



Sheet Metal Workers' National Pension Fund
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Notice of Reduction in Adjustable Benefits for Persons for whom Employer Contributions are not currently Required to be Made

November 3, 2009

Introduction

As you know from previous communications, the Sheet Metal Workers' National Pension Fund (NPF or Fund) is in "critical status" for the 2009 Plan Year for purposes of ERISA. ERISA is the federal law that governs pension plans like the NPF. As required by ERISA, the Board of Trustees adopted a Rehabilitation Plan in 2008 and amended the Rehabilitation Plan in 2009; which combines benefit reductions and contribution increases that are intended to enable NPF to emerge from critical status within a 13-year Rehabilitation Period. The benefit reductions include "adjustable benefits" as defined in ERISA. For copies of previous communications, the Rehabilitation Plan and Schedules, and other information, go to NPF's website www.smwnpf.org and click on the Pension Protection Act section, or contact NPF at info@smwnpf.org or 601 N. Fairfax St., Suite 500, Alexandria, VA 22314, 1-800-231-4622.

The Rehabilitation Plan includes two Schedules, the Alternative and the Default Schedules, as amended from time-to-time. In formulating Schedules, ERISA requires an allowance for Participants "with respect to whom contributions are not currently required to be made." Specifically, ERISA requires the Trustees to reduce those Participants' adjustable benefits "to the extent permitted by law and considered appropriate based on the NPF's current overall funding status." The purpose of this communication is to give you 30-days notice that your benefits will be reduced as described below¹. These adjustments are in addition to any adjustments that were made previously.

We are sending this Notice to you because Fund records show that you are a Participant, or an Alternate Payee, of a Participant for "whom contributions are not currently required to be made," and you are not receiving pension benefits from the NPF. Under the NPF's Rehabilitation Plan, you are a "Participant (or an Alternate Payee of a Participant) for whom contributions are not currently required to be made" for purposes of the benefit adjustments described below because our records indicate that you meet the following criteria:

¹ When used in this notice, "your" and "you" refers to the Participant to whom this Notice is addressed, as well as any Alternate Payee of that Participant.

- You last worked in Construction Work, and
- you were previously classified in this category under the Rehabilitation Plan as amended through 2008²; or
- NPF records show that you worked less than 435-Hours of Work in Covered Employment in 2008 and have not worked in Covered Employment during 2009.

Exceptions: You are **NOT** classified in this category if you meet any of the following conditions:

- are working for a Contributing Employer in non-covered service or working for an organization that provides Union authorized training;
- are retired under another multiemployer defined benefit plan that is a party to the International Reciprocal Agreement for Sheet Metal Workers' Pension Funds and have not engaged in Disqualifying Employment since your retirement; or
- are working in Covered Employment at the time you became disabled as verified by the U.S. Social Security Administration or Railroad Retirement Board, and you were eligible to receive Social Security or Railroad Retirement Disability Insurance benefits.

Pensioners are also Participants "with respect to whom contributions are not currently required to be made," but their "adjustable benefits" will not be reduced to the extent described below. If you do not believe that this Notice applies to you, please write to the Fund Office at the address in the letterhead (you can call but we will need to receive written information on, among other things, your work history).

With one exception, the benefit reductions described below will not reduce the level of your accrued benefit payable at Normal Retirement Age (age 65). The one exception applies to any benefit increases that did not take effect more than 60 months before January 1, 2008. Therefore, as you have been advised in earlier communications, any scheduled increase that was to take effect in the future, such as the NPF COLA Benefit, will be subject to reduction, even though it has the effect of reducing the level of your accrued benefit payable at Normal Retirement Age.

These changes apply to persons described above who retire under the NPF on or after January 1, 2010

Elimination of Early Retirement Pension(s)

In most pension funds, like NPF, the Normal Retirement Age ("NRA") is 65. If a Participant retires before NRA, his/her pension is actuarially reduced to take into account the fact that benefits will be paid for a longer period. For Effective Dates of pension on or after January 2010, a Participant described in this Notice will no longer qualify for any early retirement pension under the NPF. Therefore, the earliest a Participant will qualify for pension will be at age 65.

Until modified in 2009, a Participant described in this Notice was eligible for an early retirement pension provided he had attained age 55 and met other service requirements. The amount of this benefit

² A Participant was classified in this category if he/she did not work in Covered Employment in 2007 or 2008.

represented the actuarial equivalent of his/her monthly pension benefit payable at NRA, based on actual age at retirement.

EXAMPLE – Suppose this notice covers Al. He is 55 years old. Suppose further that he would receive \$1,000 a month if he retired under the NPF at NRA. Before the 2009 changes, if Al had retired at age 55 on an unsubsidized early retirement pension, his monthly pension benefit would have been reduced by 63.41%, to \$366. However, because of the changes in the Rehabilitation Plan, he is no longer entitled to this benefit and must wait until he reaches NRA (that is, age 65).

Other Changes to Benefits, Rights and Features under the Fund’s Plan Document

For Participants described in this Notice, the Rehabilitation Plan eliminates a Full Disability Benefit unless all eligibility conditions have been satisfied before January 1, 2010.

EXAMPLE - Suppose this notice covers Karl. Because he is under age 55 and has been awarded Social Security Disability Insurance from the U.S. Social Security Administration he could have qualified for an unsubsidized early retirement pension as if he were age 55. In this example, let us say that Karl’s Normal Retirement Benefit was \$2,500 per month. Based on this amount, Karl would have qualified for a Full Disability Benefit of \$915. However, because of this change in the Rehabilitation Plan, he is no longer entitled to this benefit and must wait until he is NRA to draw a benefit.

Note, there is a limited exception that may allow a Participant covered by this notice to qualify for a disability benefit if she/he was working in Covered Employment at the time she/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.

For Participants described in this Notice, the Rehabilitation Plan also eliminates the 60 Certain Payments option found in the Plan Document for retirements occurring on or after January 1, 2010. This form of payment requires that an eligible Participant earn a minimum of 15 years of Pension Credit and elects either a Lifetime Pension or a 50% joint and survivor annuity benefit. If elected, a Participant was guaranteed that in the event he were to die (under a Lifetime Pension) or both he and his spouse (under a 50% joint and survivor annuity benefit) before receiving 60 payments, any remaining payments would be paid to his designated beneficiary until 60 monthly payments had been made.

EXAMPLE - Suppose this notice covers Bob. Since Bob has earned a minimum of 15 years of Pension Credit both the Lifetime Pension and 50% joint and survivor option include a 60 Certain Payment option. Let’s say that Bob elects a 50% joint and survivor option and dies having only received 12 pension payments. Under this option, his spouse would be entitled to 50% of his amount for the rest of her life. However, in this example, Bob’s spouse dies 6 months later. Prior to this change, his beneficiaries would have been guaranteed the remaining guarantee under the 60 Certain Payment Option. This guarantee is no longer available for pensions with

an Effective Date on or after January 1, 2010. In this example, all payments would stop once Bob's spouse dies.

For Participants described in this Notice, the Rehabilitation Plan also eliminates the reversion feature (also referred to as the "pop-up") found in the Plan Document for retirements occurring on or after January 1, 2010. This adjustable benefit increases a retiree's monthly payment to the Lifetime Pension in the event he elected a joint and survivor annuity option and his spouse pre-deceases him in retirement.

EXAMPLE - Suppose this notice covers Rick. Rick retires on January 1, 2010 and is offered a Lifetime Benefit of \$1,854 per month; however, he elects a joint and survivor annuity of \$1,669, which guarantees a benefit to his spouse upon his death. In this example, Rick's spouse predeceases him several years later. Prior to this change, Rick's pension would increase to the \$1,854 the month following his spouse's death. This benefit is no longer available for pensions, which are effective on or after January 1, 2010. In this example, Rick will continue to receive \$1,669 per month for his lifetime.

Ending Status as a Person for Whom No Contributions Were Required to be Made

If a Participant covered by this notice, returns to work in Covered Employment and completes one (1) Year of Service (870-Hours of Work in Covered Employment in a Plan Year) under a Schedule, his benefits will be re-adjusted in accordance with that Schedule. It is important to remember that should a Participant earn a Year of Service, his/her benefit will remain subject to all applicable rules in the Plan and Schedules including but not limited to those relating to eligibility for benefits, early retirement delays, and minimum hours requirements. This provision generally does not apply to a Retiree who returns to work.

Information on a Participants Rights and Remedies

Federal law requires that this Notice contain information as to the rights and remedies of Participants and beneficiaries. As a Fund Participant, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all Participants have certain rights, including the following--

Receive Information about the Pension Fund and Benefits

You have the right to:

Examine, without charge, at the Fund Office all documents governing NPF. These include the Rehabilitation Plan and Schedules, previous notices issued in connection with the Rehabilitation Plan, the Plan Document and Summary Plan Description, the Annual Funding Notice, periodic actuarial reports and other financial information and summaries, Collective Bargaining Agreements, any application for extension of amortization periods to the Secretary of Treasury and the Secretary's determination on that application, and a copy of the latest annual report (Form 5500 Series) filed by NPF with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security

Administration (EBSA) of the U.S. Department of Labor 200 Constitution Avenue, NW, Suite N-1513, Washington, DC 20210, 202.693.8673. The Fund's address is listed below.

Obtain, upon written request to the Board of Trustees, copies of documents governing the NPF's operation. These include the Rehabilitation Plan and Schedules, all previous notices issued in connection with the Rehabilitation Plan, the Plan Document and Summary Plan Description, the Annual Funding Notice, periodic actuarial reports, and other financial reports, information and summaries, Collective Bargaining Agreements, the latest annual report (Form 5500 Series), any application for extension of amortization periods to the Secretary of Treasury and the Secretary's determination on that application. There may be a reasonable charge for copies.

Receive the Annual Funding Notice. This notice provides information regarding the Fund's funding levels, assets and liabilities, number of participants and a description of the benefits eligible to be guaranteed by the PBGC and an explanation of the limits on the PBGC guarantee and other information.

Obtain at no charge, a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so, an estimate of benefits at Normal Retirement Age if you stop working under NPF now. If you do not have a right to a pension, the statement will provide an explanation as to the determination. A written request for a statement must be made and the Fund need only provide one statement every 12 months.

Obtain at least once every 3 years, a pension benefit statement showing your nonforfeitable accrued benefit provided that you are employed by the employer maintaining the plan at the time the statement is to be furnished. You may also obtain such a statement upon written request.

Note also that if you have a filed an application for vesting information with the Fund Office, you can get an estimate of your benefit at Normal Retirement Age by going to the NPF website www.smwnpf.org and click on "About You" section.

For documents and statements, write to: Board of Trustees c/o Marc LeBlanc, Fund Administrator, Sheet Metal Workers' National Pension Fund, 601 North Fairfax St., Suite 500, Alexandria, VA 22314.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for participants, ERISA imposes duties upon the people who are responsible for the operation of the Pension Fund. The people who operate your plan, called "fiduciaries," have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If you make a claim for a pension benefit that is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of documents or the latest annual report from the Fund and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator (Board of Trustees) to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits, which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor (DOL), or you may file suit in a federal court.

If you wish to seek assistance from the DOL, you should contact the DOL's Employee Benefits Security Administration ("EBSA"), which maintains regional and district offices covering your state or territory. You may obtain the contact information for the closest EBSA office (or receive other assistance) by calling, their toll free Hotline at 1-866-444-EBSA [3272] (Text Telephone: 1-877-889-5627). You can also obtain information on the EBSA's website at www.askebsa.dol.gov. Additionally, your local telephone or government directory may list the EBSA office nearest to your residence. If you contact the DOL, it may be helpful if you have NPF's Employee Identification, Number 52 6112463 and its Plan Number 001.

If you choose to file suit in a federal court, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about NPF, please contact the Board of Trustees at the address above.