SHEET METAL WORKERS' NATIONAL PENSION FUND
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2020 ANNUAL FUNDING NOTICE FOR THE SHEET METAL WORKERS' NATIONAL PENSION FUND

Introduction

This Notice includes important information about the funded status of your multiemployer pension plan, the Sheet Metal Workers' National Pension Fund (the "Plan" or "NPF"). This Notice also contains general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide the Annual Funding Notice every year regardless of their funding status. This Notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This Notice is for the Plan Year beginning January 1, 2020 and ending December 31, 2020 (the "2020 Plan Year"). Federal law requires that you receive this Notice.

How Well Funded Is Your Plan

The law requires the administrator of the NPF to tell you how well the Plan is funded, using a measure called the "funded percentage." The Plan divides its assets by its liabilities on the Valuation Date for the Plan Year to get this percentage. In general, the higher the percentage, the better funded the plan. Your Plan's funded percentage for the 2020 Plan Year and each of the two preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
Plan Year	2020	2019	2018
Valuation Date	January 1, 2020	January 1, 2019	January 1, 2018
Funded Percentage	70.0%	66.5%	63.0%
Value of Assets *	$5,634,419,729	$5,208,417,087	$4,877,069,115
Value of Liabilities*	$8,044,416,537	$7,827,699,996	$7,737,632,788

***NOTE:** The "Value of Assets" figures above reflect the actuarial (smoothed) value of assets reported in the NPF's Actuarial Valuation and Review ("Valuation") as of the applicable Valuation Date. The "Value of Liabilities" figures above reflect the "actuarial accrued liability" reported in the Valuation as of the applicable Valuation Date.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the 2020 Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding plan years.

Year Ended	December 31, 2020	December 31, 2019	December 31, 2018
Fair Market Value of Assets	$6,469,578,687**	$5,782,976,579	$4,859,569,652

****NOTE:** The fair market value figure for December 31, 2020 above is based on unaudited financial statements provided by the Plan's Fund Office. This figure may change when an audit of the Plan's December 31, 2020 financial statements is completed.

The Plan's Endangered Status for 2020

Under federal pension law a plan generally will be considered to be in "endangered" status if the plan is not in critical status and, as of the beginning of the plan year, the funded percentage of the plan is less than 80 percent. A plan is in "critical" status if the funded percentage is less than 65 percent and other factors apply. A plan is in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status (commonly referred to as the "yellow zone"), the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan's actuary certified that the Plan was in endangered status for the 2020 Plan Year because the Plan had previously emerged from critical status, was not projected to have an accumulated funding deficiency for the 2020 Plan Year or any of 9 succeeding Plan Years (without regard to the use of the shortfall method but taking into account any extension of amortization periods under ERISA §304(d)), was not projected to become insolvent for the 2020 Plan Year or any of the 30 succeeding Plan Years, and had a funded percentage for 2020 of less than 80%.

In an effort to improve the Plan's funding situation, the Trustees adopted a Funding Improvement Plan ("FIP"), including the Funding Improvement Plan Schedule ("FIP Schedule"), effective March 1, 2014. The FIP was most recently updated as of April 2019. It reflects changes in the law and takes into account the start of the Plan's funding improvement period, the 10-year period that began January 1, 2017. The objective of the FIP, including the FIP Schedule, is to meet certain benchmarks as of the end of the funding improvement period. The benchmarks are: (i) to increase the Plan's funded percentage so that the funded percentage as of the close of the funding improvement period equals or exceeds the sum of the funded percentage as of the beginning of the 2015 Plan Year (January 1, 2015), plus 33 percent of the difference between 100 percent and such funded percentage (for the 2015 Plan Year); and (ii) to avoid an accumulated funding deficiency for the 2026 Plan Year, the last year of the funding improvement period (taking into account the Plan's extension of its amortization period under ERISA §304(d)(1)).

The FIP's benchmarks were expected to be achieved with the current design in the Plan Document, which is reflected in the FIP Schedule. The FIP Schedule provides three options: (i) the Default Option, which currently requires no Contribution Rate increases (the same as the Default Schedule under the Rehabilitation Plan adopted by the Plan when it was in critical status (the Rehabilitation Plan)); (ii) the First Alternative Option, which currently requires an annual Contribution Rate increase of 7% through 2017 (the same as under the Rehabilitation Plan's First Alternative Schedule) followed by 2% contribution rate increases in 2021 and 2022; and (iii) the Second Alternative Option, which currently requires an annual Contribution Rate increase of 3.5% through 2017 (the same as under the Rehabilitation Plan's Second Alternative Schedule) followed by 1% contribution rate increases in 2021 and 2022. These Contribution Rate requirements, as well as other provisions of the FIP, including the FIP Schedule, are subject to change in the future should the Trustees consider it necessary to achieve the benchmarks.

Under the current FIP Schedule and the Plan Document, active Participants continue accruing Normal Retirement Pension benefits under the formula in effect before the adoption of the FIP (i.e., under the Plan Document's VBAR formula in effect on January 1, 2014), but Contribution Rate increases are required for Participants to continue accruing subsidized Early Retirement Pension benefits and certain benefit features.[1] Specifically, a Participant must work under a classification of employment that is covered under a Collective Bargaining Agreement ("CBA") that reflects certain Contribution Rate increases in order to earn a subsidized Early Retirement Pension benefit for the work he or she performs under that classification. First, the Participant's classification of employment must have been covered under the Rehabilitation Plan's First or Second Alternative Schedule when the Plan emerged from critical status. Second, the Participant's CBA must continue to reflect the Contribution Rate increases required under the FIP Schedule's First Alternative Option or Second Alternative Option. Please note that unlike the Plan's Rehabilitation Plan and Schedules, any benefit changes that occur under the terms of the Plan Document and the FIP Schedule only affect future benefit accruals (i.e., benefits earned after the date a CBA ceases to reflect a required Contribution Rate increase under the Plan Document and/or the FIP Schedule).

The Trustees updated the FIP, including the FIP Schedule, in 2015 to reflect changes required under the Multiemployer Pension Reform Act of 2014 (MPRA) and to add a rule regarding CBAs

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[1]There are special rules for: Participants who work under a classification of employment that was subject to the additional benefit adjustments under the "No Increase Consequences" of the Rehabilitation Plan when the Plan was in critical status; Participants who work under a classification of employment that was covered under the Rehabilitation Plan's Default Schedule, when the Plan was in critical status; and accruing the 60-Month Certain and the reversion (pop-up) features after 2014.

that expire after November 20, 2018. A subsequent update added the 2021 and 2022 contribution rate increases, as described above.

You may obtain a copy of the FIP and FIP Schedule (including any updates, amendments or other modifications) and the actuarial and financial data that demonstrate the actions taken by the Plan toward fiscal improvement by contacting the Fund Office (see "Where to Get More Information About Your Plan" below). A copy of the most recent FIP, including the FIP Schedule, (as well as future updates) may also be viewed on the NPF's website at www.smwnpf.org.

NOTE: In 2021, the Plan's actuary certified that the Plan continues to be in endangered status. Enclosed with this Annual Funding Notice is the Notice of Endangered Status for 2021, advising you that the NPF is in endangered status for the 2021 Plan Year.

Participant and Beneficiary Information

The total number of participants and beneficiaries covered by the Plan as of the Plan's Valuation Date (January 1, 2020) was 144,397. Of this number: (i) 62,816 were current employees; (ii) 32,616 were retired or no longer working for the employer and have a right to future benefits; (iii) 48,965 were retired and receiving benefits (or had their benefit payments suspended) (39,511 classified as pensioners and 9,454 as beneficiaries).

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. For the 2020 Plan Year, the funding policy, in general terms, is to meet the benchmarks required for plans in endangered status through the implementation of the FIP and FIP Schedule.

Pension plans also have investment policies. Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally, an investment policy is a written statement that provides the fiduciaries that are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is adopted by the Trustees, but the discretionary authority to allocate and invest the vast majority of the Plan's assets has been delegated to an "Investment Manager" within the meaning of ERISA. In summary, the investment policy states that the Plan's objective is for the Investment Manager to obtain a long-term annualized rate of return (net of fees) equal to the Plan's assumed actuarial rate of return, which currently is 7.5%.

The Plan's assets were allocated among the following categories of investments, as of the end of the 2020 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage:
Stocks	27.49%
Investment grade debt instruments	14.34%
High-yield debt Instruments	1.80%
Real estate	7.54%
Other	48.83%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by visiting the NPF's website at www.smwnpf.org or making a written request to the Fund Office. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information About Your Plan."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The Board of Trustees, as the NPF's plan administrator, is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see "Benefit Payments Guaranteed by the PBGC," below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of $600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($600/10), which equals $60. The guaranteed amount for a $60 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under a plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Where to Get More Information About Your Plan

For more information about this Notice, you may contact the NPF's Board of Trustees or the Fund Office, by email at BOT@smwnpf.org, or by telephone at 1.800.231.4622, or by mail at 3180 Fairview Park Drive, Suite 400, Falls Church, VA 22042. For identification purposes, the official plan number ("Plan No.") is 001 and the plan sponsor's name and employer identification number or "EIN" are: Board of Trustees of the Sheet Metal Workers' National Pension Fund/ EIN 52 6112463.