

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

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);

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<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.

**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

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 January 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 -

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<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.

