

EXPLANATION OF THE INTERNATIONAL RECIPROCAL AGREEMENT FOR SHEET METAL WORKERS' FUNDS

The International Reciprocal Agreement is designed to protect the health and welfare and pension rights of sheet metal workers who work for an employer that is in the jurisdiction of a sheet metal local union other than their Home local. In general, in that case, if both the fund to which contributions are required to be made on the traveler's behalf under that local's collective bargaining agreement and their Home Local Union Fund are signatory to this Agreement, the contributions made on the traveler's behalf must be forwarded to his Home Fund. With one exception described below the contributions are forwarded to the Home Fund that is the same type of fund as the fund sending the contributions (i.e. defined benefit pension contributions are forwarded to the Home defined benefit fund and health and welfare contributions are sent to the Home health and welfare fund). The following questions and answers reflect common questions the SMWIA has received regarding how the Reciprocal Agreement operates.

1) What is the SMWIA's role with respect to the Reciprocal Agreement?

The SMWIA serves as the Reciprocal Administrative Office. In that capacity, the SMWIA will receive signed Agreements, prepare and distribute forms necessary to administer the Agreement, maintain a list of signatory trust funds, and supply information to the signatory funds and local unions. The SMWIA, in its discretion, may delegate these tasks to another party. The SMWIA does not handle any Reciprocal Agreement contributions and does not assume any of the responsibilities of the trustees of the various signatory funds.

2) Are all funds required to reciprocate contributions on behalf of travelers?

No, a fund is only required to reciprocate contributions if it and the Home Fund are both signatory to the Agreement. Because a sheet metal employee benefit fund is not required to sign the Reciprocal Agreement, not all sheet metal funds are required to forward contributions to the Home Fund. A fund that has signed the agreement and is therefore obligated to forward contributions to the Home Fund is referred to in the Agreement and below as the *Cooperating Fund*.

3) How is an employee's Home Fund defined?

The Home Fund is defined as a participating fund operating within the SMWIA's jurisdiction of which the employee is a member, or if not a member, the SMWIA Local Union which represents the employee for the purpose of collective bargaining.

4) Who is responsible for notifying the Cooperating Fund of a traveler and the Cooperating Fund's obligation to forward contributions received with respect to him or her to the Home Fund?

The Constitution and Ritual of the SMWIA, Article XVI, Section X(d), amended at the Forty-second General Convention provides that *the local union maintaining the Cooperating Fund(s)*

shall notify the Cooperating Funds to forward the contributions made on the traveler's behalf to the Home Fund.

5) How often is money transferred?

Generally, transfers will take place at least monthly, with transfers due as soon as practical, following the end of the month for which contributions are earned and received. However, contributions to defined contribution funds must be transferred as soon as practicable after they are received from an employer. Remittance forms must be submitted with the contributions indicating the employee's name, Social Security number and/or Social Insurance Number (for Canadians), the month in which hours are worked, total hours, hourly rate contributed, and total amount of money transferred. Funds should simultaneously be mailed or transmitted via ACH payment to cover the balance shown on the remittance report sent.

6) What contribution rate is recognized in a transfer?

An amount equal to the entire employer contribution received shall be transferred to the applicable Home Fund. Note also that since money is transferred no less frequently than monthly, there will be no interest transferred.

7) Are Cooperating Funds allowed to impose an administrative charge?

No, the cost of transferring funds should be no greater than the cost incurred if contributions and attendant records were maintained for occasional traveling sheet metal workers.

8) What happens if money due to a Cooperating Fund is not collected from an employer?

The agreement will be effective only for hours worked and collected. However, this will not relieve the trustees of a Cooperating Fund from discharging their fiduciary duty to make appropriate efforts to collect the employer contributions due from an employer as a result of covered work.

9) How is money to be transferred if there is more than one Home pension Fund?

If an employee has two Home Funds – a defined benefit fund and a defined contribution fund – money is transferred from a Cooperating Fund to the same type of Home Fund (*i.e.*, defined benefit to defined benefit, or defined contribution to defined contribution). If the Cooperating Fund is a defined benefit fund and the employee's only Home local pension Fund is a defined contribution fund, then the money from the Cooperating Fund is forwarded to the defined contribution fund. However, if the Cooperating Fund is a defined contribution fund and there is no Home defined contribution Fund, then the contributions will be retained by the Cooperating Fund.

10) How are hours to be credited for vesting purposes?

All hours worked for which money is transferred pursuant to the Reciprocal Agreement shall be counted for vesting on an hour-for-hour basis, as required by ERISA.

11) Does the agreement provide for transferring past-service credit?

No, transferring past service would also require and transfer of assets necessary to fund it.

12) Are there any reporting and disclosure requirements for Cooperating Funds, Home Fund or Local Unions?

A signatory fund should consult with its counsel regarding its obligations to notify participants and beneficiaries of its participation in the Reciprocal Agreement. Also, when funds provide annual benefit reports to employees, they are strongly encouraged to advise the employees of money and/or hours transferred pursuant to the Reciprocal Agreement. Notifying employees of these transfers will help to avoid any confusion later on regarding the amount of money transferred.

13) What if the provisions of the Reciprocal Agreement are inconsistent with a prior reciprocal agreement which a fund has signed?

The Agreement supersedes any existing agreements among Signatory Funds to the extent they conflict with terms of the Agreement and/or the applicable Addendum(s).

14) Who should we contact if we have questions about the agreement?

The General Secretary Treasurer of the SMWIA is the actual administrator of the agreement and should be contacted for disputes and resolutions.

General Secretary Treasure
Sheet Metal Workers' International Association
1750 New York Avenue, NW
Washington, DC 20006
(202) 783-5880

The National Pension Fund has been tasked with answering any questions with respect to the administration of the agreement.

You can contact Ken Colombo (kcolombo@smwnpf.org) or Gayle Shepherd (gshpherd@smwnpf.org) at 703-739-7000.

Scenarios for Defined Benefit transfers:

Local Pension Fund (Home Fund) working in National Pension Fund only Local Union (Cooperating Fund).

	Home Local		Working Local	
	17 New Hampshire		67	
National Pension Rate	\$0.00		\$5.34	Employer remits to National Pension Fund \$5.34. NPF forwards to the Home Local (17NH) \$5.34.
Local Pension Rate	\$5.01		0.00	

National Pension Fund (Home Fund) working in Local Pension Fund only Local (Cooperating Fund).

	Home Local		Working Local	
	38		22	
National Pension Rate	\$8.54		\$0.00	Employer remits to the Local Pension Fund \$6.80. Local Pension Fund forwards to the NPF \$6.80.
Local Pension Rate	\$0.00		\$6.80	NPF will credit participant with the full \$6.80 rate for each hour worked.
	100 Baltimore		100 Washington	
National Pension Rate	\$4.89		\$0.00	Employer remits to the Local Pension Fund \$5.70. Local Pension Fund forwards to the NPF \$5.70.
Local Pension Rate	\$0.00		\$5.70	NPF will credit participant with the full \$5.70 rate for each hour worked.

National Pension Fund (Home Fund) working in NPF and Local Pension Fund area (Cooperating Fund).

	Home Local		Working Local	
	214 J		4 M	
National Pension Rate	\$3.24		\$0.30	Employer remits to the National Pension Fund \$0.30. Employer remits to the Local Pension Fund \$5.15. Local Pension Fund forwards to the NPF \$5.15.
Local Pension Rate	\$0.00		\$5.15	NPF will credit participant with the full \$5.45 rate for each hour worked.
	32 West Palm		32 N. Miami	
National Pension Rate	\$6.38		\$1.67	Employer remits to the National Pension Fund \$1.67. Employer remits to the Local Pension Fund \$4.13. Local Pension Fund forwards to the NPF \$4.13.
Local Pension Rate	\$0.00		\$4.13	NPF will credit participant with the full \$5.80 rate for each hour worked.

National Pension Fund and Local Pension Fund (Home Fund) working in NPF Pension Fund area (Cooperating Fund).

	Home Local		Working Local	
	32 N. Miami		36 Little Rock	
National Pension Rate	\$1.67		\$4.38	Employer remits to the National Pension Fund \$4.38. NPF retains \$1.67 and forwards to the Local Pension Fund \$2.71.
Local Pension Rate	\$4.13		\$0.00	NPF will credit participant with \$1.67 rate for each hour worked. The Local Pension Fund will credit participant with \$2.71 for each hour worked.
	177 Nashville		110 Louisville	
National Pension Rate	\$.72		\$6.86	Employer remits to the National Pension Fund \$6.86. NPF retains \$3.38 and forwards to the Local Pension Fund \$3.48.
Local Pension Rate	\$3.48		\$0.00	NPF will credit participant with \$3.38 rate for each hour worked. The Local Pension Fund will credit participant with \$3.48 for each hour worked.

National Pension Fund and Local Pension Fund (Home Fund) working in NPF Pension Fund and Local Pension Fund area (Cooperating Fund).

	Home Local		Working Local	
	218 D		218 S	
National Pension Rate	\$4.40		\$1.79	Employer remits to the National Pension Fund \$1.79 and to the Local Pension Fund \$8.10. Local Pension Fund forwards to the NPF \$4.00.
Local Pension Rate	\$4.10		\$8.10	NPF will credit participant with \$5.79 rate for each hour worked. The Local Pension Fund will credit participant with \$4.10 for each hour worked.
	268		36 St. Louis	
National Pension Rate	\$3.03		\$1.00	Employer remits to the National Pension Fund \$1.00 and to the Local Pension Fund \$7.05. Local Pension Fund forwards to the NPF \$7.05 and acting as the Cooperating Fund will forward to the Home Local Fund \$2.40.
Local Pension Rate	\$2.40		\$7.05	NPF will credit participant with \$5.65 rate for each hour worked. The Local Pension Fund will credit participant with \$2.40 for each hour worked.

Scenarios for Defined Contribution transfers:

	Home Local	Working Local	
	27	219	
Defined Contribution Rate	\$8.00	\$8.93	Employer remits to Local Defined Contribution plan \$8.93. Local Defined Contribution Plan forwards to Home Local Plan (27) full \$8.93 rate for each hour worked.

	Home Local	Working Local	
	26	9	
Defined Contribution Rate	\$0.25	\$0.21	Employer remits to Local Defined Contribution plan \$0.21. Local Defined Contribution Plan forwards to Home Local Plan (26) full \$0.21 rate for each hour worked.

	Home Local	Working Local	
	67 San Antonio	2	
Defined Contribution Rate	\$0.00	\$0.50	Employer remits to Local Defined Contribution plan \$0.50. Local Defined Contribution retains the contributions because there is no Home Local Defined Contribution Plan.

Scenarios for Health and Welfare Contribution transfers:

	Home Local	Working Local	
	25	4	
Health and Welfare Rate	\$11.00	\$5.01	Employer remits to Local Health Fund \$5.01. Local Health Fund forwards to the Home Local Plan (25) the full \$5.01 for each hour worked.

	Home Local	Working Local	
	29	88	
Health and Welfare Rate	\$5.61	\$6.60	Employer remits to Local Health Fund \$6.60. Local Health Fund forwards to the Home Local Plan (29) the full \$6.60 for each hour worked.