



SHEET METAL WORKERS' NATIONAL PENSION FUND

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2015 ANNUAL FUNDING NOTICE

EIN 52 6112463/PLAN NO. 001

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2015 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") (EIN 52 6112463/Plan No. 001). 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, 2015 and ending December 31, 2015 (the "2015 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 2015 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	2015	2014	2013
Valuation Date	January 1, 2015	January 1, 2014	January 1, 2013
Funded Percentage	59.3%	59.1%	57.4%
Value of Assets *	\$4,140,279,634	\$3,940,831,853	\$3,711,928,315
Value of Liabilities*	\$6,987,384,126	\$6,671,514,903	\$6,463,106,428

***NOTE:** The "Value of Assets" figures above reflect the actuarial (smoothed) value (rather than the market value) of assets reported in the NPF's Actuarial Valuation and Review as of the applicable Valuation

Date. The "market value" of assets is discussed in the following section. Also, the asset values above reflect the special funding relief elected under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010. The "Value of Liabilities" figures above reflect the "actuarial accrued liability" reported in the NPF's Actuarial Valuation and Review 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 2015 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, 2015	December 31, 2014	December 31, 2013
Fair Market Value of Assets	\$3,962,236,051**	\$3,999,233,547	\$3,818,123,174

****NOTE:** The fair market value figure for December 31, 2015 above is taken from the Plan actuary's Actuarial Certification of Plan Status as of January 1, 2016 under IRC Section 432 ("2016 Actuarial Status Certification"). As discussed in the 2016 Actuarial Status Certification, the Plan's actuary estimated the market value of assets as of January 1, 2016 based on an unaudited financial statement provided by the Plan's Fund Office. The fair market value figure may change when an audit of the Plan's December 31, 2015 financial statements is completed.

The Plan's Endangered Status for 2015

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 actuary certified that the Plan was in endangered status for the 2015 Plan Year because it was not projected to have an accumulated funding deficiency for the 2015 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 Section 304(d)(1)), it was not projected to become insolvent for the 2015 Plan Year or any of the 30 succeeding Plan Years, and the Plan's funded percentage for 2015 was less than 80%.

In an effort to improve the Plan's funding situation, the Trustees adopted a Funding Improvement Plan and Funding Improvement Plan Schedule ("FIP Schedule"), effective March 1, 2014, and it was last updated on December 15, 2015. The purpose of the Funding Improvement Plan is to increase the Plan's funded percentage over the course of its funding improvement period, which begins on January 1, 2017 and runs through the end of 2026. The Funding Improvement Plan currently is designed so that the Plan's funded percentage at 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 and such funded percentage (for the 2015 Plan Year). Additionally, the Funding Improvement Plan is designed to avoid an accumulated funding deficiency for the 2026 Plan Year (taking into account the Plan's extension of its amortization period under ERISA Section 304(d)(1)).

The FIP Schedule currently contains three options: (i) the Default Option; (ii) the First Alternative Option; and (iii) the Second Alternative Option. The Default Option currently requires no Contribution Rate increases (the same as the Rehabilitation Plan's Default Schedule). The First Alternative Option currently requires an annual Contribution Rate increase of 7% through 2017 (the same as under the Rehabilitation Plan's First Alternative Schedule). The Second Alternative Option currently requires an annual Contribution Rate increase of 3.5% through 2017 (the same as under the Rehabilitation Plan's Second Alternative Schedule). Of course, these Contribution Rate requirements could change in the future, when the Trustees review the Funding Improvement Plan and FIP Schedule and make any updates they deem advisable. Please note that the Options under the FIP Schedule do not have any impact on Participants who retired before 2014 (unless a Participant returns to work in Covered Employment).

Under the current FIP Schedule and the Plan Document, no Contribution Rate increases are required in order to continue accruing Normal Retirement Pension benefits under the formula in effect before the adoption of the Funding Improvement Plan (i.e., under the Plan Document's VBAR formula in effect on January 1, 2014). However, under the terms of the Plan Document, as well as the FIP Schedule, Contribution Rate increases are required 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”), which 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.² 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).

If a Participant works in a classification of employment that is covered by a CBA that reflects the First Alternative Option’s required Contribution Rate increases, the possible types of subsidized Early Retirement Pensions that he or she may accrue (subject to all applicable eligibility requirements) are the Standard Early Retirement Pension, Special Early Retirement Pension, and, if applicable, the 55/30 Pension. If a Participant works in a classification of employment that is covered under a CBA that reflects the Second Alternative Option’s required Contribution Rate increases, the only types of subsidized Early Retirement Pension benefits that he or she may accrue (subject to all applicable eligibility requirements) are the Age 62 Pension and, if applicable, the 60/30 Pension. He or she may also accrue Unsubsidized Early Retirement Pension benefits (subject to all applicable eligibility requirements).

If a Participant works in a classification of employment that is covered by a CBA that ceases to reflect the Contribution Rate increases required under the First Alternative Option (or the Rehabilitation Plan’s First Alternative Schedule), he or she will cease to earn the subsidized Early Retirement Pension benefits that apply to the First Alternative Option. If the CBA instead reflects the Contribution Rate increases of the Second Alternative Option for the Participant’s classification of employment, then the only types of subsidized Early Retirement Pension benefits that he or she may accrue (subject to all applicable eligibility requirements) for work under that classification are the Age 62 Pension, and, if applicable, the 60/30 Pension. He or she may also accrue an Unsubsidized Early Retirement Pension benefit (subject to all applicable eligibility requirements).

¹However, if a Participant works under a classification of employment that was subject to the additional benefit adjustments under the “No Increase Consequences” (“NIC”) of the Rehabilitation Plan when the Plan was in critical status, the Early Retirement Pension benefits that he or she will continue accruing (subject to all applicable eligibility requirements) are the Unsubsidized Early Retirement Pension and the Age 62 Pension.

²Also, for benefits accrued on and after 2014, the 60-Month Certain and the reversion (pop-up) features are only available if the Participant’s CBA continues to reflect those required Contribution Rate increases.

If a Participant works in a classification of employment that is covered by a CBA that ceases to reflect any required Contribution Rate increases, he or she will cease accruing subsidized Early Retirement Pension benefits. After that date, the only Early Retirement Pension benefit that he or she will accrue (subject to all applicable eligibility requirements) is the Unsubsidized Early Retirement Pension benefit. Under the FIP Schedule, the Participant's classification of employment will be treated as falling under the Default Option.³

The Trustees updated the Funding Improvement Plan and FIP Schedule in 2015. To reflect recent changes in the law, the 2015 Funding Improvement Plan provides that if a CBA that was in effect on January 1, 2014 expires, and the bargaining parties fail to adopt a FIP Schedule Option within 180 days after the date on which the CBA expired, the Trustees will implement the FIP Schedule's Default Option. If a CBA that became effective after January 1, 2014 expires, and the bargaining parties fail to adopt an updated FIP Schedule Option (to the extent an updated FIP Schedule Option is available) within 180 days after the expiration date, the Trustees will implement the applicable updated FIP Schedule Option. The updated FIP Schedule contains an additional rule for any CBA that expires after November 30, 2018. Specifically, if the bargaining parties negotiate or otherwise agree to a CBA that expires after November 30, 2018, and they adopt or are deemed to have adopted one of the Options under the FIP Schedule, 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. This is because the current Contribution Rate requirements in each of the Options under the FIP Schedule are intended to apply only to CBA's that expire no later than November 30, 2018.

The 2014 Summary Plan Description (2014 SPD) describes how a Participant's Early Retirement Pension benefit is determined for the period before 2014, when the Plan was in critical status. It also describes how a Participant's Early Retirement Pension benefit is determined for the period after 2013, when the Plan entered into endangered status. It is best to begin with the description of Early Retirement Pensions on page 37 of the 2014 SPD. If you need a copy, you can contact the Fund Office at the address below, or you can view and download a copy from the NPF website at www.smwnpf.org.

You may obtain a copy of the NPF's Funding Improvement Plan 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"

³Default Option for other Classifications of Employment: If a Participant works under a classification of employment that was covered under the Rehabilitation Plan's Default Schedule, when the Plan was in critical status, he or she will continue to accrue only Unsubsidized Early Retirement Pension and Normal Retirement Pension benefits (subject to all applicable eligibility requirements).

below). A copy of the most recent Funding Improvement Plan and FIP Schedule (as well as future updates) may also be viewed on the NPF's website at www.smwnpf.org.

NOTE: In 2016, 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 2016, advising you that the NPF is in endangered status for the 2016 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, 2015) was 135,234. Of this number: (i) 54,319 were current employees; (ii) 34,364 were retired or no longer working for the employer and have a right to future benefits; (iii) 46,551 were retired and receiving benefits (or had their benefit payments suspended) (including 38,133 classified as pensioners and 8,418 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 2015 Plan Year, the funding policy, in general terms, is to meet the benchmarks required for plans in endangered status through the implementation of the Funding Improvement Plan 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 speaking, 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 2015 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage:
Stocks	45.8%
Investment grade debt instruments	14.2%
High-yield debt Instruments	3.8%
Real estate	4.3%
Other	31.9%

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 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."

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 $\$24.75$ ($.75 \times \$33$), or $\$35.75$. Thus, the participant's guaranteed monthly benefit is $\$357.50$ ($\$35.75 \times 10$).

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 $\$6.75$ ($.75 \times \$9$), or $\$17.75$. Thus, the participant's guaranteed monthly benefit would be $\$177.50$ ($\$17.75 \times 10$).

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 8403 Arlington Boulevard, Suite 300, Fairfax, VA 22031. 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.