



## SHEET METAL WORKERS' NATIONAL PENSION FUND

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FAIRFAX, VA 22031

**THIS NOTICE IS SENT IN ACCORDANCE WITH SECTION 204(H) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 ("ERISA"). IT SUMMARIZES HOW YOU WILL EARN NORMAL RETIREMENT PENSION BENEFITS ON CONTRIBUTION HOURS WORKED ON OR AFTER JANUARY 1, 2015 THRU DECEMBER 31, 2015.**

December 14, 2014

Dear Plan Participant:

As explained in earlier notices, starting in 2014 the Sheet Metal Workers' National Pension Fund ("NPF" or "Fund") implemented the Variable Benefit Accrual Rate or "VBAR" benefit formula. Under VBAR, the benefit accrual percentage for hours worked depends upon an historical 3-year average market value investment return percentage. This notice explains how you will earn Normal Retirement Pension benefits for hours worked in 2015 under VBAR.

The following table illustrates how VBAR works. Each year, the Fund's actuary issues an Actuarial Valuation, which among other things, reports the average market value investment return for the three preceding years. The average market investment return will fall between ranges shown in the table. Depending upon the range the average falls in, the rate of accrual changes as shown in the table.

Average Market Value Investment Return	Variable Rate of Accrual for Normal Retirement Pension Benefit
10.0% or higher	1.25%*
8.5% but less than 10%	1.0%*
6.5% but less than 8.5%	0.75%*
more than 0% but less than 6.5%	0.50%*
0% or less	0%*

\*If contributions are worked under a 55/30 string the Normal Retirement Pension benefit is reduced by 30%.

Let's review how this worked for Contribution Hours worked in 2014. The VBAR benefit accrual percentage is based on the average of the market value investment return percentages for 2010, 2011, and 2012. That average was 8.25%, as reported in the January 1, 2013 Actuarial Valuation. Therefore, the benefit accrual percentage under VBAR is .75% of contributions for hours worked in 2014. For 55/30 contract strings, the accrual is reduced by 30%.

The January 1, 2014 Actuarial Valuation shows strong investment returns for the 2012 and 2013 Plan Years. The 2014 Valuation shows the market value investment return percentages for 2011, 2012 and 2013 as follows:

2011 (-1.72%)                      2012 11.98%                      2013 20.56%

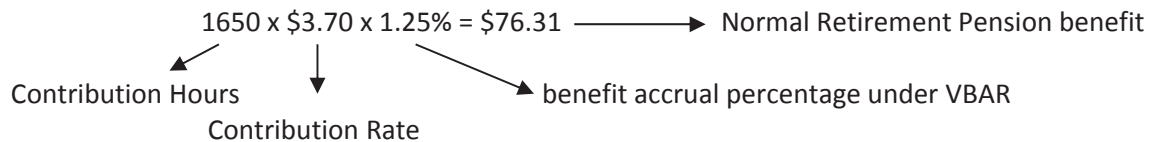
The average market value investment return percentage for these three (3) years is **10.27%**. Because that

percentage is over 10%, the VBAR benefit accrual percentage **will be 1.25%** of contributions for hours worked in 2015. For 55/30 contract strings, the accrual is reduced by 30%. Below is an example of how Normal Retirement Pension benefits will accrue for Contribution Hours worked in 2015.

Average Market Value Investment Return	Variable Rate of Accrual for Normal Retirement Pension Benefit
10.0% or higher	1.25%*
8.5% but less than 10%	1.0%*
6.5% but less than 8.5%	0.75%*
more than 0% but less than 6.5%	0.50%*
0% or less	0%*

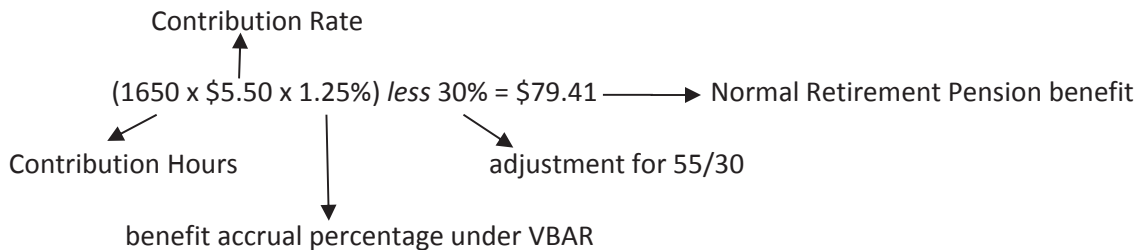
\*If contributions are worked under a 55/30 string the Normal Retirement Pension benefit is reduced by 30%.

**EXAMPLE 1:** Suppose Joe works a total of 1650 hours in 2015 with an NPF Contribution rate of \$3.70. In this example, Joe’s Normal Retirement Pension benefit would be determined as follows:



In this example, Joe has increased his Normal Retirement Pension benefit by \$76.31.

**EXAMPLE 2:** Suppose Mike works a total of 1650 hours in 2015 with an NPF Contribution rate of \$5.50 which is under a 55/30 string. Since the hours Mike worked was under a 55/30 string his benefit is further reduced by 30%. In this example, Mike’s Normal Retirement Pension benefit would be determined as follows:



In this example, Mike has increased his Normal Retirement Pension benefit by \$79.41.

Since VBAR is based on an historical 3-year average market value investment return percentage, which can vary from year to year, the NPF will issue an annual notice advising Participants of the VBAR benefit accrual percentage for the coming year. For more information on VBAR go to the NPF’s website at [www.smwnpf.org/announcements/](http://www.smwnpf.org/announcements/) or contact the Fund Office at the address above.

Your attention is appreciated.

cc: NPF Contributing Employers  
SMACNA/Contractors’ Associations

