



## **SHEET METAL WORKERS' NATIONAL PENSION FUND**

**601 NORTH FAIRFAX STREET, SUITE 500**

**ALEXANDRIA, VIRGINIA 22314**

**TELEPHONE: 703-739-7000**

**WWW.SMWNPF.ORG INFO@SMWNPF.ORG**

### **2008 Schedules under the Sheet Metal Workers' National Pension Fund's Rehabilitation Plan and Notice of Automatic Surcharge**

March 20, 2008

**To:** SMWIA, Local Unions, Contributing Employers and Contractors Associations

**From:** Board of Trustees, Sheet Metal Workers' National Pension Fund

The Board of Trustees now issues the 2008 Alternative Schedule and its 2008 Default Schedule. Copies of the Schedules are enclosed. Each Collective Bargaining Agreement or other agreement requiring NPF contributions should reflect the terms of one of these Schedules. **If you have not already done so, adopt a schedule immediately and send notice to the Fund Office.** Contact Aileen Pierson ([apierson@smwnpf.org](mailto:apierson@smwnpf.org)) with questions about Schedule adoption.

Should you have other questions, contact Ken Colombo ([kcolombo@smwnpf.org](mailto:kcolombo@smwnpf.org)), Debbie Elkins ([delkins@smwnpf.org](mailto:delkins@smwnpf.org)), or Marc LeBlanc ([mleblanc@smwnpf.org](mailto:mleblanc@smwnpf.org)). The "Notice of Automatic Employer Surcharge" follows.

#### **Notice of Automatic Employer Surcharge**

This is to notify all Contributing Employers that the surcharge under ERISA Section 305(e) and Internal Revenue Code Section 432(e), as amended by the Pension Protection Act of 2006, is in effect. Surcharges apply 30 days after the date of this Notice in accordance with the relevant ERISA and Code sections. Each Employer obligated to contribute for the initial critical year is obligated to pay to NPF a surcharge equal to 5 percent of the contributions required under the applicable collective bargaining agreement (or other agreement requiring NPF contributions). For each succeeding plan year in which NPF is in critical status, the surcharge shall be 10 percent of the contributions otherwise required.

Surcharges are due and payable in the same manner as your monthly contributions. Failure to make a surcharge payment constitutes a contribution delinquency under ERISA section 515 and is enforceable as such.

The surcharge shall cease to be effective with respect to employees covered by a collective bargaining agreement (or other agreement requiring NPF contributions), beginning on the effective date of a collective bargaining agreement (or other agreement) that includes terms consistent with one of the enclosed Schedules.

#### **FUND OFFICE**

Enclosures



2008 DEFAULT SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN

**I. Introduction**

This is the Default Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") for Plan Year 2008. This 2008 Default Schedule applies only to parties who adopt it before January 1, 2009. All capitalized terms have the meaning given to such terms in the Fund's Plan Document or as otherwise defined in this Schedule. "Participant" includes Beneficiaries and 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 2008 Default Schedule was adopted by any party to a Collective Bargaining Agreement or other agreement. 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 2008 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 2008 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 2008 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 2008 Default Schedule.

Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not adopted a Schedule, the Default Schedule will be implemented automatically on the earlier of the date (1) on which the Secretary of Labor certifies that the parties are at an impasse, or (2) which is 180 days after the date on which the collective bargaining agreement expires. In the case of an Employer who contributes to NPF only with respect to employees who are not covered by a Collective Bargaining Agreement, the Schedules shall apply as if the Employer were a bargaining party, and its adoption or participation agreement was a collective bargaining agreement with a term ending on the first day of the 2009 Plan Year beginning after the Employer is provided the Rehabilitation Plan Schedules.

The Contribution Rate requirements in this 2008 Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement but may be modified in future years. The benefit accrual provisions described below take effect on the first day of the month following the month in which the bargaining parties adopt the 2008 Default Schedule.

In addition, the Plan Sponsor expects that all bargaining parties and other parties will adopt either the 2008 Default Schedule or the 2008 Alternative Schedule by the end of 2008. If, however, the parties have not adopted one of the 2008 Schedules before the 1<sup>st</sup> of September 2008, the normal retirement benefit formula will change to 0.5% of the contributions due for each hour of work performed under the bargaining parties' Collective Bargaining Agreement or other agreement.

The 2008 Default Schedule significantly modifies NPF benefits. Except as otherwise provided, those benefit modifications will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C). The 2008 Default Schedule is a supplement to, and forms a part of, the Fund's Plan Document, and the Default Schedule will control over any conflicting provision in the Plan Document. The Plan Sponsor may amend or modify this Default Schedule at any time and in any manner consistent with the requirements of ERISA and the Internal Revenue Code.

## **II. Contribution Rate Requirements**

The 2008 Default Schedule requires no annual increases in the Employer's Contribution Rate. However, the Contribution Rate in effect on February 1, 2008 may not be reduced.

## **III. Pension Benefit Accrual Rate**

Effective as of the first day of the month following the month that this 2008 Default Schedule is adopted by a Participant's Employer (as determined by the Trustees in their sole discretion), the Participant's pension benefits will accrue at a different rate than the rate of accrual specified in the Plan Document. Specifically, notwithstanding anything to the contrary in the Fund's Plan Document, the monthly amount of a Participant's Normal Retirement Pension accrued on or after the first day of the month following the month that this 2008 Default Schedule is adopted by a Participant's Employer is 1.0% of the contributions due on the Participant's behalf for each Plan Year beginning with the Plan Year in which the Default Schedule is adopted by the Participant's Employer, except that no Contribution Hours before such date of adoption will be taken into account.

## **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 2008 Alternative Schedule. The reductions described below will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C) has been given.

Notwithstanding any contrary provision in the Fund's Plan Document and subject to the terms of any future or amended Schedules covering the Participant who is covered under this 2008 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 benefits:* 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 2008 Default Schedule.

2. *Standard Early Retirement Pension benefit:* Notwithstanding anything to the contrary in the Fund's Plan Document, the standard Early Retirement Pension for Participants covered under this 2008 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, the Participant's Normal Retirement Benefit amount is reduced to 6% for each year that the Participant is under the age of 65 (e.g., the Early Retirement Pension payable at 55 is 40% of the benefit payable to the Participant at age 65 (under the Normal Retirement Benefit)).
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 will be payable at age 55. Note that the Plan Document contains a transition provision for persons whose disabilities occurred before December 1, 2007, which permits eligible Participants to obtain a Disability Benefit under the terms of the Plan Document.

#### **B. Benefit Increases That Would Not Be Guaranteed under ERISA Section 4022A**

The NPF will 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 reduces NPF COLA Benefits for some and eliminates it for others.

The NPF COLA Benefit pays an annual increase in the form of a 13<sup>th</sup> 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 takes effect after a retiree has received twelve consecutive monthly checks, measured as of October 31 of each Plan Year.\* Any scheduled increase under the NPF COLA Benefit that has not taken effect yet because the Participant has 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 has not taken effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) will be reduced to zero. This reduction also applies to the Participant's Beneficiaries (including alternate payees).

Note: The Rehabilitation Plan and its Schedules provide that any retiree who received NPF COLA Benefit payments before 2003 will have 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 13<sup>th</sup> check for 2002). This reduction also will apply to the Participant's Beneficiary (and alternate payees).

---

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

### **C. Benefit Payment Options**

The 2008 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).

- END OF 2008 DEFAULT SCHEDULE AS OF MARCH 1, 2008-



Supplement 2 to the Plan Document for the Sheet Metal Workers' National Pension  
Fund Employer Identification Number: 52 6112463 Plan Number: 001

2008 ALTERNATIVE SCHEDULE FOR SHEET METAL WORKERS' NATIONAL PENSION FUND'S  
REHABILITATION PLAN

**I. Introduction**

This is the 2008 Alternative Schedule for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") for the 2008 Plan Year. This 2008 Alternative Schedule applies only to parties who adopt and implement it within the 2008 Plan Year. All capitalized terms have the meaning given to such terms in the Fund's Plan Document or as otherwise defined in this Schedule. "Participant" includes Beneficiaries and alternate payees unless the context suggests otherwise.

The 2008 Alternative Schedule is attached to, and forms a part of, the Fund's Plan Document, and the Alternative Schedule will control over any conflicting provision in the Plan Document. 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 this Schedule.

The Plan Sponsor determines whether and when this 2008 Alternative Schedule was adopted and implemented by any party to a Collective Bargaining Agreement or other agreement. In general, however, the Plan Sponsor will consider the bargaining parties (or as applicable, a Contributing Employer that is a Related Organization, Local Union or similar entity) to have adopted this 2008 Alternative 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 substantiation that the bargaining parties' Collective Bargaining Agreement is consistent with this 2008 Alternative Schedule for the term of the parties' Collective Bargaining Agreement.<sup>1</sup>
- B. A Local Union exercises authority granted, under the terms of the Collective Bargaining Agreement, addendum or amendment thereto to allocate a portion of its wage and benefit package in order to increase the Contribution Rate over the term of the Collective Bargaining Agreement. The Plan Sponsor must receive satisfactory substantiation that the allocation authority exists and was properly executed in order for the allocation to serve as a means of adopting a Schedule. By providing substantiation to the Plan Sponsor, the Local Union represents that it will make any future allocations necessitate by the Contribution

---

<sup>1</sup> Note that if a Collective Bargaining Agreement expires, and the bargaining parties have not adopted a Schedule, the Default Schedule will be implemented automatically on the earlier of the date (a) on which the Secretary of Labor certifies that the parties are at an impasse, or (b) which is 180 days after the date on which the collective bargaining agreement expires.

Rate requirements in the Schedule.

- C. In the case of a Local Union, Related Organization, or similar entity that is a Contributing Employer, the Contributing Employer must submit substantiation satisfactory to the Plan Sponsor that its participation or adoption agreement is consistent with this 2008 Alternative Schedule for the duration of such agreement.

Once adopted, this 2008 Alternative Schedule becomes part of, and is incorporated by reference into, the underlying Collective Bargaining Agreement or other agreement.<sup>2</sup>

The Contribution Rate requirements in this Schedule apply for the duration of the bargaining parties' Collective Bargaining Agreement. The benefit accrual provisions described below take effect on the first day of the month following the month in which the bargaining parties adopt the 2008 Alternative Schedule. However, the benefit accrual does not reflect the annual Contribution Rate increase until the due date for the increased Contribution Rate.

In addition, the Plan Sponsor expects that all bargaining parties and other parties will adopt either the 2008 Default Schedule or the 2008 Alternative Schedule by the end of 2008. If, however, the parties have not adopted one of the 2008 Schedules before the 1<sup>st</sup> of September 2008, the normal retirement benefit formula will change to 0.5% of the contributions due for each hour of work performed under the bargaining parties' Collective Bargaining Agreement or other agreement.

The 2008 Alternative Schedule modifies NPF benefits in various ways and controls over the provisions of the Plan Document. Except as otherwise provided, the Alternative Schedule benefit modifications will take effect on the conclusion of the 2008 Plan Year.

## **II. Contribution Rate Requirements**

The 2008 Alternative Schedule requires annual increases in the Employer's Contribution Rate. The annual increases commence with the 2008 Plan Year and continue for the period that the Collective Bargaining Agreement (or other agreement) remains in effect. 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 explicitly stated in the notice to the Fund concerning the adoption of the Alternative Schedule.<sup>3</sup> The failure to contribute at the Schedule's increased Contribution Rates 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.

For each year during which the bargaining parties' Collective Bargaining Agreement remains in effect, the Employer's Contribution Rate will be determined as follows:

---

<sup>2</sup> In any event, the bargaining parties will be deemed to have accepted the terms of this Alternative Schedule for the duration of their Collective Bargaining Agreement, once the 2008 Contribution Rate increase is made.

<sup>3</sup> If no such date is specified, the Contribution Rate must be increased no later than December 1 of the applicable Plan Year.

### Plan Year

**2008 Contribution Rate** = (Contribution Rate in effect under the Collective Bargaining Agreement immediately before the adoption of this 2008 Alternative Schedule) x (1.10);

**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 (1.05);

**2012 Contribution Rate** = (Contribution Rate in effect on 12/31/11) x (1.05);

**2013 Contribution Rate** = (Contribution Rate in effect on 12/31/12) x (1.04);

**2014 Contribution Rate** = (Contribution Rate in effect on 12/31/13) x (1.04);

**2015 Contribution Rate** = (Contribution Rate in effect on 12/31/14) x (1.03);

**2016 Contribution Rate** = (Contribution Rate in effect on 12/31/15) x (1.03); and

**2017 Contribution Rate** = (Contribution Rate in effect on 12/31/16) x (1.03).

### **III. Normal Retirement Benefit Accrual Rate**

Effective as of the first day of the month following the month that this 2008 Alternative Schedule is adopted (as the Trustees determine in their sole discretion), the Participant's Normal Retirement Benefit will accrue at the highest accrual rate in effect under the Fund's 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 2008 Alternative Schedule. As of January 1, 2008, 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. Note: For 55/30 Local Unions, the Plan Document provides that the accrual rate is based on 70% of the contributions required to be made on a Participant's hours of work.

### **IV. Benefit Adjustments**

This 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 adjustable benefits are less dramatic than those imposed in the 2008 Default Schedule. Subject to all notice requirements, the reductions described below will take effect on December 31, 2008, except that the reduction of benefit increases that would not be guaranteed under Section 4022A of ERISA on January 1, 2008 (e.g. post-2002 increases under the NPF COLA Benefit) will take effect 30 days after the notice described in ERISA Section 305 (e) (8) (C) has been given.

Notwithstanding any contrary provision in the Fund's Plan Document and subject to the terms of any future Schedules covering the Participant and/or his Beneficiary, a Participant who is covered under this 2008 Alternative Schedule (and/or his Beneficiary) will have his benefits adjusted as follows:

**A. Adjustments to Early Retirement Benefits, Retirement Type Subsidies and Disability Benefit**

1. The **2008** Alternative Schedule does not change subsidies for 55/30.
2. *Special Early Retirement benefit:* Under the modified Special Early Retirement Pension, the Participant's Normal Retirement Benefit is reduced by six percent (6%) for each year that the Participant is under the age of 62.
3. *Standard Early Retirement benefit:* Under the modified Standard Early Retirement Pension, the Participant's Normal Retirement Benefit amount is reduced to 6% for each year that the Participant is under the age of 65 (e.g., the Early Retirement Pension payable is 40% of the Participant's benefit payable at age 65 (Normal Retirement Benefit)).
4. *Disability Benefit:* The Disability Benefit may be equivalent to the standard Early Retirement Pension, or Special Early Retirement, or the 55/30 Pension, 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. No Disability Benefit will be payable at age 55. Note that the Plan Document contains a transition provision for persons whose disabilities occurred before December 1, 2007, which permits eligible Participants to obtain a Disability Benefit under the terms of the Plan Document.

**B. Benefit Increases That Would Not Be Guaranteed Under Section 4022A**

The NPF will 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, like the annual increase under the NPF COLA Benefit, which did not take effect before 2003. This results in the reduction in COLA for some and its elimination for others.

The NPF COLA Benefit has paid an annual increase in the form of a 13<sup>th</sup> check equal to 2% of then eligible retiree's annual benefit (as accrued through June 30, 1995) multiplied by the number of full years that retiree has been receiving NPF pension benefits. The increase takes effect after a retiree has received twelve consecutive monthly checks,<sup>4</sup> measured as of October 31 of each Plan Year. Any scheduled increase under the NPF COLA Benefit that has not taken effect yet because the Participant has 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 has not taken effect as of January 1, 2008 or that took effect less than 60 months from that date (i.e., after 2002) is reduced to zero. This reduction also applies to the Participant's Beneficiaries (including alternate payees).

---

<sup>4</sup> This 12-month period runs from November 1<sup>st</sup> through October 31<sup>st</sup> of the preceding year.

### **C. Benefit Payment Options**

The 2008 Alternative 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).

– END OF 2008 ALTERNATIVE SCHEDULE AS OF MARCH 1, 2008 –