

**UPDATED FUNDING IMPROVEMENT PLAN AND FUNDING POLICY FOR
THE SHEET METAL WORKERS' NATIONAL PENSION FUND
(EIN/PN 526112463/001)
(UPDATED AS OF MARCH 2017)**

INTRODUCTION

This updated Funding Improvement Plan ("FIP") for the Sheet Metal Workers' National Pension Fund ("Fund" or "NPF") is effective January 1, 2017, and reflects all updates adopted by the NPF's Board of Trustees ("Trustees" or "Plan Sponsor") through March of 2017. The Trustees first adopted the FIP in February 2014 (effective as of March 1, 2014), and have updated the FIP from time to time since that date. This update reflects changes made to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended ("Code") by the Multiemployer Pension Reform Act of 2014 ("MPRA"), and takes into account the start of the NPF's funding improvement period.¹ The FIP (as updated from time to time) serves as the Funding Policy adopted by the Trustees, and will continue to do so until the Fund has ceased to be in Endangered Status.

In 2014, the Fund's actuary certified that the NPF had emerged from Critical Status and was in Endangered Status for the 2014 Plan Year.² The Fund's actuary subsequently certified that the Fund was in Endangered Status for the 2015 and 2016 Plan Years. It is expected that the Fund will remain in Endangered Status. The assumptions that the NPF's actuary uses to determine the NPF's funded status and to make the projections that the Plan Sponsor relies upon to develop and modify this FIP are described in (or in an exhibit to) the annual certification of the NPF's funded status, which the NPF's actuary prepares and files.³

Each capitalized term in this FIP and the attached FIP Schedule has the same meaning given to such term in the Plan Document (as amended from time to time), unless otherwise indicated or the context requires otherwise. Also, any reference to the term "Participant" in the FIP or FIP Schedule shall be deemed to include a Beneficiary or Alternate Payee, unless the context requires otherwise. All gender references are for convenience only and include the opposite gender. Any reference to the term "Collective Bargaining Agreement" (or "CBA") in this FIP or the FIP Schedule shall be deemed to include a reference to any other agreement governing an Employer's contribution obligation to the Fund (e.g., a participation or adoption agreement). The Fund's Contributing Employers and Local Unions (or similar parties who maintain the NPF) are referred to in this FIP and the FIP Schedule as the "bargaining parties" (or individually, as a "bargaining party"). As applicable, any reference to the term "pension" in this FIP or the FIP Schedule shall be deemed to include a reference to the term "disability benefit," unless otherwise indicated or the context requires otherwise.

BENCHMARKS AND GENERAL DESCRIPTION OF THE FIP SCHEDULE

¹ The "funding improvement period" is the 10-year period beginning on January 1, 2017.

² The terms "Critical Status" and "Endangered Status" shall have the same meaning given such terms in ERISA Section 305 and Code Section 432.

³ These assumptions also reflect the Trustees' expectations concerning projected industry activity, including future hours, employment levels and contributions. These expectations are based upon, among other things, a comparison of actual hours worked versus expected hours worked over prior periods, historical and projected membership levels, and the Trustees' views regarding future work levels in Covered Employment.

The objective of this FIP and Funding Policy is to meet the following benchmarks: (A) increase the NPF's funded percentage⁴ such that the NPF's funded percentage as of the close of the funding improvement period equals or exceeds the sum of – (i) the funded percentage as of the beginning of the Plan Year beginning on January 1, 2015, plus (ii) 33 percent of the difference between 100 percent and the percentage under clause (i); and (B) avoid an accumulated funding deficiency⁵ for the last year of the funding improvement period (taking into account the NPF's extension of its amortization periods under ERISA Section 304(d)).

Commencing with the 2017 Plan Year and for each Plan Year thereafter during which the NPF is in its funding improvement period, ERISA and the Code require the NPF's actuary to annually certify whether or not the NPF is making the scheduled progress in meeting the requirements of this FIP (as updated/modified from time to time). The determination of whether or not the NPF is making the scheduled progress will be based on whether or not a projection of the funding metrics used for the FIP's benchmarks (as described in the preceding paragraph) demonstrates that they are projected to be met. This projection will be based on reasonable actuarial estimates, assumptions and methods, and information provided by the Trustees with respect to projected industry activity.

The FIP's benchmarks are expected to be achieved with the current design in the Plan Document. The FIP Schedule, which is attached hereto and incorporated by reference herein, reflects the Plan Document's current design.⁶ Specifically, the Normal Retirement Pension benefit accrual formula in effect on January 1, 2014 under Section 5.03(g) of the NPF's Plan Document will continue to apply to all active Participants, regardless of whether any Contribution Rate increases are made. However, as set forth in the Plan Document, the types of subsidized Early Retirement Pensions (and certain optional forms of benefits) that applied to classifications of employment that were covered under the Rehabilitation Plan's First Alternative Schedule (previously referred to as the "Alternative Schedule") or Second Alternative Schedule when the NPF was in Critical Status will not apply to benefits accrued after the NPF's emergence from Critical Status unless the Collective Bargaining Agreement covering those classifications of employment continue to reflect the required Contribution Rate increases specified in the Plan Document.

The FIP Schedule currently offers three options – one default and two alternative options. The Default Option currently does not contemplate required Contribution Rate increases. However, with respect to classifications of employment that were covered under the Rehabilitation Plan's First or Second Alternative Schedule, the Default Option reduces or eliminates subsidized Early Retirement Pensions *prospectively* (i.e., after the date that the required Contribution Rate increases would have been made). In general, the First Alternative Option preserves prospectively the accrual of the subsidized Early Retirement Pension (and optional benefit forms) that applied under the Rehabilitation Plan's First Alternative Schedule, and the Second Alternative Option preserves prospectively the accrual of the subsidized Early Retirement Pension benefits (and optional benefit forms) that applied under the Rehabilitation Plan's Second Alternative Schedule.

⁴ As used herein, the term "funded percentage" means the percentage equal to a fraction – (i) the numerator of which is the value of the NPF's assets, as determined under ERISA Section 304(c)(2), and (ii) the denominator of which is the accrued liability of the NPF, determined using actuarial assumptions described in ERISA Section 304(c)(3).

⁵ The term "accumulated funding deficiency" has the meaning given such term in ERISA Section 304(a).

⁶ Any future updates/modifications to the FIP Schedule shall be automatically incorporated by reference herein.

The types of Early Retirement Pensions and optional forms of benefits that applied to classifications of employment that were covered under the Rehabilitation Plan's Default Schedule (or additional benefit adjustments for Collective Bargaining Agreements that ceased to reflect the required Contribution Rate increases under the First or Second Alternative Schedules (hereinafter referred to as the "No Increase Consequences Adjustments" or "NIC Adjustments")) will continue to apply to those classifications of employment after the NPF's emergence from Critical Status (i.e., no Contribution Rate increases would be required currently for such classifications of employment). Accordingly, the bargaining parties are deemed to have adopted the Default Option under the FIP Schedule if they had adopted (or were deemed to have adopted) the Rehabilitation Plan's Default Schedule or if the NIC adjustments were made under the bargaining parties' Collective Bargaining Agreement when the NPF was in Critical Status.

REVIEW AND AMENDMENT OF FIP AND FIP SCHEDULE

The Trustees will review this FIP and the FIP Schedule on an annual basis (or sooner if conditions merit), and will make whatever updates/modifications they deem appropriate to reflect the actual experience of the Fund.

The Trustees have the sole and absolute power, authority, and discretion to amend, modify, interpret, and apply the provisions of the FIP and the FIP Schedule (including any subsequent updates, amendments or modifications). All such actions by the Trustees shall be final and binding on all persons.

REJECTION OF CERTAIN COLLECTIVE BARGAINING AGREEMENTS

Except to the extent approved by the Trustees, the NPF will not accept a Collective Bargaining Agreement (or similar agreement) that provides for: (i) a reduction in the level of contributions for Participants; (ii) a suspension of contributions with respect to any period of service; or (iii) any new direct or indirect exclusion of younger or newly hired employees from participation in the NPF.

EXPIRATION OF COLLECTIVE BARGAINING AGREEMENTS

Except as otherwise provided under ERISA and the Code, the following rules shall govern the implementation of a FIP Schedule Option if the parties to an expired Collective Bargaining Agreement fail to adopt a particular FIP Schedule Option:

Subsequent FIP Schedule Option: If a Collective Bargaining Agreement expires after the bargaining parties adopted or were deemed to have adopted a FIP Schedule Option, and the bargaining parties fail to adopt an updated FIP Schedule Option within 180 days after the date on which their Collective Bargaining Agreement expired, the Trustees will implement the FIP Schedule Option that applied to the expired Collective Bargaining, as updated and in effect on the date the Collective Bargaining Agreement expired. Upon such implementation, the bargaining parties will be deemed to have adopted, and shall be bound by, such updated FIP Schedule Option.

Initial FIP Schedule Option: If a Collective Bargaining Agreement that was in effect at the time the Fund entered Endangered Status expires before the bargaining parties adopted or were deemed to have adopted a FIP Schedule Option, and the bargaining parties fail to adopt a FIP Schedule Option within 180 days after the date on which the Collective Bargaining Agreement expired, the Trustees will implement the FIP Schedule's Default Option. Upon such implementation, the bargaining parties will be deemed to have adopted, and shall be bound by, the FIP Schedule's Default Option.

**FUNDING IMPROVEMENT PLAN SCHEDULE FOR
THE SHEET METAL WORKERS' NATIONAL PENSION FUND
(EIN/PN: 526112463/001)
(UPDATED AS OF MARCH 2017)**

INTRODUCTION

This is the Funding Improvement Plan ("FIP") Schedule for the NPF. This FIP Schedule forms a part of the FIP (as updated/modified from time to time) to which it is attached. All capitalized terms have the same meaning given such term in the FIP or the Plan Document, as the case may be, except that the term "Collective Bargaining Agreement" shall include any similar agreement, such as an adoption or participation agreement.

This FIP Schedule contains three (3) options, which reflect the terms of the Plan Document and which are expected to enable the NPF to meet the applicable benchmarks set forth in the FIP.

The first option is referred to as the "Default Option." It may be adopted by any of the bargaining parties, and will be deemed to have been adopted by certain bargaining parties, as described below.

The second option is referred to as the "First Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's First Alternative Schedule ("FAS") (formerly known as the "Alternative Schedule"), made the required Contribution Rate Increases when the NPF was in Critical Status, and continued to operate under the FAS as of December 31, 2013. In other words, if the bargaining parties were not parties to the FAS as of December 31, 2013, they cannot elect this option.

The third option is referred to as the "Second Alternative Option," and it may be adopted by bargaining parties, who had adopted the Rehabilitation Plan's FAS or Second Alternative Schedule ("SAS"), made the required Contribution Rate increases when the NPF was in Critical Status, and continued to operate under the FAS or SAS as of December 31, 2013.

This FIP Schedule will be reviewed by the Trustees annually (or sooner if circumstances warrant) and will be updated to the extent necessary to reflect actual experience.

1. DEFAULT OPTION

A. Contribution Rate Requirements

The Default Option currently requires no Contribution Rate increases. However, the Contribution Rate, as in effect on January 15, 2014, may not be reduced by the bargaining parties.

B. Applicability to classifications of employment that were covered under the Default Schedule or NIC Adjustments

If the bargaining parties had adopted (or were deemed to have adopted) the Default Schedule, or were parties to a Collective Bargaining Agreement that was subject to the NIC Adjustments, before the NPF emerged from Critical Status, they will be deemed to have adopted the Default Option by continuing to contribute to the NPF at the Contribution Rate in effect on January 15, 2014 (when the NPF was certified to be in Endangered Status). Such groups cannot elect another option.

For a classification of employment that was covered under the Default Schedule or was subject to the NIC adjustments when the NPF was in Critical Status, there will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document (that is the VBAR formula), and the Early Retirement Pension provisions in Section 5.04(c)(2) (A) or (B), as applicable, will continue to apply to that classification of employment. Neither the 60-Month Certain nor the reversion (pop-up) feature apply to benefits earned under such classifications of employment.

C. Applicability to classifications of employment that were covered under the FAS or SAS

If the bargaining parties had adopted either the FAS or the SAS when the NPF was in Critical Status, and the Collective Bargaining Agreement to which they are a party ceases to reflect any Contribution Rate increase required under Section 5.04 (c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases), they will be deemed to have adopted the Default Option as of the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the required increase.

A classification of employment that was covered under the FAS or the SAS when the NPF was in Critical Status will be covered under the Default Option if the Collective Bargaining Agreement under which such classification is covered ceases to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) or (D) of the Plan Document (i.e., reflects neither of the required increases). There will be no change under the Default Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(E) of the Plan Document will govern the type of Early Retirement Pension that will apply to such classification of employment after the date the Contribution Rate increase would have been had the Collective Bargaining Agreement reflected the required increase under Section 5.04(c)(2)(C) or (D) of the Plan Document. In addition, no 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned after such date.

NOTE: See the “Second Alternative Option” below for the consequences of a Collective Bargaining Agreement, which ceases to reflect the Contribution Rate increases required by Section 5.04(c)(2)(C) of the Plan Document but instead reflects the requirements of Section 5.04(c)(2)(D) of the Plan Document.

2. FIRST ALTERNATIVE OPTION

A. Contribution Requirements

The First Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(C) of the Plan Document (currently 7% annually through 2017).

B. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the First Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the First Alternative Option; provided, that the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(C) of the Plan Document. There will be no change under the First Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of Section 5.04(c)(2)(C) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Inapplicability to other classifications of employment covered under a different Rehabilitation Plan Schedule or subject to NIC Adjustments

The First Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule or SAS, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS.

3. SECOND ALTERNATIVE OPTION

A. Contribution Requirements

The Second Alternative Option requires the annual Contribution Rate increases specified in Section 5.04(c)(2)(D) of the Plan Document (currently 3.5% annually through 2017).

B. Applicability to classifications of employment that were covered under the SAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the SAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the SAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement (or similar agreement) to which they are a party does not cease to reflect the Contribution Rate requirements of Section 5.04(c)(2)(D) of the Plan Document.

A classification of employment that was covered under the SAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. Further, there will be no reduction in future Early Retirement Pension benefits with respect to such classification of employment (i.e., the same types of Early Retirement Pensions that applied under the Rehabilitation Plan's SAS will continue to apply). Specifically, the provisions of Section 5.04(c)(2)(D) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment. In addition, the 60-Month Certain and/or reversion (pop-up) feature will apply to benefits earned while working under such classification of employment, subject to the terms of the Plan Document.

C. Applicability to classifications of employment that were covered under the FAS

The bargaining parties will be deemed to have adopted the Second Alternative Option if: (i) they had adopted the FAS when the NPF was in Critical Status; (ii) all required Contribution Rate increases were made pursuant to the FAS when the NPF was in Critical Status; and (iii) the Collective Bargaining Agreement to which they are a party ceases to reflect the Contribution Rate requirements of Section 5.04(c)(2)(C) of the Plan Document but instead reflects (and does not cease to reflect) the Contribution Rate increases that are required under Section 5.04(c)(2)(D) of the Plan Document. For purposes of the preceding sentence, the date on which the Contribution Rate increase would have been made under Section 5.04(c)(2)(C) of the Plan Document is the date on which the Second Alternative Option will be deemed to have been adopted by the bargaining parties.

A classification of employment that was covered under the FAS when the NPF was in Critical Status, and is covered under a Collective Bargaining Agreement described in the preceding paragraph, will be covered under the Second Alternative Option; provided, that, the Collective Bargaining Agreement under which the classification is covered continues to reflect the Contribution Rate increases required under Section 5.04(c)(2)(D) of the Plan Document. There will be no change under the Second Alternative Option to the benefit accrual formula in Section 5.03(g) of the Plan Document with respect to such classification of employment. However, under the terms of the Plan Document, there will be a reduction in future Early Retirement Pension benefits with respect to such classification of employment. Specifically, the provisions of 5.04(c)(2)(F) of the Plan Document will govern the types of Early Retirement Pensions that will apply to such classification of employment after the date the Contribution Rate increase would have been made had the Collective Bargaining Agreement reflected the Contribution Rate increase required under Section 5.04(c)(2)(C) of the Plan Document. The 60-Month Certain and/or reversion (pop-up) feature will continue to apply to benefits earned under such classification of employment after such date, subject to the terms of the Plan Document.

D. Inapplicability to other classifications of employment covered under the Rehabilitation Plan's Default Schedule or subject to NIC Adjustments

The Second Alternative Option may not be adopted by bargaining parties who adopted, or were deemed to have adopted, the Rehabilitation Plan's Default Schedule, or by bargaining parties who were parties to a Collective Bargaining Agreement, which was subject to the NIC adjustments because the Collective Bargaining Agreement did not reflect the required increases under the Rehabilitation Plan's FAS or SAS.

4. CLASSIFICATIONS OF EMPLOYMENT THAT WERE NOT COVERED UNDER THE REHABILITATION PLAN

If a classification of employment was not covered under the Plan's Rehabilitation Plan or a Rehabilitation Plan Schedule when the Plan was in Critical Status, the terms of the Plan Document shall govern the Contribution Rate requirements of the bargaining parties with respect to such classification, as well as the benefit provisions that apply to such classification of employment. See, further, Section 5.04(c)(2)(G) of the Plan Document.

5. ADDITIONAL FIP SCHEDULE PROVISIONS FOR COLLECTIVE BARGAINING AGREEMENTS EXPIRING AFTER NOVEMBER 30, 2018 AND DURATION OF SCHEDULE AND OPTIONS

- A. If the bargaining parties negotiate or otherwise agree to a Collective Bargaining Agreement ("CBA"), which expires after November 30, 2018, and they adopt or are deemed to have adopted one of the Options set forth above, they shall be deemed to have agreed to any additional Contribution Rate increases and/or future benefit accrual reductions (including any Early Retirement Pension benefit accrual reductions, such as the elimination or reduction of subsidized Early Retirement Pension options), which apply to such Option by reason of any update(s), amendment(s), or modification(s) in effect on or after November 30, 2018 but before the expiration date of such CBA. Any such updates, amendments, or modifications are hereby incorporated by reference in this Schedule and each of the Options set forth above, as applicable, to the extent it is in effect on or after November 30, 2018 but before the expiration date of the CBA.
- B. This Schedule and the Options set forth above shall remain in effect for the duration of any CBA, which was negotiated by the bargaining parties in reliance upon this Schedule and the Options above; provided, however, that in accordance with (A) above, if any such CBA expires after November 30, 2018, this Schedule and the Options set forth above incorporate by reference any update, amendment, or modification in effect on or after November 30, 2018 but before the expiration of such CBA.

6. AMENDMENT AND MODIFICATION

The Trustees may amend or modify this FIP Schedule at any time. The Trustees have the sole discretion and authority to interpret this FIP Schedule, and any such interpretation shall be final and binding on all persons. This authority includes, but is not limited to, a determination of whether a Collective Bargaining Agreement reflects (and continues to reflect) the required Contribution Rate increases under any of the options described above.