

SHEET METAL | AIR | RAIL | TRANSPORTATION



**SECOND GENERAL  
CONVENTION**



**FOCUS  
ON THE  
FUTURE**

**Sheet Metal Workers'  
National Pension Fund**

SMART Convention  
August, 2019



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## NPF Funding

Plan Year	2018	2017	2016	2015	2014	2013
Valuation Date	January 1 2018	January 1 2017	January 1 2016	January 1 2015	January 1 2014	January 1 2013
Funded Percentage	63.0%	60.6%	59.4%	59.3%	59.1%	57.4%

# Actuarial Assumptions

Year Ended December 31	Total Hours		Active Participants	
	Number	Percent Change	Number	Percent Change
2008	126,093,952	0.3%	70,448	1.5%
2009	103,117,103	-18.2%	62,321	-11.5%
2010	91,693,289	-11.1%	55,940	-10.2%
2011	92,440,381	0.8%	55,131	-1.4%
2012	94,923,571	2.7%	55,440	0.6%
2013	92,829,393	-2.2%	54,282	-2.1%
2014	95,139,413	2.5%	54,319	0.1%
2015	99,639,689	4.7%	55,897	2.9%
2016	103,613,586	4.0%	57,295	2.5%
2017	106,936,425	3.2%	58,840	2.7%

1. Hours will be the same as 2013.
2. Participant count as of 2013 will remain flat through 2026.

# Total Participants

Type	Number
Active	58,840
Terminated Vested	33,089
Retirees and Beneficiaries	47,843
Total Participants	139,772

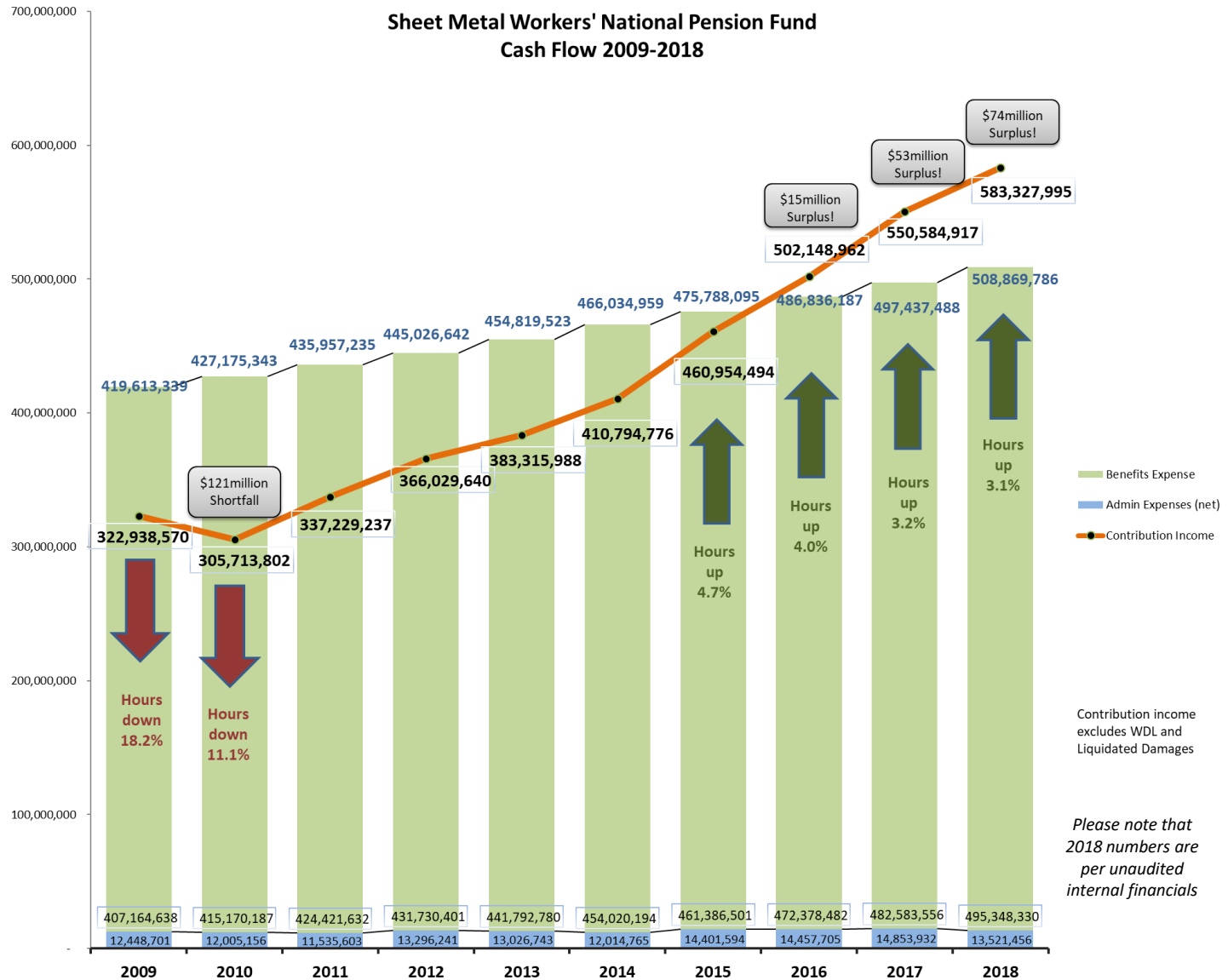


# Actuarial Assumptions

Year Ended December 31	Market Value Investment Return	
	Amount (\$)	Percent
2008	-905,604,097	-27.64%
2009	561,785,116	24.45%
2010	398,844,675	14.48%
2011	-52,598,539	-1.72%
2012	349,221,467	11.98%
2013	656,623,939	20.56%
2014	232,193,895	6.12%
2015	-16,599,604	-0.42%
2016	321,747,587	8.08%
2017	612,744,159	14.11%

7.5% Market Value Investment Return

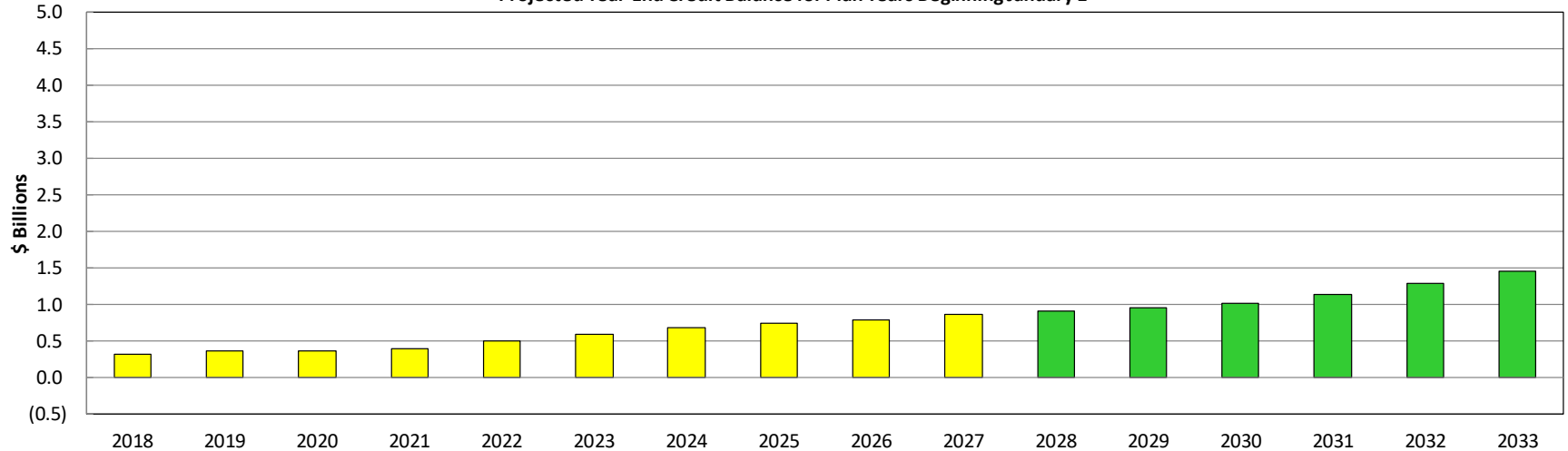
## Sheet Metal Workers' National Pension Fund Cash Flow 2009-2018



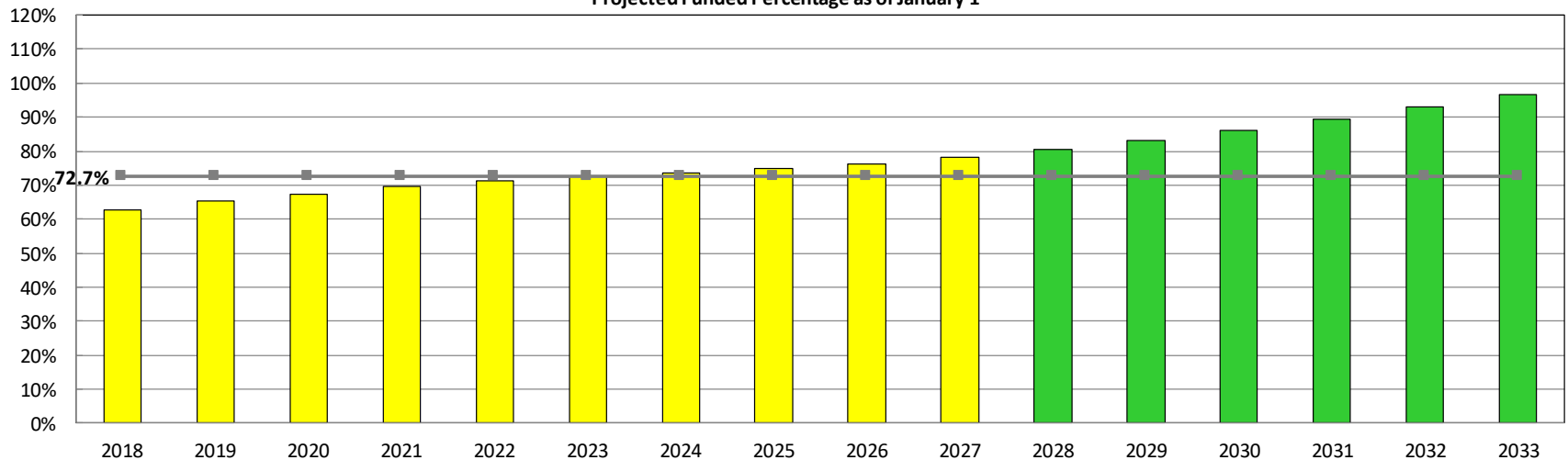


# Percentage Projections Assuming 90 Million Hours/Year, 5.0% Returns through 2024, 7.5% Thereafter

Projected Year-End Credit Balance for Plan Years Beginning January 1



Projected Funded Percentage as of January 1







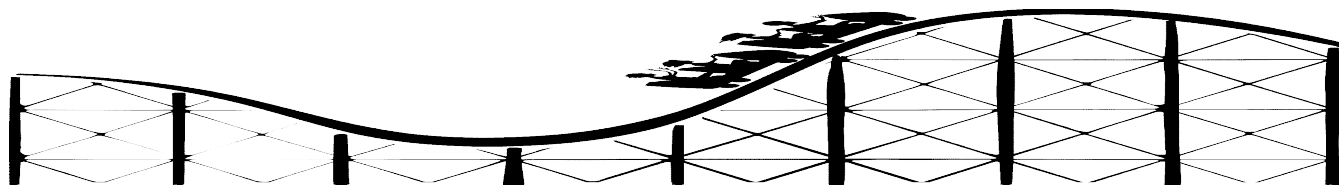
## Target under the FIP

The purpose of the Funding Improvement Plan is to increase NPF's funded percentage over the course of its funding improvement period by one-third of the starting funded percentage and 100%.

In short, the FIP is designed so that the Plan's funded percentage should **grow to** the mid 70% range by the end of the 2026 (i.e., the end of the funding improvement period).

## Variable Benefit Accrual Rate - 2019

<b>Plan Year</b>	<b>Annual Investment Return</b>
<b>2015</b>	<b>-0.42%</b>
<b>2016</b>	<b>8.08%</b>
<b>2017</b>	<b>14.11%</b>
<b>3 year average</b>	<b>7.26%</b>





# VBAR Formula

**IF, the three-year average market value investment return percentage reported in the preceding Plan Year's Actuarial Valuation is:**

**THEN, the VBAR rate of Accrual for the Plan Year will be:**

*Average for 2019 VBAR was 7.26% so accrual for 2019 is 0.75%*

**10% or higher**

**1.25%\***

**8.5% or higher, but less than 10%**

**1.00%\***

**6.5% or higher, but less than 8.5%**

**0.75%\***

**Greater than 0%, but less than 6.5%**

**0.50%\***

**0% or less**

**0%\***

\*FOR 55/30 CONTRIBUTION RATE, THE ACCRUAL IS 70% OF AMOUNTS LISTED.

## VBAR Historical Numbers

	2014 VBAR	2015 VBAR	2016 VBAR	2017 VBAR	2018 VBAR	2019 VBAR
2017						14.11%
2016					8.08%	8.08%
2015				-0.42%	-0.42%	-0.42%
2014			6.12%	6.12%	6.12%	
2013		20.56%	20.56%	20.56%		
2012	11.98%	11.98%	11.98%			
2011	-1.72%	-1.72%				
2010	14.48%					
3 - Year Average	8.25%	10.27%	12.89%	8.75%	4.59%	7.26%
VBAR	0.75%	1.25%	1.25%	1.00%	0.50%	0.75%

6 Year Average Accrual Rate = 0.92%



# Contribution Rates

- First Alternative: 7% Increases Required through 2017
- Second Alternative: 3.5% Increases Required through 2017
- Default: No increases



- 2018 and 2019: Trustees have determined that, barring any catastrophic events impacting the Plan, there will be no mandated increases.
- Beyond 2019.....





# Contribution Rates Beyond 2019

2020:

- Trustees have determined that, barring any catastrophic events impacting the Plan, there will be no mandated increases.

2021 and 2022:

- First Alternative: 2% Increases Required
  - Second Alternative: 1% Increases Required
  - Default: No increases
- 
- Beyond 2022: TBD



## Recommended CBA Language



“The Parties to this Agreement have adopted the Sheet Metal Workers’ National Pension Fund’s (NPF) First Alternative Option of the Funding Improvement Plan (FIP) as in effect when the Collective Bargaining Agreement is entered into and as the selected Option is amended from time to time.”

Call the  
Fund Office  
for Help!

# Organizing Tools

## Owner Member Exclusions:

Trustee Resolution to allow new Owner Members to participate in the plan but exclude contributions on themselves for one year.

Past Service: Can be awarded (up to 10 years) provided specific criteria is met. Past Service is equal to \$10 per year of award.

## Free Look:

A NEW Employer who signed a CBA, and began contributing in 2015 or after will not be assessed withdrawal liability if its obligation to contribute ceases within 48 months.





# Owner Member Exclusions

- New in 2016
- Trustee Resolution to allow new Owner Members to participate in the Plan but exclude contributions on themselves for one year.
- OM's may get pension credit for purposes of vesting and eligibility.
- Must sign an Addendum to the CBA.



## **ADDENDUM**

### **OWNER-MEMBER CONTRIBUTIONS TO THE NATIONAL PENSION FUND**

Notwithstanding any provision to the contrary, if an Employer never had an obligation to contribute to the Sheet Metal Workers' National Pension Fund ("NPF") before May 1, 2016 and before this Addendum was added to this Agreement, such Employer shall not be required to make contributions to the NPF for or on behalf of any employee who is an "Owner Member" (as defined below) of such Employer during the first consecutive 12-month period following the month in which such Employer first became signatory or otherwise bound by this Agreement; provided, that the Employer complies with any terms and conditions established by the NPF and reports to the NPF the names of the Owner Member(s), as well as the date on which such person or persons first became an Owner Member of such Employer. For purposes of this Addendum, the term "Owner Member" means an employee who owns stock in, or is an officer or director of, the Employer. Any ownership interest in the Employer by an employee's spouse will be treated as owned by the employee for purposes of the preceding sentence. No other definition of the term "Owner Member" shall apply to this Addendum.



# Free Look

- ***A BRAND NEW* Employer who was approved for the Free Look provision, signed a CBA, and began contributing after January 1, 2015 will not be assessed withdrawal liability if its obligation to contribute ceases within 48 months.**
- **Free Look will only be available in years in which, as of the end of the previous year, the ratio of assets to annual benefit payments is at least 8 to 1.**



## Work After Retirement

The Plan defines work in the Sheet Metal Industry, which by definition is considered work in Disqualifying Employment, as any and all types of work covered by Collective Bargaining Agreements to which the Union and/or any Local are a party; or under the trade jurisdiction of the Union, as that trade jurisdiction is described in the SMART's constitution; or in a related building trade; or any other work to which a sheet metal worker has been assigned, referred, or can perform because of their skills and training as a sheet metal worker.

<p style="text-align: center;"><b>Age 55 to 62</b></p> <p>Up to <u>40-hours per month</u> with the following:</p> <ul style="list-style-type: none"> <li>• Local Union JATC</li> <li>• SMART International</li> <li>• As a picketer for the Union</li> <li>• As an official/officer of Union elections</li> </ul> <p>Through 12/31/2020 <u>unlimited</u> hours as a:</p> <ul style="list-style-type: none"> <li>• Governmental inspector</li> <li>• Volunteer for a non-profit organization</li> </ul>	<p style="text-align: center;"><b>Age 62 to 65</b></p> <p>Up to <u>40-hours per month</u> with the following:</p> <ul style="list-style-type: none"> <li>• Local Union JATC</li> <li>• Related Organization</li> <li>• SMART International</li> <li>• As a picketer for the Union</li> <li>• For Contributing Employer in Covered Employment</li> </ul> <p>Through 12/31/2020 <u>unlimited</u> hours as a:</p> <ul style="list-style-type: none"> <li>• Governmental inspector</li> <li>• Volunteer for a non-profit organization</li> </ul>
<p style="text-align: center;"><b>Age 65 to 70 ½</b></p> <ul style="list-style-type: none"> <li>• <u>Up to 40-hours per month</u> in any Disqualifying Employment.</li> </ul> <p>Through 12/31/2020 he can work unlimited hours as a:</p> <ul style="list-style-type: none"> <li>• Governmental inspector</li> <li>• Volunteer for a non-profit organization</li> </ul>	<p style="text-align: center;"><b>Age 70 ½ and older...</b></p> <ul style="list-style-type: none"> <li>• Any and all types of work are permitted without limitations. (Eligibility begins the April 1 following the Calendar Year in which the Participant attains 70 ½.)</li> </ul>

If you exceed the hours indicated on this chart, your pension will be suspended.



## Return to Work

Process for Current Retirees who wish to Suspend their Pension, Return to Work, then Re-Retire

- 1 Notify Fund Office of Return to Work:** Must receive written notification 21 days in advance of returning to work with a Contributing Employer to avoid pension overpayment. Notice can be sent to [returntowork@smwnbf.org](mailto:returntowork@smwnbf.org).
- 2 Monthly Pension is Placed on Hold:** Pension will be suspended for every month that the retiree works with a Contributing Employer. (If less than age 62 the suspension will be no less than three months.)
- 3 Notify Fund Office of Return to Retirement Date:** After the appropriate suspension period the retiree is again eligible for pension. Ideally notice is received 21 days in advance of “re-retirement.” Notice can be sent to [returntowork@smwnbf.org](mailto:returntowork@smwnbf.org)
- 4 Re-Commencement of Pension:** With the 21 day notice, pension will resume immediately at the original amount. This means that a pension check will be issued on the first of the month following the last day worked.
- 5 Benefit Review/Recalculation:** Once final hours are received, there will be a review to determine if the retiree is entitled to an increase in their monthly pension as a result of the return to work. If so, that increase will apply retroactively to the re-commencement of the benefit.

# What's New?

- Summary Plan Description (SPD)
- Website
  - ✓ Fully mobile optimized for use on your phone.
  - ✓ Three clicks or less to anything you need.
  - ✓ Quick access to contact information.
  - ✓ Most frequently asked questions we receive over the phone or by email are answered on the website.



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