

Memorandum Concerning the Sample Addendum Collective Bargaining Agreement Language from the Sheet Metal Workers National Pension Fund

You may have already received the attached copy of the broadcast fax from the Sheet Metal Workers National Pension Fund, concerning a sample addendum providing for the adoption of the Alternative Schedule of Benefits. The suggested addendum will satisfy the requirements of the trustees concerning the adoption of a Schedule of Benefits, and will avoid the imposition of a surcharge, if it is adopted in a timely manner. The suggested addendum provides that the employer's contribution will be increased in an amount that will make the total contribution equivalent to what is required by the alternative schedule. In view of the recently adopted amendments to the Standard Form of Union Agreement, it is important to remember that, while pension contributions are always expressed as an employer contribution, the increase cost of those contributions may either be borne (1) by the employees, through an allocation out of the wage/fringe package, or (2) by the employer, if the employer agrees to assume the increased cost during negotiations under the Standard Form.

Many areas in the United States negotiate an overall wage/fringe benefit package, with a clear understanding that the local union will allocate any additional amount that is needed by a fringe benefit fund during the term of the contract. In such an area, the suggested Letter of Understanding on the following page may be a useful addition to the suggested addendum. The Letter of Understanding makes it clear that, while the parties are agreeable to adopting the Alternative Schedule of Benefits, any additional pension contributions will be allocated out of the wage/fringe benefit package then provided for in the existing collective bargaining agreement. The attached Letter of Understanding should be executed by both parties at the same time that the sample addendum furnished by the NPF is signed.

If you have any questions regarding this issue, please do not hesitate to contact the Labor Department at SMACNA National.

**Letter of Understanding
Regarding Increased Pension Fund Contributions**

The parties intend to execute an addendum to the collective bargaining agreement, adopting the 2008 Alternative Schedule of Benefits for the National Pension Fund for the Sheet Metal Industry. Under the terms of that addendum, there is an increase in the pension contributions paid to the National Pension Fund by the employer.

The purpose of this Letter of Understanding is to reflect the agreement of the parties that any increase in pension contributions that are required by the terms of such addendum shall be allocated from the existing wage/fringe benefit package then established, under the terms of the collective bargaining agreement then in effect between the parties.

This Letter of Understanding is entered into this _____ day of _____, 200__.

EMPLOYER ASSOCIATION/EMPLOYER

Dated: _____

By _____
Its _____

SHEET METAL WORKERS INTERNATIONAL
ASSOCIATION, LOCAL UNION NO. _____

Dated: _____

By _____
Its _____