

# Sheet Metal Workers' National Pension Fund



SMACNA Chapter Reps  
December 2021

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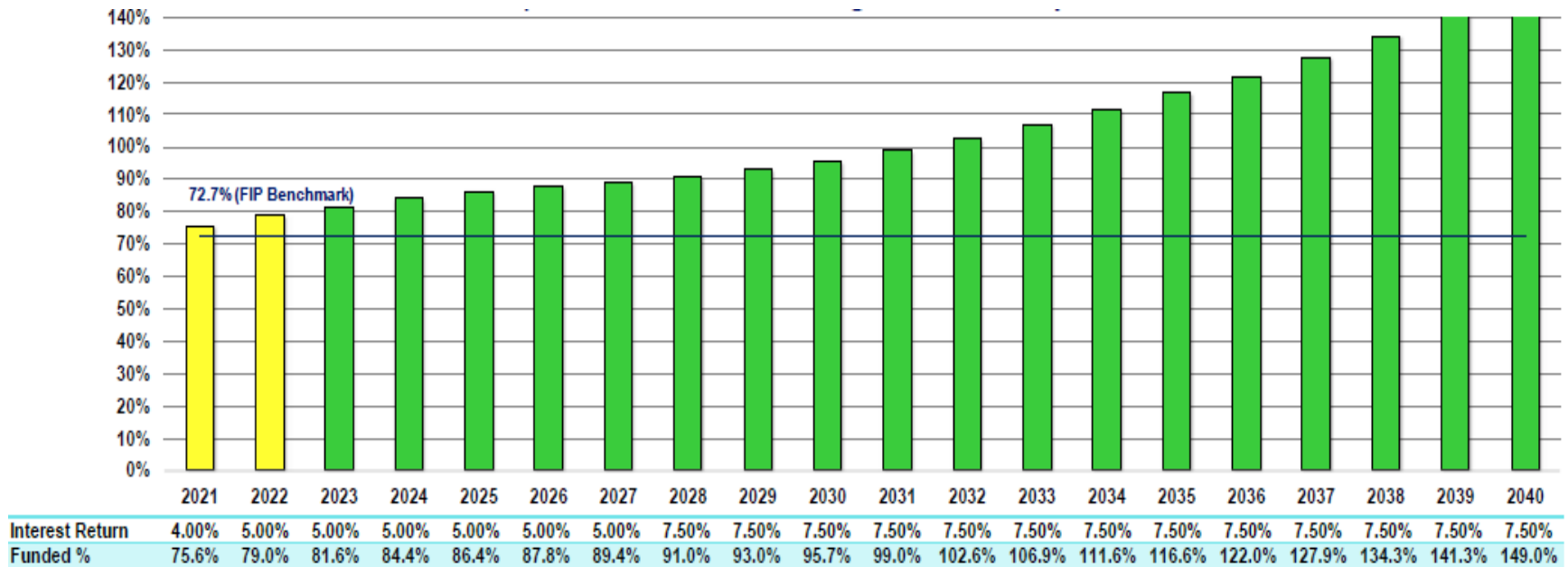
# NPF Funding

Valuation Plan Year	Funding Percentage
 Jan 1, 2021	75.6%
Jan 1, 2020	70.0%
Jan 1, 2019	66.5%
Jan 1, 2018	63.0%
Jan 1, 2017	60.6%
Jan 1, 2016	59.4%
Jan 1, 2015	59.3%
Jan 1, 2014	59.1%
Jan 1, 2013	57.4%

# Funding Projections

4% Market Return in 2021, 5% in 2022-2027,  
7.5% thereafter

90 Million Hours; Contribution Rate Increases in 2021 and 2022



## Variable Benefit Accrual Rate - 2022

<b>Plan Year</b>	<b>Annual Investment Return</b>
<b>2020</b>	<b>11.60%</b>
<b>2019</b>	<b>17.18%</b>
<b>2018</b>	<b>-4.12%</b>
<b>3-year average</b>	<b>8.22%</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 2022 VBAR was 8.22% so accrual for 2022 is 0.75%*

**10% or higher**

**1.25%\***

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

**1.0%\***

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

**0.75%\***

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

**0.5%\***

**0% or less**

**0%**

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

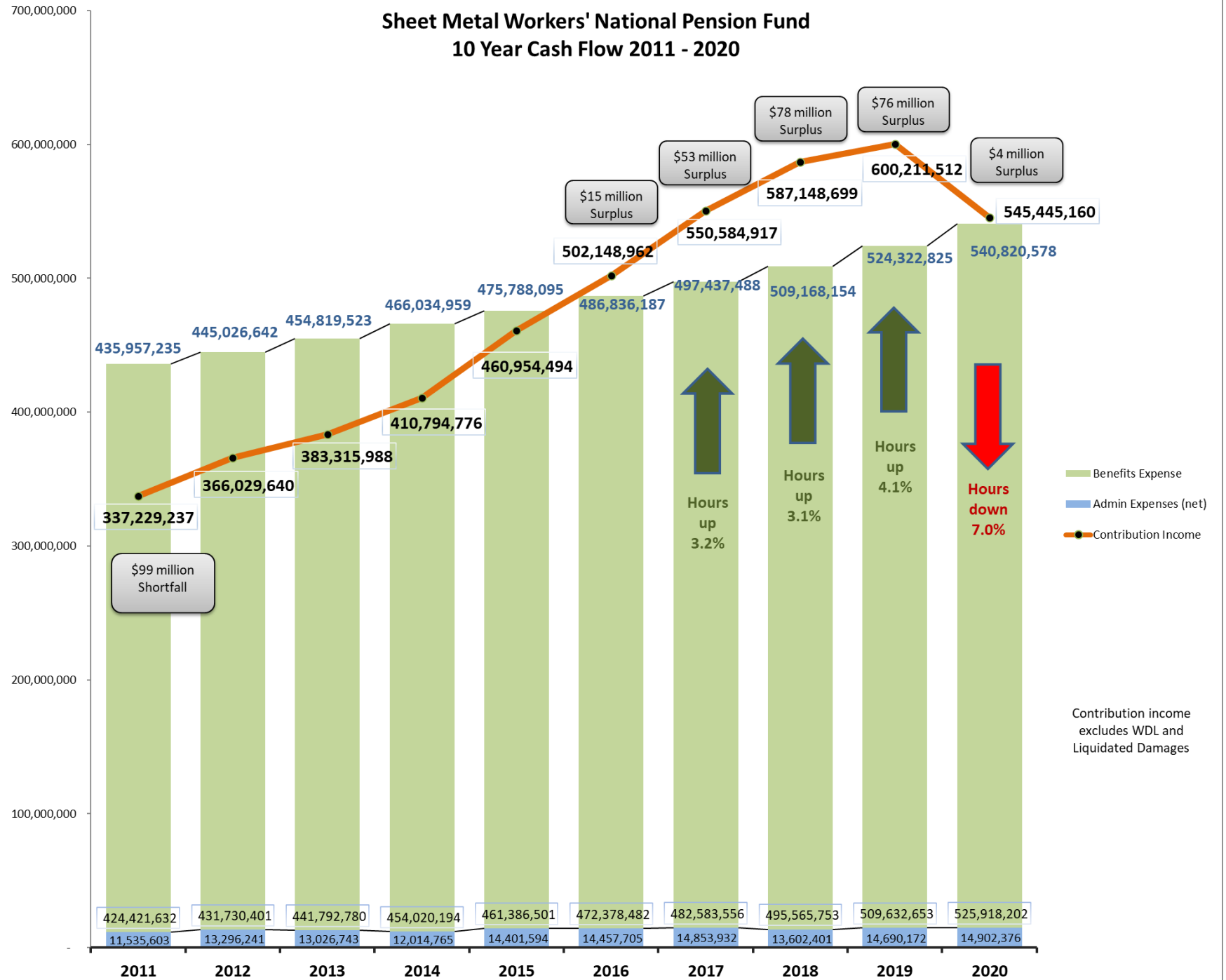
# VBAR Historical Numbers

	2014 VBAR	2015 VBAR	2016 VBAR	2017 VBAR	2018 VBAR	2019 VBAR	2020 VBAR	2021 VBAR	2022 VBAR	2023 VBAR
2021										TBD
2020									11.60%	11.60%
2019								17.18%	17.18%	17.18%
2018							-4.12%	-4.12%	-4.12%	
2017						14.11%	14.11%	14.11%		
2016					8.08%	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%	6.02%	9.06%	8.22%	TBD
<b>VBAR</b>	<b>0.75%</b>	<b>1.25%</b>	<b>1.25%</b>	<b>1.00%</b>	<b>0.50%</b>	<b>0.75%</b>	<b>0.50%</b>	<b>1.00%</b>	<b>0.75%</b>	<b>TBD</b>

**9 Year Average Accrual Rate = 0.86%**

# Sheet Metal Workers' National Pension Fund

## 10 Year Cash Flow 2011 - 2020



■ Benefits Expense  
■ Admin Expenses (net)  
● Contribution Income

Contribution income excludes WDL and Liquidated Damages



# Contribution Rates

Under the Funding Improvement Plan:

First Alternative:  
7% Increases  
Required through  
2017



Second Alternative:  
3.5% Increases  
Required through  
2017



Default: No  
increases

No Mandated Increases in 2018, 2019, or 2020

Required Increases for 2021 and 2022:

First Alternative:  
2% Increases  
Required



Second  
Alternative: 1%  
Increases Required



Default: No  
increases

No Mandated Increases in 2023

Beyond 2023: TBD

# Comparing Hours

2019		2020		2021	
Month	Total Hours	Month	Total Hours	Month	Total Hours
January	9,016,598.89	January	9,424,868.72	January	8,105,178.53
February	8,493,720.67	February	8,931,394.46	February	7,857,234.82
March	9,554,051.97	March	9,147,746.74	March	9,194,824.38
April	9,262,224.40	April	7,503,689.78	April	9,205,409.03
May	10,443,366.36	May	8,300,589.58	May	8,854,748.15
June	9,603,897.19	June	8,865,626.92	June	9,370,296.59
July	9,852,172.71	July	9,647,496.33	July	9,239,932.87
August	10,523,709.74	August	9,214,472.90	August	9,295,081.67
September	9,351,224.86	September	9,075,856.76	September	9,129,563.10
October	10,705,669.81	October	9,561,827.38	October	
November	9,592,892.51	November	8,490,973.16	November	
December	8,877,422.40	December	8,916,803.54	December	
Year Total	115,276,951.51	Year Total	107,081,346.27	YTD Total	80,252,269.14
		Jan-Sept	80,111,742.19		

## Comparison of Funding Improvement Plan (FIP) Options

Major Features	Default Option	First Alternative Option	Second Alternative Option
Contribution Increase	No	Yes, annual 7% through 2017 & 2% for 2021 and 2022	Yes, annual 3.5% through 2017 1% Increase for 2021 and 2022
Accrual for <u>Non</u> 55/30 Locals	VBAR	VBAR	VBAR
Accrual for 55/30 Locals ( <i>remember the 70/30 split</i> )	VBAR less 30% offset	VBAR less 30% offset	VBAR less 30% offset
55/30 Pension	No	Yes	No
60/30 Pension	No	N/A	Yes
Special Early Retirement	No	Yes	No
Age 62 Pension	No	N/A	Yes
Standard Early Retirement	No	Yes	No
<i>Unsubsidized</i> Early Retirement Pension	Yes, applies to all Participants that retire before age 65.	No	Yes ( <i>unless he/she qualifies for the Age 62 Pension</i> )
60-Month Guarantee Applicable to Lifetime and 50% J&S	No	Yes	Yes
Pop-Up Feature (Reversion available on all J&S Options)	No	Yes	Yes

# Types of Early Retirement

Standard Early Retirement & Default	Special Early Retirement & Age 62	55/30 Pension & 60/30 Pension
10 years of Pension Credit	10 Years of Pension Credit	30 years (360 months) of Future Service Credit
	Worked 3500 hours in the five calendar years before your Effective Date of Pension	Worked 3500 hours in the five calendar years before your Effective Date of Pension at a 55/30 Rate.
		5 of your last 10 years of Pension Credit must be worked at a 55/30 Contribution Rate
		Not have in worked non-signatory employment

## First Alternative Early Retirement Factors

<b>Age</b>	<b>Standard Early Retirement</b>	<b>Special Early Retirement</b>	<b>55/30 Pension</b>
<b>55</b>	40%	58%	100%
<b>56</b>	46%	64%	100%
<b>57</b>	52%	70%	100%
<b>58</b>	58%	76%	100%
<b>59</b>	64%	82%	100%
<b>60</b>	70%	88%	100%
<b>61</b>	76%	94%	100%
<b>62</b>	82%	100%	100%
<b>63</b>	88%	100%	100%
<b>64</b>	94%	100%	100%
<b>65</b>	100%	100%	100%

## Second Alternative Early Retirement Factors

<b>Age</b>	<b>Unsubsidized Early Retirement Pension</b>	<b>Age 62 Pension</b>	<b>60/30 Pension</b>
<b>55</b>	36.59%	36.59%	36.59%
<b>56</b>	40.12%	40.12%	40.12%
<b>57</b>	44.07%	44.07%	44.07%
<b>58</b>	48.48%	48.48%	48.48%
<b>59</b>	53.43%	53.43%	53.43%
<b>60</b>	58.99%	58.99%	100%
<b>61</b>	65.26%	65.26%	100%
<b>62</b>	72.35%	100%	100%
<b>63</b>	80.39%	100%	100%
<b>64</b>	89.54%	100%	100%
<b>65</b>	100%	100%	100%

## Default Early Retirement Factors

<b>Age</b>	<b>Unsubsidized Early Retirement Pension</b>
<b>55</b>	36.59%
<b>56</b>	40.12%
<b>57</b>	44.07%
<b>58</b>	48.48%
<b>59</b>	53.43%
<b>60</b>	58.99%
<b>61</b>	65.26%
<b>62</b>	72.35%
<b>63</b>	80.39%
<b>64</b>	89.54%
<b>65</b>	100%

# American Rescue Plan Act of 2021

- **Multiemployer Pension Relief Provisions**
- **Title IX, Subtitle H**
- Temporary funding relief
  - Sections 9701, 9702, 9703
- PBGC special financial assistance
  - Section 9704
  
- **Reconciliation Process**
- Expediated Process in the Senate
- Required only a simple majority of 50 votes to pass
- Constraints on what could be included
  - Parliamentarian Review
  - Must have significant impact on spending or revenue
  - Policy issues may not be included



# Temporary Funding Relief



<b>Temporary delay of status</b>	<ul style="list-style-type: none"><li>• Plans may elect to use prior year zone status</li><li>• Applies to two plan years beginning between Mar 1, 2020 and Feb 28, 2022</li><li>• Delayed updates to rehabilitation and funding improvement schedules</li></ul>
<b>Extension of recovery periods</b>	<ul style="list-style-type: none"><li>• Plans may extend rehabilitation or funding improvement periods 5 years</li><li>• Applies to plans in critical or endangered status in 2020 or 2021</li></ul>
<b>Extended loss recognition</b>	<ul style="list-style-type: none"><li>• Extended asset smoothing (10 years) and amortizations (through 2051)</li><li>• Losses include net investment losses and “other losses” related to COVID-19</li><li>• Plans must demonstrate solvency</li><li>• <b>Restrictions on benefit improvements apply</b></li></ul>

*Relief similar to Worker, Retiree, and Employer Recovery Act (WRERA) of 2008 and Pension Relief Act of 2010*



PBGC  
Special  
Financial  
Assistance

*“[S]uch amount required for the plan to pay all benefits due during the period beginning on the date of payment of the special financial assistance payment under this section and ending on the last day of the plan year ending in 2051...”*

- Financial assistance paid as a grant
  - Not a loan, not a partition of liabilities
  - Payment due ASAP after approval but no later than 1 year
- Specific eligibility criteria
  - Critical and declining status, insolvent, MPRA suspension
  - Certain plans in critical (but not declining) status
- Significant role for PBGC
  - Eligibility, amount of assistance, priority class, etc.
  - PBGC interim guidance issued in July

# Eligibility for PBGC Special Financial Assistance

Criteria		<i>Estimated Number of Plans</i>
<b>1. Critical and declining</b>	In critical and declining status in any plan year beginning in 2020 through 2022	~ 110
<b>2. MPRA suspension</b>	MPRA suspension of benefits approved	18
<b>3. Critical status and other criteria</b>	In critical status in any plan year beginning in 2020 through 2022, <i>and</i> - Current liability funded percentage < 40%; - Ratio of active to inactive < 2 to 3	~ 100
<b>4. Insolvent after MPRA</b>	Insolvent (ongoing) after Dec 16, 2014	~ 30

Note: The Congressional Budget Office (CBO) estimates that about 185 plans will receive grants.

Actuarial assumptions for certifications after 2020 must be the same as those used in 2020 certification, unless 2020 assumptions are unreasonable.

# PBGC Premiums

Pre MPRA		Post MPRA		Post ARA	
2013	\$ 12	2015	\$ 26	2021	\$ 31
2014	\$ 12	2016	\$ 27	2022	\$ 32
		2017	\$ 28	2023	\$ 33
		2018	\$ 28	2024	\$ 34
		2019	\$ 29	2025	\$ 35
		2020	\$ 30	2026	\$ 36
				2027	\$ 37
				2028	\$ 38
				2029	\$ 39
				2030	\$ 40
				2031	\$ 52
				2032	\$ 53
				2033	\$ 54
				2034	\$ 55
				2035	\$ 56





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