

**SHEET METAL WORKERS PENSION PLAN OF NORTHERN CALIFORNIA  
NOTICE OF CHANGE IN PLAN BENEFITS**

**[Summary of Material Modifications/Notice of Changes in Early Retirement Benefits]**

**DATE:** February 2022

**TO:** Participants, beneficiaries, alternate payees, Sheet Metal Workers Local Union No. 104, and participating employers of the Sheet Metal Workers Pension Plan of Northern California

**FROM:** The Board of Trustees

**SUBJECT:** Notice of Changes in Plan Benefits

This notice contains important information regarding changes to your benefits under the Sheet Metal Workers Pension Plan of Northern California (the "Plan" or "NCP"). Please read this information carefully.

**If you are currently receiving a pension, the following changes will NOT impact the benefit you are currently receiving.**

These changes are a result of updates made to the Funding Rehabilitation Plan (FRP) by the Pension Plan Trustees on December 13, 2021. Please refer to the "Notice of Changes in Plan Benefits" dated December 13, 2021 for details on additional changes that went into effect on January 1, 2022 (this previous Notice is included for your convenience).

**NOTE: If you are eligible to retire and believe the changes summarized below adversely affect you, and wish to retire now, your pension application must be received by the Plan Office before April 1, 2022, your last date of Covered Employment has to be before April 1, 2022, and your effective pension date (i.e., the first day of the first month for which you will receive benefits) cannot be later than April 1, 2022.**

***CHANGES IN PLAN BENEFITS - EFFECTIVE APRIL 1, 2022:***

**Service Eligibility and Early Pension Benefit:** The changes to the Early Retirement Pension Benefits effective April 1, 2022 apply to participants differently based on their age and service under the Plan. The following summarizes which group (A, B or C) you are in:

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### **GROUP A – GRANDFATHERED**

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As of December 31, 2021:

- You are at least 49 years old;
- AND
- You have at least 22 years of Unreduced Pension Service

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### **GROUP B – NON-GRANDFATHERED**

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- You are not in Group A; and
- Your first hour of contribution to NCP is before July 1, 2022

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### **GROUP C – FUTURE PLAN PARTICIPANTS**

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- Your first hour of contribution to NCP is on or after July 1, 2022

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#### **(1) GROUP A - Grandfathered Early Pension Benefit Group & Examples 1-4**

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If you are in Group A, your Pension Benefit earned through December 31, 2021 will be Grandfathered. This means that the benefits you earned through December 31, 2021 are paid according to the previous Plan rules. Contributions made on hours worked after January 1, 2022 will be earned under the new schedule provided below. Therefore, your Early Pension Benefit is split into two parts:

- a. Your Grandfathered Benefit (benefit earned through December 31, 2021): No matter when you decide to retire, there will be no change to your Early Pension Benefit earned before January 1, 2022. As is currently the case, if you have at least 25 years of Unreduced Pension Service at the date of your retirement, you will be entitled to an unreduced benefit starting at age 52 for benefits earned prior to July 1, 2009, and at age 55 for benefits earned on and after July 1, 2009, through December 31, 2021.
- b. Your Non-Grandfathered Benefit (benefits earned on hours worked on and after January 1, 2022) will be calculated without any reduction if, at the time that you retire:
  - i. You are at least 55 years old and have 30 Years of Unreduced Pension Service; or
  - ii. You are at least 58 years old and have at least 25 Years of Unreduced Pension Service.

c. Your Non-Grandfathered Benefit (benefits earned on hours worked on and after January 1, 2022) will be calculated with a 0.25% reduction for each month (3% per year) you are younger than age 60 at the time that you retire, if:

- i. You do not meet the requirements of b. above; and
- ii. You are at least 55 years old and have at least 25 Years of Unreduced Pension Service.

**Example 1:** Jorge meets the requirements outlined in group (A) for the Grandfathered Group and retires at age 55 with 25 years of Unreduced Pension Service. Jorge's total Normal Retirement monthly benefit is \$6,000. The grandfathered portion (earned through December 31, 2021) is \$5,000 and the non-grandfathered portion (earned on and after January 1, 2022) is \$1,000.

Under the amended FRP, retiring at age 55, Jorge's monthly grandfathered benefit of \$5,000 will be without reduction, and Jorge's monthly non-grandfathered benefit of \$1,000 will be reduced by 15% (0.25% multiplied by 60 months from age 55 to age 60), which is \$850. Jorge's total monthly benefit starting at age 55 will therefore be \$5,850 (\$5,000 plus \$850).

Under the previous FRP, Jorge's monthly benefit starting at age 55 would have been without reduction, so the total monthly benefit would have been \$6,000.

**Example 2:** Mike meets the requirements outlined in group (A) for the Grandfathered Group and retires at age 58 with 25 years of Unreduced Pension Service. Mike's total Normal Retirement monthly benefit is \$6,000. The grandfathered portion (earned through December 31, 2021) is \$5,000 and the non-grandfathered portion (earned on and after January 1, 2022) is \$1,000.

Under the amended FRP, since Mike is retiring at age 58 with 25 years of Unreduced Pension Service, both his grandfathered and non-grandfathered benefits are without reduction. Mike's total monthly benefit at age 58 is therefore \$6,000. Under this example, there is no change to Mike's benefit.

Under the previous FRP, Mike's monthly benefit starting at age 58 would also have been without reduction, i.e., \$6,000.

**Example 3:** Aaron meets the requirements outlined in group (A) for the Grandfathered Group and retires at age 56-1/2 with 25 years of Unreduced Pension Service. Aaron's total Normal Retirement monthly benefit is \$6,000. The grandfathered portion (earned through December 31, 2021) is \$5,000 and the non-grandfathered portion (earned on and after January 1, 2022) is \$1,000.

Under the amended FRP, retiring at age 56-1/2, Aaron's monthly grandfathered benefit of \$5,000 will be without reduction, and Aaron's monthly non-grandfathered benefit of \$1,000 will be reduced by 10.5% (0.25% multiplied by 42 months from age 56-1/2 to age 60) which is \$895. Aaron's total monthly benefit starting at age 56-1/2 will therefore be \$5,895 (\$5,000 plus \$895).

Under the previous FRP, Aaron's monthly benefit starting at age 56-1/2 would also have been without reduction, i.e., \$6,000.

**Example 4:** Oliver meets the requirements outlined in group (A) for the Grandfathered Group (age 49 with 22 years of Unreduced Pension Service as of December 31, 2021) and retires three years later at age 52 with 25 years of Unreduced Pension Service. Oliver's total Normal Retirement monthly benefit is \$4,500. The grandfathered portion (earned through December 31, 2021) is \$4,000 (\$2,000 was earned prior to July 1, 2009) and the non-grandfathered portion (earned on and after January 1, 2022) is \$500.

Under the amended FRP, retiring at age 52, Oliver's eligible monthly grandfathered benefit of \$2,000 will be without reduction. Additionally, Oliver may commence receiving the remaining \$2,000 (earned after July 1, 2009) of his grandfathered benefit once he reaches age 55 with no reduction. Oliver's monthly non-grandfathered benefit of \$500 will be reduced by 15% (0.25% multiplied by 60 months from age 55 to age 60) which is \$425. Oliver's total monthly benefit at age 55 will therefore be \$4,425 (\$2,000 commencing at age 52, plus \$2,425 commencing at age 55).

Under the previous FRP, Oliver's monthly benefit starting at age 52 would also have been without reduction, i.e., \$2,000, and would have increased by \$2,500 with the eligible monthly benefit at age 55 without reduction, i.e., for a total of \$4,500.

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**(2) GROUP B - Non-Grandfathered Early Pension Benefit Group Explanation & Examples 5-9:**

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If you are in Group B, your benefits will be calculated as follows:

- a. Your benefit will be calculated without any reduction if, at the time that you retire:
  - i. You are at least 55 years old and have at least 30 Years of Unreduced Pension Service; or
  - ii. You are at least 58 years old and have at least 25 Years of Unreduced Pension Service.

- b. Your benefit will be calculated with a reduction of 0.25% (3% per year) for each month that you are younger than age 60 if, at the time that you retire, you are at least 55 years old and have at least 25 Years of Unreduced Pension Service.
- c. Your benefit will be calculated with a reduction of 0.50% (6% per year) for each month that you are younger than age 65 if, at the time that you retire:
  - i. You are at least age 55 with 15 Vesting Service Credits; or
  - ii. You are at least age 60 with 10 Vesting Service Credits.

**Example 5:** Julie retires at age 55 with 25 years of Unreduced Pension Service. Julie's monthly Normal Retirement benefit is \$6,000.

Under the amended FRP, Julie is not eligible to retire with an Unreduced Early Pension Benefit. However, Julie is eligible to retire with a *partially reduced* Early Pension Benefit. Julie's monthly Early Pension Benefit starting at age 55 will be \$6,000 reduced by 15% (0.25% multiplied by 60 months from age 55 to age 60), which is \$5,100.

Under the previous FRP, Julie's monthly benefit starting at age 55 would have been without reduction, so the total monthly benefit would have been \$6,000.

**Example 6:** Eddie retires at age 58 and has 25 years of Unreduced Pension Service. Eddie's monthly Normal Retirement benefit is \$6,000.

Under the amended FRP, Eddie is eligible for a monthly benefit without reduction of \$6,000. Under this example, there is no change to Eddie's benefit.

Under the previous FRP, Eddie would have also been eligible for a monthly benefit without reduction of \$6,000.

**Example 7:** Scott retires at age 57 and 2 months with 25 years of Unreduced Pension Service. Scott's monthly Normal Retirement benefit is \$6,000.

Under the amended FRP, Scott is not eligible to retire with a pension benefit without reduction. However, Scott is eligible to retire with a *partially reduced* Early Pension Benefit. Scott's monthly Early Pension Benefit starting at age 57 and 2 months will be \$6,000 reduced by 8.5% (0.25% multiplied by 34 months from age 57 and 2 months to age 60), which is \$5,490.

Under the previous FRP, Scott's monthly benefit starting at age 57 and 2 months would have been without reduction, so the total monthly benefit would have been \$6,000.

**Example 8:** Jim is age 59 with 10 Vesting Service Credits, at which point he stops working in the industry. Jim's monthly Normal Retirement benefit is \$1,000.

Under the amended FRP, Jim is not eligible to start receiving a benefit until age 60. His monthly benefit at age 60 will be \$1,000 reduced by 30% (0.50% multiplied by 60 months from age 60 to age 65), which is \$700.

Under the previous FRP, Jim would have been eligible to start receiving a benefit at age 59. His monthly benefit at age 59 would have been \$1,000 reduced by 6% (0.50% multiplied by 12 months from age 59 to age 60), which is \$940.

**Example 9:** Sam is age 55 with 15 Vesting Service Credits. Sam's monthly Normal Retirement benefit is \$1,500.

Under the amended FRP, Sam is eligible to start receiving a Reduced Early Pension Benefit at age 55. Sam's monthly benefit at age 55 will be \$1,500 reduced by 60% (0.50% multiplied by 120 months from age 55 to age 65), which is \$600.

Under the previous FRP, Sam would also have been eligible to start receiving a benefit at age 55. Sam's monthly benefit at age 55 would have been \$1,500 reduced by 30% (0.50% multiplied by 60 months from age 55 to age 60), which is \$1,050.

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**(3) GROUP C - If you are in Group C, your benefits will be calculated as follows:**

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- a. Your benefit will be calculated without any reduction if, at the time that you retire:
  - i. You are at least 55 years old and have 30 Years of Unreduced Pension Service; or
  - ii. You are at least 60 years old and have at least 25 Years of Unreduced Pension Service
- b. Your benefit will be calculated with a reduction of 0.50% for each month that you are younger than age 65 (6% per year) if, at the time that you retire:
  - i. You are at least age 55 with 15 Vesting Service Credits; or
  - ii. You are at least age 60 with 10 Vesting Service Credits.

## *Questions*

This notice is intended to satisfy the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and section 4980F of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, this notice is intended to satisfy the requirements of ERISA section 305(e)(8)(C) and Code section 432(e)(8)(C). This notice is only a summary; the actual Plan documents will govern your rights. If you have any questions regarding this notice or your benefits under the Plan, please contact:

Sheet Metal Workers Pension Plan of Northern California  
P.O. Box 1917  
San Ramon, CA 94583  
Phone: 925-208-9994

## **Rights and Remedies for Participants and Beneficiaries**

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Action of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

### **Information About Your Plan and Benefits**

Examine, without charge, at the Fund Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. In addition, ERISA revised by PPA entitles you to receive the following additional documents upon request: periodic actuarial reports including sensitivity testing in response to a certification of critical or endangered status, and quarterly, semiannual or annual financial reports including investment reports and other financial reports.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, copies of the latest annual report (Form 5500 Series), copies of periodic actuarial reports and financial reports, as described above, and updated summary Plan description. The Administrator may make a reasonable charge for the copies.

Receive a copy of the Plan's Annual Funding Notice and a copy of any application for an automatic amortization extension, if applicable. The Trustees are required by law to furnish each participant with copies of these notices.

Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and, if so, what your benefits would at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension now, the statement will tell you how many more years you have to work to have a right to a pension. This

statement must be requested in writing and is not required to be given more than once every twelve months. The Plan must provide the statement free of charge.

### **Prudent Actions by Fund Fiduciaries**

In addition to creating rights to Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Fund participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Trustees. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay the court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees; for example, if it finds your claim is frivolous.

### **Assistance with Questions**

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration (ESBA), U.S. Department of Labor, listed in our telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the ESBA. For single copies of publications, contact the ESBA at 1-866-444-3272 or contact the ESBA field office near you. You may also find answers to your questions at the website of the ESBA at [www.dol.gov/esba](http://www.dol.gov/esba).

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**SHEET METAL WORKERS PENSION PLAN OF NORTHERN CALIFORNIA  
NOTICE OF CHANGE IN PLAN BENEFITS  
[ERISA Section 204(h) Notice/Summary of Material Modifications]**

**DATE:** December 13, 2021

**TO:** Participants, beneficiaries, alternate payees, Sheet Metal Workers Union No. 104, and participating employers of the Sheet Metal Workers Pension Plan of Northern California

**FROM:** The Board of Trustees

**SUBJECT:** Notice of Changes in Plan Benefits

This notice contains important information regarding changes to your benefits under the Sheet Metal Workers Pension Plan of Northern California (the "Plan") that are to take effect on January 1, 2022. Please read this notice carefully.

**CERTAIN CHANGES IN PLAN BENEFITS**

**The benefit changes below do not affect benefits that are currently being paid.**

**(1) CHANGES IN PLAN BENEFITS - EFFECTIVE JANUARY 1, 2022:**

**Change in the Benefit Formula for Benefits Earned after December 31, 2021:**

The "variable benefit accrual rate" (also called the "VBAR") formula is eliminated, and the benefit formula changes to the following:

- (i) On December 31, 2021, if you are younger than age 52 or have less than 25 years of service credits (combination of Past Service and Future Service Credits), your benefit formula for each year of service is an *accrual rate* of 0.70% multiplied by the number of hours worked in the year multiplied by your benefit-bearing *pension contribution rate* effective on January 1, 2021.

**Example** 1. On December 31, 2021, Joe is 52 years old with 20 years of service credits. Joe's pension contribution rate on January 1, 2021 is \$20.60 and Joe

works 1,800 hours in 2022. For his work in 2022, Joe earns a monthly benefit at Normal Retirement Age of 0.70% multiplied by 1,800 multiplied by \$20.60, or \$259.56. (Normal Retirement Age is the later of age 65 or the fifth anniversary of participation in the Plan.)

- (ii) On December 31, 2021, if you are at least age 52 and have at least 25 years of service credits (combination of Past Service and Future Service Credits), your benefit formula for each year of service is an *accrual rate* of 0.55% multiplied by the number of hours worked in the year multiplied by your benefit-bearing *pension contribution rate* effective on January 1, 2021.

**Example 2:** On December 31, 2021, Chris is 55 years old with 25 years of service credits. Chris' pension contribution rate at January 1, 2021 is \$20.60 and Chris works 1,800 hours in 2022. For his work in 2022 Chris earns a monthly benefit at Normal Retirement Age<sup>1</sup> of 0.55% multiplied by 1,800 multiplied \$20.60, or \$203.94.

#### **Change in Disability Benefits Commencing after December 31, 2021 for Eligible Participants with less than 25 Years of Service Credits:**

For either Total & Permanent Disability or Partial Disability benefits commencing after December 31, 2021, if you have earned less than 25 years of service credits (both Past and Future Service Credits) at the date of your disability, your monthly disability benefit will be your Normal Retirement Benefit reduced by 6% for each year that your age at the date of your disability is less than age 65, with a maximum reduction of 42%.

There is no change to the requirement that at least 10 years of vesting service credits must be earned to be eligible for Disability Benefits.

#### **Change in Pre-Retirement Death Benefit for Benefits Commencing after December 31, 2021:**

- If you are married at the time of your death, your spouse has the choice of two benefit options:
  - A monthly benefit of 50% of your retirement benefit payable at the earliest date you could have retired under the 50% Joint and Survivor Benefit; plus the excess of 80% of the total contributions made on your behalf over the value of your spouse's monthly benefit; or
  - 48 monthly payments of your Normal Retirement Benefit earned up until your date of death. The value of this benefit cannot exceed 80% of the total contributions made on your behalf.
- If you are single at the time of your death, your beneficiary(s) is (are) entitled to 48 monthly payments of your Normal Retirement Benefit earned up until your date of death. The value of this benefit cannot exceed 80% of the total contributions made on your behalf.

**[NOTE: A married Participant or Participant with a Domestic Partner continues to have the right to select a 100% Pre-Retirement Joint and Survivor Annuity form of benefit prior to retirement subject to Plan rules that have been in effect since 2014.]**

**Elimination of National Pension Plan Make-Up Benefit:** For benefits commencing after December 31, 2021, the National Pension Plan Make-up benefit is eliminated.

***Questions***

This notice is intended to satisfy the requirements of section 204(h) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and section 4980F of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, this notice is intended to satisfy the requirements of ERISA section 305(e)(8)(C) and Code section 432(e)(8)(C). This notice is only a summary; the actual Plan documents will govern your rights. If you have any questions regarding this notice or your benefits under the Plan, please contact:

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