



SHEET METAL WORKERS' NATIONAL PENSION FUND

3180 FAIRVIEW PARK DR., SUITE 400
FALLS CHURCH, VA 22042

The Sheet Metal Workers' National Pension Fund Board of Trustees Announce a Benefit Improvement for the 2026 Plan Year!

December 2025

Dear Plan Participants:

The Sheet Metal Workers' National Pension Fund Board of Trustees are pleased to announce that for **2026**, the accrual rate will be **1%**. Under the VBAR Formula, the 2026 calculation provides for a 2026 accrual of 0.5%. However, at their recent meeting, the Trustees took action to **increase** the rate for 2026 to **1%**.

This Notice contains important information regarding your benefit accruals. Please retain this information for your records.

Applicable Percentage for 2026 Contribution Hours

As you are aware, your Normal Retirement Pension benefit under the Sheet Metal Workers' National Pension Fund ("NPF" or "Fund") Plan Document is determined under the Variable Benefit Accrual Rate ("VBAR") benefit formula for Contribution Hours worked on or after January 1, 2014. Under the VBAR formula, your benefit is based on a percentage of contributions required to be made on your behalf to the Fund, and that percentage, called the "Applicable Percentage" may vary from year to year because it is based on historical investment returns. Specifically, the formula uses an historical 3-year average market value investment return percentage, as reported in the prior year's Actuarial Valuation. This Notice explains how your Normal Retirement Pension benefit is determined and to send notice that the Board of Trustees amended the Plan to **increase** the Applicable Percentage to **1%** for Contribution Hours worked in **2026**.

First, let's review how your benefit accrual is determined under the VBAR formula. 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 value investment return will fall between ranges shown in the table. The Applicable Percentage is shown in the table below:

Average Market Value Investment Return %	Applicable Percentage for Normal Retirement Pension Benefit
9.5% or higher	1.25%
8.0% or higher but less than 9.5%	1.00%
6.0% or higher but less than 8.0%	0.75%
Less than 6.0%	0.50%

*If a 55/30 Rate applies, the Applicable Percentage is applied to 80% of your Contribution Rate (called the "Benefit Rate"). You can find the VBAR Normal Retirement Pension formula under Section 5.02(g) of the Plan Document, which can be viewed from the NPF's website at www.smwnpf.org (under "About the Fund").

The 2025 Actuarial Valuation is used to determine the Applicable Percentage for 2026. It shows the market value investment return percentages for 2022, 2023, and 2024 (the three preceding years) as follows:

2022: -11.43%

2023: 13.77%

2024: 8.92%

The average of those investment return percentages is 3.75%. Under the VBAR formula because that percentage is less than 6.0%, under the Plan the Applicable Percentage for hours worked in 2026 should be 0.50%; however, the Trustees amended the Plan to **increase** the Applicable Percentage to **1%** for 2026.

As a result of this recent Plan amendment, your accrual for 2026 will be determined by multiplying the Applicable Percentage (1.0%) times your Benefit Rate times your 2026 Contribution Hours (the hours for which contributions are required to be made for your work in Covered Employment). For 55/30 Rates, the Benefit Rate is 80% of the Contribution Rate. In all other cases, the Benefit Rate is equal to the Contribution Rate. Another way to think of the VBAR formula is that your benefit accrual for the year is equal to the Applicable Percentage (1.0% for 2026 hours) times all contributions required because of your work in Covered Employment during the year, or, if your Contribution Rate is a 55/30 Rate, the Applicable Percentage times 80% of the contributions required because of your work in Covered Employment during the year. The important thing to remember is that the Applicable Percentage can vary from year to year, depending on the Fund's investment returns for the three most recent years reported in the prior year's Actuarial Valuation. In other words, the Applicable Percentage in each year can be anywhere between 1.25% and .50%. For 2026, the Trustees amended the Plan so that the Applicable Percentage is **1%**. Below is an example of how your monthly Normal Retirement Pension benefit accrual for 2026 will be determined.

EXAMPLE 1: Suppose Linda has 1,650 Contribution Hours in 2026 and her NPF Contribution Rate is \$3.70, which is **NOT** a 55/30 Rate. Because Linda's Contribution Rate is not a 55/30 Rate, her Benefit Rate is equal to her Contribution Rate. In this example, Linda's monthly Normal Retirement Pension benefit accrual for 2026 would be determined as follows:

$$1,650 \times \$3.70 \times 1.0\% = \$61.05$$

2026 Contribution Hours Contribution Rate 2026 Applicable Percentage

→ Increase in Linda's monthly Normal Retirement Pension for 2026

EXAMPLE 2: Suppose Steve has 1,650 Contribution Hours in 2026, and his NPF Contribution Rate is \$5.50, which **IS** a 55/30 Contribution Rate. Since the hours Steve worked were under a 55/30 Rate, his Benefit Rate is 80% of his Contribution Rate. Put another way, his benefit will be based on 80% of the total contributions required to be made on Steve's behalf in 2026. In this example, Steve's monthly Normal Retirement Pension accrual would be determined as follows:

$$(1,650 \times \$5.50 \times 80\%) \times 1.0\% = \$72.60$$

Contribution Rate 2026 Contribution Hours Adjustment for 55/30 Rate 2026 Applicable Percentage

→ Increase in Steve's monthly Normal Retirement Pension for 2026

If you have any questions, please contact the Fund Office at info@smwnbf.org or at the address above.

Fund Office

cc: Local Union Leaders
NPF Contributing Employers
SMACNA/Contractors' Associations