

## **Unemployment and Your NPF Benefit**

**August 2010**

Based on information from Locals and Employers, unemployment in the Sheet Metal Industry is running between 20 to 40% in most areas. For Participants facing unemployment, we understand the immediate need to work; however, depending on your retirement goals it is important to understand how unemployment could affect your retirement. Here are six important points to consider.

### ***1. I am currently unemployed, am I eligible to draw a pension?***

To qualify for a pension, a Participant must attain Vested Status. What this means is that he/she has worked in Covered Employment and meets the minimum service requirements for a pension. In order to attain Vested Status, the NPF currently requires that a Participant work a minimum of 870-Hours in Covered Employment (referred to as a Year of Service) for five calendar years. Once you meet this minimum requirement, you are eligible for a pension once you attain Normal Retirement Age (65). If you have earned a minimum of 10 Years of Service, you may qualify for an early retirement pension once you attain age 55 provided you have not been classified as a person for whom contributions are not required to be made. (See below for more information)

### ***2. What if I am not vested, can I lose my Pension Credit while unemployed?***

Yes; however, it does not happen immediately. Under the Plan, if you remain out of work and earn less than 435-Hours in Covered Employment for **five** consecutive years you will incur a Permanent Break in Service. If this were to occur, you would lose all NPF Pension Credit.

### ***3. I am vested but plan to stop working in Union sheet metal. How does this affect my pension?***

As explained above, if you are vested you will qualify for pension once you attain Normal Retirement Age (65) provided you are not working in Disqualifying Employment. If you have earned a minimum of 10 Years of Service, you may qualify for an early retirement pension provided you are not classified as a person for whom contributions are not required to be made under the Rehabilitation Plan. A Participant will be in this category if the following conditions are met:

- last worked in Construction Work, and

- was previously classified in this category under the Rehabilitation Plan as amended through 2008<sup>1</sup>; or
- worked less than 435-Hours of Work in Covered Employment and have not worked in any Covered Employment in the following year.

**4. Are you saying that because I can't get work right now that I will never be able to retire before age 65?**

No, under the Rehabilitation Plan if you are classified as a person for whom no contributions are required to be made, and you return to work in Covered Employment and complete at least one Year of Service (870-Hours of Work in Covered Employment in a calendar year), then you will again be eligible for an early retirement pension, assuming you meet all other requirements. In addition, it is important to remember that the NPF has approximately 85 participating local unions, so although work may not be available in your Local Union, work in another NPF participating Local Union for a Contributing Employer is Covered Employment.

**5. I am not sure I understand. I work in Construction Work and in 2009; I worked 400 hours and have not been employed at all in 2010. Are you saying that I cannot retire next year when I turn 55?**

That is correct. Under the Rehabilitation Plan, because you worked less than 435-Hours in Covered Employment within a calendar year, followed by a year in which you did not work at all, you no longer qualify for an early retirement pension *unless* you return to work as described above. Federal law requires an allowance for funding the benefits of participants for whom contributions are not currently required to be made. The law requires that this allowance reduce benefits to the extent permitted under law and considered appropriate based on the Fund's current overall funding status.

**6. I work every year; however, lately work has been hard to find and so I don't have many hours – should I be concerned?**

Maybe, if you are working under the Alternative Schedule and hope to retire on either a Special Early Retirement Pension or a 55/30 Pension you must work a minimum of 3,500 hours in Covered Employment within the five calendar years before your effective date of pension. If you do not meet this requirement, your pension will be subject to a 6% per year age reduction for each year you retire before age 65.

Planning for retirement in tough times is a challenge and we hope this information is helpful. If you have any questions concerning your retirement planning, please contact [info@smwnpf.org](mailto:info@smwnpf.org).

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<sup>1</sup> A Participant was classified in this category if he did not work in Covered Employment in 2007 or 2008.