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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.

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).

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) (8) (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.

## **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.

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\*This 12-consecutive month period runs from November 1st through October 31st of the preceding year.

Chart 1

True Actuarial Equivalent Early Retirement Reduction Factors (From Normal Retirement Age 65)

--- and months ---

| <b>Age<br/>Years</b> | <b>0</b> | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> | <b>6</b> | <b>7</b> | <b>8</b> | <b>9</b> | <b>10</b> | <b>11</b> |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| 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

End of Default Schedule