment Return	
Year	Amount	Pct	Amount	Pct	Amount	Pct	Year	Amount	Pct	Amount	Pct	Amount	Pct
1995	--	--	\$163,234,797	8.55%	\$334,727,761	20.69%	2004	--	--	\$239,619,449	8.50%	\$298,949,842	11.55%
1996	--	--	170,828,792	8.52%	229,161,544	12.12%	2005	--	--	249,128,731	8.50%	201,693,098	7.31%
1997	--	--	168,993,853	8.62%	283,878,769	14.49%	2006	-\$106,644,214	-3.49%	153,183,390	5.01%	370,984,124	13.07%
1998	--	--	205,324,555	8.50%	314,421,636	13.04%	2007	--	--	235,073,194	7.57%	243,628,390	7.84%
1999	\$162,839,711	6.90%	363,401,597	15.40%	190,707,659	7.52%	2008	234,466,452	7.17%	-193,649,545	-5.93%	-905,604,097	-27.64%
2000	--	--	226,303,645	8.50%	3,560,195	0.13%	2009	--	--	463,585,989	15.45%	561,785,116	24.45%
2001	--	--	159,799,521	5.63%	-36,479,361	-1.39%	2010	--	--	209,948,846	6.25%	398,844,675	14.48%
2002	--	--	-154,706,918	-5.26%	-194,048,412	-7.69%	2011	--	--	122,036,155	3.52%	-52,598,539	-1.72%
2003	--	--	229,560,422	8.50%	458,228,754	20.44%	2012	--	--	243,627,164	6.95%	349,221,467	11.98%
							Total	\$290,661,949		\$3,255,293,637		\$3,051,062,621	
											<b>Most recent three-year average return:</b>	5.57%	<b>8.25%</b>
											Most recent five-year average return:	5.09%	2.46%
											Most recent ten-year average return:	6.25%	6.92%
											Eighteen-year average return:	6.47%	6.61%

Note: Each year's yield is weighted by the average asset value in that year. For average returns over five or more years, the average return calculation is weighted by the asset value.



**SECTION 2: Actuarial Valuation Results as of January 1, 2014 for the Sheet Metal Workers' National Pension Fund**

For your information, the following chart shows the rate of return on an actuarial basis compared to the market value investment return for the last nineteen years, including three-year, five-year, ten-year and nineteen-year averages. However, actuarial planning is long term as the obligations of pension plans are expected to continue for the lifetime of its active and inactive participants.

As indicated below, the experience in the past few years has shown both higher and lower rates of return than the long-term assumption. Overall, interest rates have declined substantially in the current economic environment. Based upon this experience, the current asset allocation, and future expectations, we have maintained the assumed long-term rate of return of 7.50%. However, we will continue to monitor the plan's investment returns and may revise our assumed long-term rate of return in a future actuarial valuation, if warranted.

**CHART 17**  
**Investment Return – Actuarial Value vs. Market Value: 1995 - 2013**

Year Ended December 31	Actuarial Value Investment Return*		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return*		Market Value Investment Return	
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
1995	\$163,234,797	8.55%	\$334,727,761	20.69%	2005	\$249,128,731	8.50%	\$201,693,098	7.31%
1996	170,828,792	8.52%	229,161,544	12.12%	2006	153,183,390	5.01%	370,984,124	13.07%
1997	168,993,853	8.62%	283,878,769	14.49%	2007	235,073,194	7.57%	243,628,390	7.84%
1998	205,324,555	8.50%	314,421,636	13.04%	2008	-193,649,545	-5.93%	-905,604,097	-27.64%
1999	363,401,597	15.40%	190,707,659	7.52%	2009	463,585,989	15.45%	561,785,116	24.45%
2000	226,303,645	8.50%	3,560,195	0.13%	2010	209,948,846	6.25%	398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%					
					Total	\$3,549,281,464		\$3,707,686,560	
					<b>Most recent three-year average return:</b>		6.15%		<b>10.27%</b>
					Most recent five-year average return:		7.84%		13.46%
					Most recent ten-year average return:		6.26%		7.38%
					Nineteen-year average return:		6.57%		7.53%

\*The actuarial returns for 1999, 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

Note: Each year's yield is weighted by the average asset value in that year. The average return for most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value.

Applicable Percentage for 2016 - 1.25%

**EXHIBIT G - INVESTMENT RETURN – ACTUARIAL VALUE VS. MARKET VALUE**

Year Ended December 31	Actuarial Value Investment Return*		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return*		Market Value Investment Return	
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
1995	\$163,234,797	8.55%	\$334,727,761	20.69%	2005	\$249,128,731	8.50%	\$201,693,098	7.31%
1996	170,828,792	8.52%	229,161,544	12.12%	2006	153,183,390	5.01%	370,984,124	13.07%
1997	168,993,853	8.62%	283,878,769	14.49%	2007	235,073,194	7.57%	243,628,390	7.84%
1998	205,324,555	8.50%	314,421,636	13.04%	2008	-193,649,545	-5.93%	-905,604,097	-27.64%
1999	363,401,597	15.40%	190,707,659	7.52%	2009	463,585,989	15.45%	561,785,116	24.45%
2000	226,303,645	8.50%	3,560,195	0.13%	2010	209,948,846	6.25%	398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
					Total	\$3,799,812,767		\$3,939,880,455	
<b>Most recent three-year average return:</b>							7.11%	<b>12.89%</b>	
<b>Most recent five-year average return:</b>							6.25%	10.09%	
<b>Most recent 10-year average return:</b>							6.09%	6.86%	
<b>20-year average return:</b>							6.56%	7.43%	

Note: Each year's yield is weighted by the average asset value in that year. The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value.

\* The actuarial value investment returns for 1999, 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

**EXHIBIT G - INVESTMENT RETURN – ACTUARIAL VALUE VS. MARKET VALUE**

Year Ended December 31	Actuarial Value Investment Return*		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return*		Market Value Investment Return	
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
1996	\$170,828,792	8.52%	\$229,161,544	12.12%	2006	\$153,183,390	5.01%	\$370,984,124	13.07%
1997	168,993,853	8.62%	283,878,769	14.49%	2007	235,073,194	7.57%	243,628,390	7.84%
1998	205,324,555	8.50%	314,421,636	13.04%	2008	-193,649,545	-5.93%	-905,604,097	-27.64%
1999	363,401,597	15.40%	190,707,659	7.52%	2009	463,585,989	15.45%	561,785,116	24.45%
2000	226,303,645	8.50%	3,560,195	0.13%	2010	209,948,846	6.25%	398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
2005	249,128,731	8.50%	201,693,098	7.31%	2015	163,972,601	3.97%	-16,599,604	-0.42%
					Total	\$3,800,550,571		\$3,588,553,090	
						<b>Most recent three-year average return:</b>		<b>6.12%</b>	<b>8.75%</b>
						<b>Most recent five-year average return:</b>		<b>5.74%</b>	<b>6.90%</b>
						<b>Most recent 10-year average return:</b>		<b>5.63%</b>	<b>5.89%</b>
						<b>20-year average return:</b>		<b>6.32%</b>	<b>6.48%</b>

Note: Each year's yield is weighted by the average asset value in that year. The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value.

\* The actuarial value investment returns for 1999, 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

**EXHIBIT G - INVESTMENT RETURN – ACTUARIAL VALUE VS. MARKET VALUE**

Year Ended December 31	Actuarial Value Investment Return <sup>1</sup>		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return <sup>1</sup>		Market Value Investment Return	
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
1997	\$168,993,853	8.62%	\$283,878,769	14.49%	2007	\$235,073,194	7.57%	\$243,628,390	7.84%
1998	205,324,555	8.50%	314,421,636	13.04%	2008	-193,649,545	-5.93%	-905,604,097	-27.64%
1999	363,401,597	15.40%	190,707,659	7.52%	2009	463,585,989	15.45%	561,785,116	24.45%
2000	226,303,645	8.50%	3,560,195	0.13%	2010	209,948,846	6.25%	398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
2005	249,128,731	8.50%	201,693,098	7.31%	2015	163,972,601	3.97%	-16,599,604	-0.42%
2006	153,183,390	5.01%	370,984,124	13.07%	2016	224,011,197	5.20%	321,747,587	8.08%
					Total	\$3,853,732,976		\$3,681,139,133	
							<b>5.19%</b>		<b>4.59%</b>
							<b>6.02%</b>		<b>8.63%</b>
							<b>5.63%</b>		<b>5.53%</b>
							<b>6.17%</b>		<b>6.40%</b>

Note: The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value.

<sup>1</sup> The actuarial value investment returns for 1999, 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

**EXHIBIT G - INVESTMENT RETURN – ACTUARIAL VALUE VS. MARKET VALUE**

Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent <sup>1</sup>	Amount	Percent		Amount	Percent <sup>1</sup>	Amount	Percent
1998	\$205,324,555	8.50%	\$314,421,636	13.04%	2008	-\$193,649,545	-5.93%	-\$905,604,097	-27.64%
1999	363,401,597	15.40%	190,707,659	7.52%	2009	463,585,989	15.45%	561,785,116	24.45%
2000	226,303,645	8.50%	3,560,195	0.13%	2010	209,948,846	6.25%	398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
2005	249,128,731	8.50%	201,693,098	7.31%	2015	163,972,601	3.97%	-16,599,604	-0.42%
2006	153,183,390	5.01%	370,984,124	13.07%	2016	224,011,197	5.20%	321,747,587	8.08%
2007	235,073,194	7.57%	243,628,390	7.84%	2017	282,315,215	6.18%	612,744,159	14.11%
					Total	\$3,967,054,338		\$4,010,004,523	
			<b>Most recent three-year average return:</b>				<b>5.12%</b>		<b>7.26%</b>
			<b>Most recent five-year average return:</b>				<b>5.90%</b>		<b>9.36%</b>
			<b>Most recent ten-year average return:</b>				<b>5.54%</b>		<b>6.42%</b>
			<b>20-year average return:</b>				<b>6.10%</b>		<b>6.70%</b>

Note: The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value.

<sup>1</sup> The actuarial value investment returns for 1999, 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

Applicable Percentage for 2020 -- 0.5%

**INVESTMENT RETURN – ACTUARIAL VALUE VS. MARKET VALUE**

Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent <sup>1</sup>	Amount	Percent		Amount	Percent <sup>1</sup>	Amount	Percent
1999	\$363,401,597	15.40%	\$190,707,659	7.52%	2009	\$463,585,989	15.45%	\$561,785,116	24.45%
2000	226,303,645	8.50%	3,560,195	0.13%	2010	209,948,846	6.25%	398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
2005	249,128,731	8.50%	201,693,098	7.31%	2015	163,972,601	3.97%	-16,599,604	-0.42%
2006	153,183,390	5.01%	370,984,124	13.07%	2016	224,011,197	5.20%	321,747,587	8.08%
2007	235,073,194	7.57%	243,628,390	7.84%	2017	282,315,215	6.18%	612,744,159	14.11%
2008	-193,649,545	-5.93%	-905,604,097	-27.64%	2018	248,449,888	5.05%	-206,944,589	-4.12%
					Total	\$4,010,179,671		\$3,488,638,298	
							<b>5.48%</b>		<b>6.02%</b>
							<b>5.35%</b>		<b>4.46%</b>
							<b>6.44%</b>		<b>8.08%</b>
							<b>5.94%</b>		<b>5.58%</b>

Note: The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value.

<sup>1</sup> The actuarial value investment returns for 1999, 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

Section 3: Certificate of Actuarial Valuation

Investment Return – Actuarial Value vs. Market Value

Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
2000	\$226,303,645	8.50%	\$3,560,195	0.13%	2010	\$209,948,846	6.25%	\$398,844,675	14.48%
2001	159,799,521	5.63%	-36,479,361	-1.39%	2011	122,036,155	3.52%	-52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
2005	249,128,731	8.50%	201,693,098	7.31%	2015	163,972,601	3.97%	-16,599,604	-0.42%
2006	153,183,390	5.01%	370,984,124	13.07%	2016	224,011,197	5.20%	321,747,587	8.08%
2007	235,073,194	7.57%	243,628,390	7.84%	2017	282,315,215	6.18%	612,744,159	14.11%
2008	-193,649,545	-5.93%	-905,604,097	-27.64%	2018	248,449,888	5.05%	-206,944,589	-4.12%
2009	463,585,989	15.45%	561,785,116	24.45%	2019	344,403,681	6.56%	841,807,966	17.18%
<b>Total</b>						<b>\$3,991,181,755</b>		<b>\$4,139,738,605</b>	
							<b>Most recent three-year average return:</b>	<b>5.94%</b>	<b>9.06%</b>
							<b>Most recent five-year average return:</b>	<b>5.45%</b>	<b>6.98%</b>
							<b>Most recent ten-year average return:</b>	<b>5.80%</b>	<b>8.27%</b>
							<b>20-year average return:</b>	<b>5.67%</b>	<b>6.38%</b>

Note The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value. The actuarial value investment returns for 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.

Applicable Percentage for 2022 -- 0.75%

## Investment Return – Actuarial Value vs. Market Value

Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return		Year Ended December 31	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
2001	\$159,799,521	5.63%	-\$36,479,361	-1.39%	2011	\$122,036,155	3.52%	-\$52,598,539	-1.72%
2002	-154,706,918	-5.26%	-194,048,412	-7.69%	2012	243,627,164	6.95%	349,221,467	11.98%
2003	229,560,422	8.50%	458,228,754	20.44%	2013	293,987,827	7.99%	656,623,939	20.56%
2004	239,619,449	8.50%	298,949,842	11.55%	2014	250,531,303	6.40%	232,193,895	6.12%
2005	249,128,731	8.50%	201,693,098	7.31%	2015	163,972,601	3.97%	-16,599,604	-0.42%
2006	153,183,390	5.01%	370,984,124	13.07%	2016	224,011,197	5.20%	321,747,587	8.08%
2007	235,073,194	7.57%	243,628,390	7.84%	2017	282,315,215	6.18%	612,744,159	14.11%
2008	-193,649,545	-5.93%	-905,604,097	-27.64%	2018	248,449,888	5.05%	-206,944,589	-4.12%
2009	463,585,989	15.45%	561,785,116	24.45%	2019	344,403,681	6.56%	841,807,966	17.18%
2010	209,948,846	6.25%	398,844,675	14.48%	2020	521,888,422	9.25%	671,534,081	11.60%
<b>Total</b>						<b>\$4,286,766,532</b>		<b>\$4,807,712,491</b>	
						<b>Most recent three-year average return:</b>	<b>6.95%</b>		<b>8.22%</b>
						<b>Most recent five-year average return:</b>	<b>6.57%</b>		<b>9.32%</b>
						<b>Most recent ten-year average return:</b>	<b>6.21%</b>		<b>8.32%</b>
						<b>20-year average return:</b>	<b>5.84%</b>		<b>7.07%</b>

Note The average return for the most recent three years is the arithmetic average of the returns. For average returns over five or more years, the average return is weighted by the asset value. The actuarial value investment returns for 2006 and 2008 include the effect of a change in the method for determining the actuarial value of assets.



**APPENDIX PR**  
**SPECIAL PROVISIONS RELATED TO**  
**PUERTO RICO PARTICIPANTS**

**PR-1. Purpose and Effect.** The purpose of this Appendix PR is to amend the Sheet Metal Workers' National Pension Fund (the "Plan") to comply with the requirements for qualification and tax-exemption under Sections 1165(a) and 1165(e) of the Puerto Rico Internal Revenue Code of 1994, as amended (the "94 PR Code"), and Sections 1081.01(a) and 1081.01(d) of the Puerto Rico Internal Revenue Code of 2011, as amended (the "2011 PR Code" and together with the 94 PR Code, the "PR Code"), and any subsequent legislation that modifies or supersedes the foregoing. With respect to any Participant who (i) is a bona-fide resident of the Commonwealth of Puerto Rico, or (ii) performs labor or services primarily within the Commonwealth of Puerto Rico, regardless of residence for other purposes ("Puerto Rico Participant(s)" or "Puerto Rico Employee(s)"), the following provisions shall also apply and, to the extent that these provisions conflict with other provisions of the Plan, the rules in this Appendix PR shall control solely for purposes of complying with the PR Code for such Puerto Rico Participants. The only provisions included in this Appendix PR are those that differ from provisions otherwise contained in the Plan. To the extent not otherwise provided in this Appendix PR, the general provisions of the Plan shall govern. Any capitalized terms utilized, but not defined, in this Appendix PR shall have the same meaning as set forth under the Plan.

**PR-2. Puerto Rico Highly-Compensated Employee.** For purposes of this Appendix PR for Plan Years beginning before January 1, 2011, the term "Puerto Rico Highly Compensated Employee" means any Puerto Rico Employee who is more highly compensated than two-thirds (2/3) of all eligible Employees who are permanent residents of Puerto Rico, taking into account compensation as prescribed by the Secretary of the Treasury of Puerto Rico for purposes of determining a Puerto Rico Participant's actual deferral percentage. To the extent that there are too few employees to determine two-thirds (2/3) as a whole number, the Plan will be treated as if there are no Puerto Rico Highly Compensated Employees.

For Plan Years beginning on or after January 1, 2011, the term "Puerto Rico Highly Compensated Employee" means any Puerto Rico Employee who: (a) is an officer of an Employer; (b) received compensation during the prior Plan Year from the Employer in excess of \$110,000 or such other amount in effect under Section 414(q)(1)(B) of the Code and Section 1081.01(d)(3)(E)(iii) of the 2011 PR Code, as such may be amended or substituted from time to time; or (c) meets such other additional or substitute definition required or permitted under the PR Code to be deemed an Highly Compensated Employee.

**PR-3. Annual Contribution and Deduction Limitation.** The total contributions by an Employer to the Plan in any Plan Year with respect to a Puerto Rico Participant shall not exceed the limitations contained in Section 1023(n) of the 94 PR Code or Section 1033.09 of the 2011 PR Code, as applicable, or as otherwise provided or permitted under the PR Code.

**PR-4. Limitation of Annual Benefits.** In addition to any other limits set forth in the Plan and notwithstanding any other provisions of the Plan to the contrary, effective for Plan Years beginning on or after January 1, 2012, the amount of annual benefits with respect to a Puerto Rico Participant, when expressed as a straight life annuity with no ancillary benefits under the Plan shall not exceed the lesser of: (i) 100% of the Puerto Rico Participant's average annual compensation for the period of consecutive calendar years (not more than three (3)) during which the compensation paid by the Employer was highest; or (ii) the limit established under Section 415(b) of the Code, as specified under Section 1081.01(a)(11)(A) of the 2011 PR Code, as adjusted from time to time. In order to comply with this limitation, all applicable benefits under other qualified defined benefit plans maintained by an Employer shall be aggregated and shall be considered as a single plan. To the extent permitted under regulations to be issued under the PR Code, this limitation shall be administered similarly to the limitation under Section 415 of the Code, as described in Section 8.11 of the Plan.

**PR-5. Compensation.** For purposes of determining the Compensation of a Puerto Rico Participant for Plan Years prior to January 1, 2012, Compensation shall include, to the extent not otherwise included, Compensation reduction amounts under any cash or deferred arrangement under 94 PR Code Section 1165(e) or under Section 1081.01(d) of the 2011 PR Code.

Effective for Plan Years beginning on or after January 1, 2012, for purposes of determining contributions or benefits under the Plan, nondiscrimination testing and limits on benefits and contributions, if any, and as applicable, Compensation for any Puerto Rico Participant for any Plan Year shall not exceed the applicable limitation under Section 401(a)(17) of the Code as described in Section 1.07(a) of the Plan and as specified in Section 1081.01(a)(12) of the 2011 PR Code.

**PR-6. Affiliate with respect to Puerto Rico Participants:** Means, effective for Plan Years beginning on or after January 1, 2012, any corporation, partnership or other person: (a) that is a member of a "controlled group of corporations" as described in Section 1010.04 of the 2011 PR Code; (b) that is a member of a "group of related entities" as described in Section 1010.05 of the 2011 PR Code; (iii) that is a member of an "affiliated service group" as described under Section 1081.01(a)(14)(B) of the 2011 PR Code; or (iv) that is under "common control" as defined by the Puerto Rico Secretary of Treasury; and that has Employees that are bona fide residents of Puerto Rico, as this may be further defined by regulations promulgated under the 2011 PR Code. For purposes of applying annual limits, nondiscrimination, and coverage testing under the Plan with respect to Puerto Rico Participants, or as otherwise required under the 2011 PR Code, all references to an Employer shall include any Affiliates as described herein.

**PR-7. Rollovers.** A Puerto Rico Participant may transfer a lump sum distribution from the Plan in whole or in part to another tax qualified plan or individual retirement account, subject to the following rules, and subject to the eligible rollover distribution rules under the Plan. If all or a portion of a Puerto Rico

Participant's benefit is to be distributed in the form of a direct rollover distribution, such direct rollover distribution may only be made for an amount equal to the Puerto Rico Participant's account balance to a Puerto Rico Eligible Retirement Plan that is also qualified under Code Section 401(a), and, effective for Plan Years beginning on or after January 1, 2011, in compliance with Section 1081.01(b)(2)(A) of the 2011 PR Code. For purposes of this paragraph, the term 'Puerto Rico Eligible Retirement Plan' shall mean a qualified plan and trust as described in 94 PR Code Section 1165(a) and/or 2011 PR Code Section 1081.01(a), as applicable.

**PR-8. Return of Contributions.** To the extent permitted by ERISA, the Code and the PR Code, if the Puerto Rico Department of Treasury, on timely application made after the establishment of the Plan, determines that the Plan is not qualified under Sections 1165(a) and 1165(e) of the 94 PR Code or Sections 1081.01(a) and 1081.01(d) of the 2011 PR Code, or refuses, in writing, to issue a determination as to whether the Plan is so qualified, the Employer's contributions made on or after the date on which that determination or refusal is applicable with respect to Puerto Rico Participants shall be returned to the Employer. The return shall be made within one (1) year after the denial of qualification. The provisions of this paragraph shall apply only if the application for the determination is made by the time prescribed by law for filing the Employer's return for the taxable year in which the Plan was adopted, or such later date as the Secretary of the Treasury may prescribe.

To the extent permitted by ERISA, the Code and the PR Code, each contribution made by an Employer to the Plan to satisfy the funding requirements for benefits of Puerto Rico Participants is intended to be deductible under the PR Code for the taxable year for which contributed. If the Puerto Rico Department of Treasury disallows the deduction or if the contribution was made by a mistake of fact, to the extent permissible under ERISA and the Code, such contribution may be returned to the Employer within one (1) year after the disallowance of the deduction or after the mistaken contribution, respectively.

**PR-9. Payment of Contributions.** Contributions made by an Employer to the Plan with respect to a Puerto Rico Participant shall be paid to the Trustee by the date due under the collective bargaining agreement, but in no event later than the due date for filing the Employer's Puerto Rico income tax return for the taxable year in which such payroll period falls, including any extension thereof.

**PR-10. Merger or Consolidation of the Plan.** Solely with respect to the Puerto Rico Participants, any merger or consolidation of the Plan with or into, or transfer in whole or in part of the assets and liabilities of the Plan to another trust, will be limited to the extent such other plan and trust are qualified under Sections 1081.01(a) and 1081.01(b) of the 2011 PR Code, as applicable.

**PR-11. Special Taxation of Lump Sum Distributions.** In the case of a lump sum distribution, if (i) the Plan's trust is organized under the laws of the Commonwealth of Puerto Rico, or has a trustee that is a resident of Puerto Rico and

uses said trustee as paying agent; and (ii) the Plan complies with a certain Puerto Rico investment rule under Section 1081.01(b)(1)(B) of the 2011 PR Code, then the amount of such lump sum distribution in excess of amounts contributed by the Participant that has already been subject to taxation shall be considered as a long-term capital gain subject to withholding as provided in said Section 1081.01(b)(1)(B).

**PR-12. Applicable Law.** Except as otherwise required by ERISA or the Code, the provisions of this Appendix PR shall be construed, enforced and administered according to the laws of the Commonwealth of Puerto Rico.

**PR-13. Right to Amend.** In addition to the provisions under Section 14.01 of the Plan, the Trustees reserve the right to amend the Plan, including this Appendix PR, to ensure the continued qualification of the Plan under the 2011 PR Code.

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