

NPF COLA Benefit Increases and the Pension Protect Act

The **NPF COLA Benefit** provided an annual benefit increase to **eligible retirees**. To be eligible, a retiree had to retire on or after January 1, 1991 from a Local Union that increased its hourly NPF contribution rate from 12¢ per increment to the 13¢ per increment. Most Locals made these increases in the 1991 through 1993 time period. If you retired before January 1, 1991, you have not been eligible for the NPF COLA.

The amount of the increase has been equal to 2% of a retiree's annual pension benefit (limited to the amount accrued through June 30, 1995), times the number of full years (**UP TO 15**) that a retiree has drawn an NPF pension. The annual increases have been scheduled to take effect on October 31 and be paid in December of each year; however, as result of the Pension Protection Act of 2006 ("PPA") significant changes are slated to begin in 2008.

As reported previously, NPF anticipates that the actuary will certify, for purposes of the PPA, that the NPF is in Critical Status for 2008 calendar year. Once in Critical Status, the PPA requires the Trustees to issue a Rehabilitation Plan, which must include one or more Schedules of benefit adjustments and/or required contribution increases for adoption by the bargaining parties. The Rehabilitation Plan and Schedules should enable NPF to emerge from Critical Status at the end of a 10-year Rehabilitation Period. The PPA also requires that the Schedules given to the bargaining parties make an allowance for those participants that do not have NPF contributions made on their behalf, such as retirees. Specifically, the Schedules must reduce their benefits

to the extent permitted under the law and considered appropriate by the Trustees based on the NPF's overall funded status.

Under the PPA, any benefit increase, **such as the annual NPF COLA Benefit increase**, which was made less than 5 years before the NPF enters Critical Status, may be reduced or eliminated.* Because the NPF anticipates that it will be in Critical Status for 2008, any NPF COLA increase is subject to elimination or reduction if the increase was not made more than 5 years **before** January 1, 2008.

NPF COLA Benefit Adjustments Expected in 2008

- If you are retired now but did not receive any NPF COLA in 2002 (more than 5 years from January 1, 2008) you will **not** receive any NPF COLA Benefit increases after 2007, even if you received an NPF COLA after 2002.
- New retirees will not receive any NPF COLA (because only NPF COLA Benefit increases made before 2003 are preserved)
- If you received an NPF COLA Benefit in 2002, your NPF COLA Benefit increase will be rolled back to the amount of the increase you received in 2002.
- A spouse receiving Husband and Wife Survivor Benefit will receive an NPF COLA Benefit only if the pensioner was retired on or before November 2001, but the NPF COLA Benefit increase will be reduced to the 2002 level. If your spouse retired on or after December 1, 2001 you will no longer receive a COLA after 2007.

If you have further questions, contact the Fund at info@smwnpf.org, or write the Fund at 601 North Fairfax Street, Suite 500, Alexandria, VA 22314, or call the Pension Benefit Department at 1.800.231.4622.

* NOTE: The annual NPF COLA Benefit increases are an exception to the general rule that normal retirement benefits (i.e., benefits payable at age 65) and benefits of participants who retired before a plan was determined to be in Critical Status may not be adjusted.