

**SHEET METAL WORKERS  
PENSION PLAN  
OF NORTHERN CALIFORNIA**

**[FOR MEMBERS OF SHEET METAL  
WORKERS LOCAL 104]  
(Districts One and Two)**

**SUMMARY PLAN  
DESCRIPTION**

**November 2018**

**KEEP THIS BOOKLET  
FOR FUTURE REFERENCE**

# **SHEET METAL WORKERS PENSION PLAN OF NORTHERN CALIFORNIA**

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To Participants:

We are pleased to provide this Plan booklet, known as a Summary Plan Description, of the Sheet Metal Workers Pension Plan of Northern California ("Plan"). The Plan covers members of Sheet Metal Workers Local 104 (also known as the International Association of Sheet Metal, Air, Rail and Transportation Workers (or SMART) Local 104) who work in Covered Employment under a collective bargaining agreement which requires contributions to the Plan on their behalf. **The Plan covers members working in both District One and District Two.** Certain employees of the Local Union, Western States Council, Local 104 Credit Union, joint apprenticeship programs and individual employers also participate in the Plan.

This booklet summarizes the Plan including amendments and other changes through December September 30, 2017. Previous Plan documents and booklets describe the rules before that date. This booklet highlights the key features of the Plan. It does not, however, take the place of the Plan Document. If there is a conflict between the summary portion of this booklet and the Plan Document, the Plan will govern.

We invite you to visit the Plan's Website through [www.sheet104fringe.org](http://www.sheet104fringe.org). You will find this booklet plus other information about the Plan including the Restated Plan and any amendment on one of these websites. If you register for a password, you can also estimate the amount of pension you may be entitled to receive now or in the future.

You should read this booklet carefully and discuss it with your Spouse, or Domestic Partner if any, because you each may have an interest in the Plan. **YOU SHOULD KEEP THIS BOOKLET FOR FUTURE REFERENCE.**

You may not rely on oral representations regarding your benefits or about the Plan. Although a Trustee, Union representative or other person familiar with the Plan may answer questions as a courtesy to you, the Plan is not bound by any inaccurate or incomplete information they may give. They are not authorized to act on behalf of the Plan. Only the full Board of Trustees is authorized to interpret the Plan.

If you have questions about the Plan, please write the Trust Fund Office at the address above. **You may also contact Local 104's Member Advocate, Brandy Mixon, at 844-841-1084.**

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## TABLE OF CONTENTS

|  |      |
|--|------|
| CHECKLIST: THINGS FOR YOU TO DO .....  | vii  |
| IMPORTANT NOTICES .....  | viii |
| I. BACKGROUND AND TYPE OF PLAN .....   | 1    |
| II. ADMINISTRATION OF THE PLAN/INVESTMENTS.....  | 1    |
| III. ELIGIBILITY REQUIREMENTS/BECOMING A PARTICIPANT .....                                   | 2    |
| A. Becoming a Participant in the Plan.....   | 2    |
| B. Rules for Association, Union, and other Related Entities Such as the<br>Credit Union..... | 3    |
| C. Owner-Member Rules.....   | 3    |
| IV. PAST AND FUTURE SERVICE CREDIT .....   | 3    |
| A. Types of Service .....  | 3    |
| B. Past Service Credit.....  | 3    |
| C. Future Service Credit .....   | 4    |
| V. VESTING SERVICE CREDIT AND REQUIREMENTS.....  | 6    |
| A. Vesting Service Credit .....  | 6    |
| B. Vesting Requirements.....   | 7    |
| C. Break in Service.....   | 8    |
| D. Exceptions to Break in Service Rule .....   | 8    |
| E. Permanent Break in Service.....   | 9    |
| VI. TYPES OF RETIREMENT/AMOUNT OF YOUR BENEFITS .....  | 10   |
| A. Normal Retirement Benefits .....  | 10   |
| B. Early Retirement Benefits.....  | 16   |
| C. Special Retirement .....  | 22   |
| D. Postponed Retirement .....  | 23   |
| E. Annual Statement of Your Benefits.....  | 23   |
| F. Interest on Certain Delayed Payments.....   | 24   |
| G. Minimum Benefit Under Plan.....   | 24   |
| VII. DISABILITY PENSION .....  | 24   |
| A. Eligibility for Full Disability Pension.....  | 24   |
| B. Amount of Full Disability Benefits.....   | 25   |
| C. Eligibility for Partial Disability Pension-Reduced Benefit.....                           | 25   |
| D. Furnishing the Plan with Proof of Your Disability.....                                    | 26   |
| E. Recovery from Your Disability/Trial Periods of Work .....                                 | 26   |
| F. Form of Payment for Disability Pension .....  | 26   |
| G. Beginning and End of Disability Payments .....  | 26   |

|       |   |    |
|-------|---|----|
| VIII. | PAYMENT OF BENEFITS – WAYS IN WHICH YOUR PENSION IS PAID.....     | 27 |
| A.    | Application Filing Requirement and Payment of Benefits .....      | 27 |
| B.    | General Information on Your Benefits .....                        | 28 |
| C.    | Married Participant-Joint & Survivor Annuity is Normal Form ..... | 28 |
| D.    | Additional Rules for the Joint and Survivor Benefit .....         | 30 |
| E.    | Spousal Consent is not Necessary in Limited Situations.....       | 31 |
| F.    | Unmarried Participants-Life Annuity is the Normal Benefit.....    | 31 |
| G.    | Optional Forms of Benefit .....                                   | 31 |
| H.    | Divorces-Qualified Domestic Relations Order4rs .....              | 32 |
| I.    | Discretionary 13 <sup>th</sup> Checks/Extra Payments.....         | 33 |
| J.    | Overpayments Recoverable by the Plan .....                        | 33 |
| K.    | Electronic Deposit of Pension Payments .....                      | 33 |
| L.    | Assignments Limited under the Internal Revenue Code .....         | 33 |
| M.    | Required Minimum Distributions .....                              | 34 |
| IX.   | DEATH BENEFITS/PRERETIREMENT SURVIVOR BENEFITS .....              | 34 |
| A.    | Pre-Retirement Death Benefit-If You Die Before Retirement .....   | 34 |
|       | (100% Pre-retirement Survivor Annuity) .....                      | 35 |
| B.    | Death Benefits if You Die After Retirement .....                  | 36 |
| C.    | Choosing Your Beneficiary .....                                   | 37 |
| D.    | Offset or Death Benefit.....                                      | 38 |
| E.    | Other Internal Revenue Code Distribution Requirements .....       | 38 |
| F.    | Tax Withholding Requirements.....                                 | 38 |
| G.    | Payments to a Minor - Unique Situations.....                      | 39 |
| H.    | Rollovers/IRS Mandatory Tax Withholding if Paid to You .....      | 39 |
| X.    | SUSPENSION OF YOUR PENSION IF YOU RETURN TO WORK .....            | 40 |
| A.    | Prohibited Employment-Suspension of Your Benefits.....            | 40 |
| B.    | The Plan Contains Certain Presumptions Regarding Such Work.....   | 41 |
| C.    | You are Required to Furnish Information Upon Request.....         | 41 |
| D.    | You Should Request Advance Determination for Proposed Work .....  | 41 |
| E.    | Exception for Employment That Is Beneficial to The Industry.....  | 41 |
| F.    | Notices Regarding the Suspension of Your Benefits.....            | 42 |
| G.    | Review Procedure for Benefit Suspensions .....                    | 42 |
| H.    | Payment Presumption Rules Including Offset.....                   | 43 |
| I.    | Previous Status Recovery System.....                              | 43 |
| J.    | Accrual of Additional Pension Benefits Upon Retirement.....       | 43 |
| XI.   | IMPACT OF WORKING FOR NON-CONTRIBUTION EMPLOYERS .....            | 44 |
| A.    | Delayed Early Retirement Benefits .....                           | 45 |
| B.    | Loss of Eligibility for Unreduced Early Retirement.....           | 45 |
| C.    | Loss of Eligibility for Disability Benefits.....                  | 45 |
| D.    | Loss of 100% Contribution Death Benefit.....                      | 45 |
| E.    | No Retroactive Benefit Increases.....                             | 45 |
| XII.  | GENERAL PROVISIONS .....  | 45 |
| A.    | Administration of the Plan. ....                                  | 45 |
| B.    | Investments/Plan’s Investment Consultant .....                    | 46 |

|       |  |    |
|-------|--|----|
| C.    | Auditor and Plan’s Annual Tax Return (IRS Form 5500) .....                   | 46 |
| D.    | Earnings Benefits-Employer Contributions .....                               | 46 |
| E.    | Incompetence or Incapacity of Participant or Beneficiary .....               | 47 |
| XIII. | POTENTIAL LOSS, REDUCTION OR DELAYED PAYMENTS OF BENEFITS....                | 47 |
| A.    | Divorce or Child Support Order.....  | 47 |
| B.    | Insufficient Credited Service or Pension Credit .....                        | 47 |
| C.    | Break in Service (failure to work in Covered Employment) .....               | 48 |
| D.    | Amendment of the Plan .....  | 48 |
| E.    | Early Payment of Benefits (Actuarial Reductions).....                        | 48 |
| F.    | Reduction for Survivor Benefit.....  | 48 |
| G.    | Prohibited Employment in the Sheet Metal Industry.....                       | 48 |
| H.    | Retire, Return to Work and Retire Again .....                                | 48 |
| I.    | Failure to File Complete Application .....                                   | 48 |
| J.    | Incomplete Information/False Statements .....                                | 48 |
| K.    | Lost Contact Information.....  | 48 |
| L.    | Death.....   | 48 |
| M.    | Refund Overpayments .....  | 49 |
| N.    | Pension Protection Act.....  | 49 |
| O.    | Termination of the Plan .....  | 49 |
| P.    | Beneficiary Dispute-Potential Interpleader Action.....                       | 49 |
| XIV.  | CLAIMS AND APPEAL PROCEDURE.....   | 49 |
| A.    | Claims and Appeal Procedure.....   | 49 |
| B.    | Denial of Your Claim.....  | 49 |
| C.    | Appeal of Claim Denial .....   | 49 |
| D.    | Disability Claims and Appeals.....   | 50 |
| E.    | One Year Limitation Period for Filing Lawsuits .....                         | 52 |
| XV.   | AMENDMENT/TERMINATION OR MERGER OF PLAN.....                                 | 52 |
| A.    | Amendment of the Plan .....  | 52 |
| B.    | Merger or Consolidation of Plan with Another Plan(s) or Asset Transfer ..... | 52 |
| C.    | Termination of the Plan .....  | 52 |
| D.    | PBGC-Pension Benefit Guaranty Corporation Rules.....                         | 52 |
|       | ADDITIONAL INFORMATION REQUIRED BY ERISA .....                               | 53 |
|       | STATEMENT OF ERISA RIGHTS.....   | 55 |

## **CHECKLIST: THINGS FOR YOU TO DO**

### **A. If You Move**

Keep the Trust Fund Office informed of any change in your mailing address to ensure that you receive the Plan's communications. The Plan's address, phone number, and Web site are on page ii. You may change your address by submitting in writing your new address to the Trust Fund Office.

#### **YOUR UNION IS A SEPARATE ENTITY FROM THE PLAN**

The Pension Plan and your Local Union are two separate entities. You must notify both entities separately of any change of address.

### **B. If Your Marital Status Changes**

Inform the Trust Fund Office if your marital status changes. If you are getting a divorce, your former spouse may be entitled to receive a portion of your pension. Under federal law, the Plan must comply with an order that is a Qualified Domestic Relations Order (QDRO). Please contact the Trust Fund Office for a Sample Order and the Plan's Procedures for Administering Domestic Relations Orders.

### **C. If You Are Thinking about Retirement**

Get the information you need and file your application in plenty of time (within at least 90 days of your anticipated retirement). You will need copies of certain documents such as your birth certificate, marriage certificate, and your final judgment and marital settlement agreement in your divorce action. The Trust Fund Office can tell you what you need.

### **D. Designate a Beneficiary**

For the protection of the person or persons you want to receive the Plan's Death Benefits, be sure that you have made your designated beneficiary in writing to the Trust Fund Office. If your beneficiary should die before you, or for any other reason you want to change your choice, you should promptly inform the Trust Fund Office.

### **E. Save this Booklet**

Put it in a safe place. If you lose your copy you may ask the Trust Fund Office for another. It is also available on the Plan's Web site.

### **F. Additional questions? Ask the Trust Fund Office or visit the Plan's Web site**

You should contact the Trust Fund Office about any questions you have on the Plan and your rights and benefits under it. You can also check on your Pension Credit and get an estimate of your monthly pension. Remember, only information in writing, signed on behalf of the Board of Trustees can be considered official. **You may also contact the Union's Member Advocate, Brandy Mixon, at 844-841-1084 (or [BrandyM@smw104.org](mailto:BrandyM@smw104.org)).**

## **LIMITATION UPON RELIANCE ON BOOKLET AND STATEMENTS**

This booklet provides a brief, general summary of the Plan rules. It is not intended to cover all the details of the Plan. Nothing in this Summary Plan Description is meant to interpret or change the Plan provisions. You should review the Plan to fully determine your rights. The Plan Document is available for your review at the Trust Fund Office upon written request.

You are not entitled to rely upon oral statements of representatives of the Trust Fund Office, any Trustee, an employer, any union officer, or any other person. If you wish an interpretation of the Plan, you should address your request in writing to the Board of Trustees. To make its decision, the Board of Trustees must be furnished with full and accurate information concerning your situation. **As a courtesy to you, a Plan Representative may respond orally to questions; however, oral information and answers are not binding upon the Plan and cannot be relied upon in any dispute concerning your benefits and/or the Plan.**

**You should further understand that, from time to time, there may be an error in a statement, letter or other communication that you receive which may be corrected upon an audit or review. The Board of Trustees reserves the right to make such corrections.**

## **CAUTION: FUTURE AMENDMENTS**

Future amendments to the Plan may have to be made from time to time to comply with Congressional action, rulings by federal agencies, and/or courts and other changes deemed necessary or prudent by the Board of Trustees. You will be notified when material amendments to the Plan are made. Before you decide to retire or request a distribution, you should contact the Plan Office to determine if there have been Plan changes or other developments that may affect your retirement.

## **CONSULT WITH TAX ADVISOR**

Plan representatives do not provide tax advice or indicate how you should receive your benefits. **You should discuss with a tax advisor the tax consequences of any withdrawal of funds or selection of a benefit option.**

## **ONE YEAR TO FILE A LAWSUIT**

If a claim for benefits has been denied and you filed an appeal which is also denied, or you have a different type of adverse determination, you have one year from the date of the denial of the appeal or the adverse determination to file a lawsuit seeking to overturn the appeal and/or adverse determination. **Failure to do so means that you will not be able to file your lawsuit.**

## **I. BACKGROUND AND TYPE OF PLAN**

This Plan is a multi-Employer, collectively bargained defined benefit pension plan which provides retirement benefits to Sheet Metal Workers employed by Employers that contribute to the Plan. The Plan was originally established in 1958 and has been amended and restated several times since that date. The Plan has been restated effective as of January 1, 2015. Many provisions have different effective dates pursuant to the Internal Revenue Code and/or based on when changes were made to the Plan.

The Plan is funded from Employer contributions. You -- employees -- do not make contributions to the Plan and do not have individual accounts with this Plan. Instead, benefits are based on your years of Future and Past Service Credit and the amount of Employer contributions made to the Plan on your behalf. The amount of your retirement benefits will also depend on when you retire and the benefit option you select. (Employees have in the past, through the Union allocation process, designated that certain funds be designated to be contributed to the Plan to help fund the Plan's deficit.)

The current Collective Bargaining Agreements between Sheet Metal Workers Locals 104 and the participating Employer associations and individual Employers require Employers to contribute to the Trust Fund at fixed rates per hour for each hour worked by their Covered Employees. The Union is known as the "sponsoring Local Union" of the Plan.

## **II. ADMINISTRATION OF THE PLAN/INVESTMENTS**

The Plan is administered by a Board of Trustees consisting of an equal number of Trustees appointed by the Unions and Employers. Under the Trust Agreement under which the Plan is administered, up to twelve Trustees, called "Union Trustees," are selected by the Sheet Metal Workers Local 104 and up to twelve Employer Trustees are appointed by different chapters of the Sheet Metal Air Conditioning Contractors National Association (SMACNA). The current Trustees are listed on page iii of this booklet.

Only the Board of Trustees and its authorized representatives are authorized to interpret the Plan described in this booklet. No one else can interpret this Plan or act as an agent for the Board of Trustees -- this includes Employers, Employer Associations, the Union and their representatives. The Board of Trustees (and persons or entities appointed or so designated by the Board) has the full discretionary authority to determine eligibility for benefits and to construe the terms of the Plan (and other documents pertaining to the Plan and Trust) and any rules adopted by the Board of Trustees. In all actions regarding determinations concerning benefit eligibility or other decisions impacting the Plan and any Participant or beneficiary. The Board of Trustees shall be the sole judge of:

- ! the standard of proof required in any appeal, dispute or issue;
- ! the application and interpretation of the Plan;
- ! the amount of entitlement to a pension;
- ! the crediting of Future or Past Benefit Service; and
- ! any other matter involving the Plan.

The decision of the Board of Trustees with respect to any of the foregoing shall be final and binding on all parties.

The Board has contracted with an investment consultant (Alan Biller and Associates) to assist in the preparation of an investment policy statement and select investment managers for the Plan. The Board of Trustees has contracted with different investment managers to prudently invest your Pension Plan assets in accordance with the Investment Policy adopted by the Board of Trustees. Investments are diversified among fixed income securities, real estate, common stocks and other types of assets.

The Board of Trustees has contracted with Lindquist LLP, a certified public accounting firm, to audit the Plan's assets each year (January-December Plan Year). The Board of Trustees has delegated the day-to-day administration of the Plan to BeneSys Administrators ("BeneSys") a professional plan administrator, known as the "Trust Fund Office" or "Fund Manager."

The Plan is governed by a federal law known as the Employee Retirement Income Security Act as amended ("ERISA") and is insured under the federal Pension Benefit Guaranty Corporation, known as the "PBGC". See Article XIV, Section D of this booklet for more information on the Plan's provisions relating to termination and the PBGC guarantee of certain benefits.

### **III. ELIGIBILITY REQUIREMENTS/BECOMING A PARTICIPANT**

#### **A. Becoming A Participant in The Plan**

You become a Participant in the Plan once you have earned at least 870 hours as a Covered Employee during any two consecutive Plan Years. (A Plan Year is January 1 through December 31.) You are a Covered Employee if you are working in a classification or position covered by a collective bargaining agreement (or Subscription Agreement) which requires contributions to this Plan on your behalf.

You automatically become a "Participant" in the Plan on the first day of the month following the date you meet the 870 hour requirement described above. No additional action is required on your part to become a Participant.

#### **EXAMPLE--BECOMING A PARTICIPANT**

Jane started working as a Covered Employee in November 2015. Jane worked 200 Covered Hours in 2015. During the first five months of 2016 (January-May), Jane worked 760 Covered Hours. Because Jane earned more than 870 covered Hours within two consecutive Plan Years (she worked 960 hours), she became a Participant in the Plan as of June 1, 2016 (the first day of the month following Jane's attainment of 870 hours).

**Although it is not necessary that you complete an enrollment form to become a Participant in the Plan, once you become a Participant you should file a completed Beneficiary Card with the Trust Fund Office.** Beneficiary cards may be obtained from your Local Union Office or the Trust Fund Office.

You lose your status as a Participant on the date you incur a permanent Break in Service.

**B. Rules for Associations, the Union and Related Entities Such as the Credit Union**

Officers and/or employees of the sponsoring Local Unions, Employer associations and other related entities such as the Sheet Metal Workers Local 104 Credit Union are permitted to participate in the Plan pursuant to subscription agreements that have been entered with the Plan.

**C. Owner-Member Rules**

The Board of Trustees must approve participation by an Owner-Member. An Owner-Member is a union member who owns stock of an incorporated Employer that has a collective bargaining agreement with Local 104 and who is included in a unit covered by the Collective Bargaining Agreement and is performing Covered Employment for the business. An Owner-Member is treated the same in most respects as any other Covered Employee performing work covered by a collective bargaining agreement with one of the Unions. Pursuant to Internal Revenue Code requirements, owner-members must, however, commence receiving their pension by April 1 following the year in which they reach age 70-1/2 even if they are still working.

**IV. PAST AND FUTURE SERVICE CREDITS**

**A. Types of Service**

The Plan is designed to pay greater benefits to those Participants who work a significant number of hours in Covered Employment for Employers who contributed to the Plan. As explained later, benefits are based, in large part, on the amount of contributions made to the Plan on your behalf.

There are three types of Service Credit under the Plan: Past Service, Future Service, and Vesting Service, as explained below.

**B. Past Service Credit**

1. Past Service Definition. "Past Service Credit" is credit for the performance of work in a job category, subsequently covered by the Plan, for a contributing Employer before the Employer was required to make contributions to the Plan for the work performed. Past Service counts toward your benefit amount up to a maximum of 32 years. You are entitled to Past Service Credit if you worked at least 160 Covered Hours during the nine-month period immediately following the date contributions were made on your behalf. It is your obligation and responsibility to provide sufficient information to the Trust Fund Office to demonstrate that you worked in a position that qualifies you for Past Service Credit.

2. Past Service on Or After January 1, 1966. If Employer contributions were first made on your behalf on or after January 1, 1966, you will be credited with Past Service Credit for each consecutive calendar year you worked for the same Employer who was your Employer on your first day on the job for which contributions were made to the Plan on your behalf, subject to the 32-year maximum. (Different rules exist for Past Service Credit for those who started Covered Employment prior to 1966.)

### C. Future Service Credit

"Credited Future Service" is work as a Covered Employee pursuant to a collective bargaining agreement with a sponsoring Local Union. Future Service Credit is used primarily to determine your eligibility for certain retirement benefits as follows:

1. One Year of Future Service Credit. You earn one year of Future Service Credit for each calendar year in which you work at least 870 hours as a Covered Employee (also known as "Covered Hours").

2. Partial or No Credit. You earn 1/4 year of Future Service Credit for each calendar year in which you work at least 435 Covered Hours but less than 870 Covered Hours. No Credit is given for less than 435 Covered Hours in a calendar year.

3. Pre-1988 Rule Will Apply If Beneficial. Before 1988, a different schedule was used to determine Future Service. If you earn more Future Service under the older schedule for that period, that schedule will be used to determine your credit through December 31, 1987.

4. Reciprocal Agreements with Other Plans. You do not earn pension benefits when you work for Employers that do not contribute to this Plan; however, prior to January 1, 2010, Exhibit A of the International Reciprocity Agreement then in effect could allow your employment in the jurisdiction of the other plans to be considered when determining your benefits under this Plan. When determining your benefit eligibility and vesting status, these agreements may recognize your years of service with various Employers in different geographic areas. Thus, if you worked under another plan that has a reciprocity agreement with this Plan, your hours of covered Service under the other plan may be credited toward your benefit eligibility, vesting status, and curing breaks in service under this Plan; however, the amount of benefits paid by each Plan is based solely upon the rules of the respective Plan. Effective as of January 1, 2010, the Plan became signatory to the Master Reciprocity Agreement which provides for money follows the person reciprocity.

Under a "money follows the person" Reciprocity Agreement, also known as a Money Reciprocity Agreement, if you are working in the Jurisdiction of another Sheet Metal Workers Local Union outside of the coverage of this Plan, you may elect to have the Employer contributions made to the Plan in the other jurisdiction be remitted back to this Plan. This above principle applies when members of a different Sheet Metal Workers Local Union work in the jurisdiction of this Plan.

You may not receive double credit for the same period of employment - no more than one year of service is granted for any calendar year. Future Service and Vesting Service are counted only once.

There are a few reciprocity agreements which provide for money follows the Participant when you work temporarily for less than 1500 hours. In these instances, contributions are transferred between the two Plans, rather than pro-rata reciprocity as described above. Transfers under these few reciprocity agreements occur only after you have terminated your temporary employment with that Employer. Such transfers can only occur once.

The provisions of this Plan - not the other plan - will be used when counting any Vesting Service and Credited Future Service under this Plan. In other words, service under any other plan may or

may not count under this Plan. Only this Plan's rules are used to determine benefits and eligibility under the Plan.

The \$50 minimum benefit for Normal Retirement Benefits and the \$70 minimum benefit for Disability Benefits under this Plan beginning on page 24 of this booklet do not apply to benefits earned because of a Reciprocal Agreement.

Reciprocal agreements have been in effect for different periods. Moreover, additional agreements may be signed or cancelled in the future. Information on current reciprocal agreements may be obtained from the Trust Fund Office. You may make a written request to the Trust Fund Office as to whether a plan has entered into a Reciprocity Agreement with this Plan.

5. Future Service for Certain Military Service. Pursuant to the Veterans Readjustment Assistance Act, the Uniformed Service and Reemployment Rights Act of 1994, the Heroes Earnings Assistance Relief Tax Act (known as "HEART"), and other applicable federal laws, an authorized leave of absence due to military service in the U.S. Armed Forces is considered Credited Future Service and Vesting Service if you comply with all the requirements of applicable federal law, the Plan, and any rules established by the Board of Trustees. This Plan provides such credit only for military service for which Credited Future Service is required to be granted under applicable federal law.

To be entitled to Credited Future Service and Vesting Service for the period in the Armed Services, a Participant whose active duty exceeded 90 days must have:

- (a) been working as a Covered Employee during the 90 days prior to commencement of his or her Armed Service,
- (b) returned to work as a Covered Employee within 90 days following termination of his or her service in the Armed Service,
- (c) been honorably discharged from the service, and
- (d) served no more than five years in the Armed Service (with certain exceptions).

For Participants whose active duty did not exceed 90 days, an application for reemployment or being signed-up on the Union's out-of-work list must be made within the time periods required by the Uniformed Services Employment and Reemployment Rights Act of 1994, and any other applicable law.

It is important that you notify the Plan in writing when you leave employment to enter the military and when you are discharged and return to employment.

The Board of Trustees will determine the Employer contributions that would have been made to the Plan on the Participant's behalf for the period of absence by taking an average of the contributions made to the Plan on the Participant's behalf during the two Plan years (or a lesser number of years if the Participant has shorter service) immediately preceding the date the Participant commenced his or her service in the Armed Services, or if greater, using the Plan Year in which the Participant entered the Armed Service as one of the two Plan Years being

averaged. The Board of Trustees shall have sole and absolute discretion to determine the appropriate contributions to be allocated to a Participant in this situation.

Pursuant to IRS guidelines, this provision applies only to Participants who would have been entitled to reemployment rights under the Uniformed Services and Reemployment Rights Act if he had applied for such rights immediately before his or her death. To the extent applicable, any benefits under the Plan that would otherwise be provided to such Participant if he had died while employed would apply. This provision does not require that contributions be imputed for the period of qualified military services for purposes of determining death benefits.

## **V. VESTING REQUIREMENTS AND BREAK IN SERVICE RULES**

### **A. Vesting Service Credit**

Your right to benefits may not be taken away from you once you become vested. To be vested means you have the right to receive a future benefit whether you stay in Covered Employment. **Until you are vested, however, you are not entitled to any benefits under the Plan.** Effective for work in Covered Employment on or after January 1, 1999, you are vested and entitled to benefits at Normal Retirement Age when you earn five Vesting Service Credits (you still need 10 Vesting Service Credits to be entitled to benefits prior to your Normal Retirement Age). Vesting Service Credit does not, however, determine your level of benefits. You earn Vesting Service as follows:

1. Vesting Service Credit: January 1, 1982 To the Present. You earn one Vesting Service Credit for any calendar year in which you earn 870 Hours of Covered Employment. You earn 1/4 of a year of Vesting Service Credit for any calendar year in which you earn 435 or more but less than 870 Hours of Covered Employment. You are not entitled to receive any Vesting Service Credit if you work less than 435 Hours of Covered Employment in a calendar year. This rule has been in effect since January 1, 1982.

2. Vesting Service Credit: January 1, 1976-December 31, 1981. From January 1, 1976, through December 31, 1981, you earned one Vesting Service Credit for any calendar year in which you earned at least 870 Hours of Covered Employment. No partial Vesting Service Credit was counted in a year in which you earned less than 870 Hours of Covered Employment during this period.

3. Vesting Service Credit Prior To January 1, 1976. If you were a Participant on January 1, 1976, you are entitled to Vesting Service Credit for the period prior to January 1, 1976, based on the greater of (i) the aggregate of your Future Service Credit granted under the Plan as it existed on December 31, 1975, or (ii) the number of Plan Years during which you accumulated at least 870 Hours of Covered Employment as defined under the Plan as it existed on December 31, 1975.

4. Vesting Service Credit. You earn Vesting Service Credit as follows:

a. Covered Employment. Working as a Covered Employee. Covered Employment means work for which Employer Contributions are required to be made to the Plan on your behalf.

b. Connecting Vesting Service. Working for the same contributing Employer in a job classification not covered by this Plan provided that such employment occurred within 90 days before you became a Covered Employee for that same employer or within 90 days after you left such employment. The Plan determines Connecting Vesting Service only to the extent required by ERISA and lawful regulations issued thereunder. You are entitled to Connecting Vesting Service only for periods in which an Employer was contributing to this Plan, and at the time you were not working in a position with that same employer which required a contribution to this Plan. (Such work does not count towards the amount of your benefit.)

c. Certain Disabilities. A Disability approved by the Board of Trustees (credited at a rate of 30 hours of disability Vesting Service per week).

d. Back Pay. Back pay provided such pay is to compensate you for hours for which you would have worked and received Vesting Service Credit.

e. Approved Government Agency Service. You may earn up to a maximum of five additional Vesting Service years in approved Government Agency Service for such work performed on or after January 1, 1988. Government Agency Service means work of the type which would be recognized as Covered Service if it were covered by a Collective Bargaining Agreement, the work must be performed for a government agency and the governmental agency must have a written agreement or memorandum of understanding with the Union. You may contact the Trust Fund Office for a list of approved Government Agencies.

f. International Union Service. Employment as an employee of the Sheet Metal Workers' International Association (or any successor entity) on or after January 1, 1991, up to a maximum of five Vesting Service years.

g. Certain Military Service in The U.S. Armed Services. You are entitled to Vesting Service Credit for certain service in the Armed Service of the United States if you had been working as a Covered Employee during the 90 days immediately prior to commencement of your Armed Service, you returned to work as a Covered Employee within 90 days following your discharge, you were honorably discharged, and you served no more than five years in the Armed Service. The Plan will follow the requirements of Federal law in granting Vesting Service Credit for applicable military service.

## **B. Vesting Requirements**

To be entitled to commence receiving your benefits at any time prior to Normal Retirement Age, you must have a minimum of 10 Vesting Service Credit. You may retire at Normal Retirement Age (age 65) if you have earned 5 Vesting Service Credits which have not previously been cancelled because of a permanent Break in Service, including Vesting Service Credits that were earned prior to January 1, 1999, **but only if you earn one hour of Covered Employment on or after January 1, 1999.**

Prior Plan vesting rules apply before January 1, 1999. For example, as of January 1, 1976, through December 31, 1998, you had to have earned 10 Vesting Service years to be entitled to benefits at Normal Retirement Age, unless you were a non-bargaining unit employee.

### **C. Break in Service**

If you leave Covered Employment before you are vested, you can lose all your Plan benefits. If you are not vested, you incur a one-year Break in Service in a calendar year in which you do not earn at least 435 Hours of Covered Employment. You do not, however, lose your previously earned benefits until you incur a permanent Break in Service, as described in section C below.

### **D. Exceptions to Break in Service Rule.**

There are a few exceptions to the Break in Service rule. It is your responsibility to prove that one of these circumstances applies. The exceptions are:

1. Qualified Maternity or Paternity. If you are away from Covered Employment because of your pregnancy, birth of a child, placement of a child with you in connection with adoption, or the caring of the child for a period beginning immediately after such birth or placement. Hours you are absent up to a maximum of 501 as a Covered Employee may be counted as an Hour of Service to determine whether there has been a one-year Break in Service.

2. Certain Military Service. For certain military service in the Armed Services of the United States as required by applicable federal law.

3. Reciprocity Agreement. Work in the jurisdiction of local unions which sponsor plans that are signatory to the National Reciprocity Agreement.

4. Salting Agreement. Approved work under a Salting Agreement. Approved work under a Salting Agreement means employment by a union member who enters into a written agreement with one of the sponsoring Local Unions to work as a volunteer organizer with a non-signatory Employer for a short period. A Participant performing such service shall be considered a Covered Employee to prevent a break in service and for eligibility for Unreduced Early Retirement Benefits. Such service is treated in the same manner as Future Service Credit if contributions are made for such service, as approved by the Board of Trustees. Salting Agreement service terminates upon the effective date of the termination of the agreement with the Local Union as determined by the Local Union. For any Salting Agreement in which the termination date is uncertain, the burden is on the Participant to prove that the Salting Agreement remained in effect. There is a presumption that no Salting Agreement will last more than twenty-four months.

If the Salting Agreement with an individual terminates and the employee continues to work for such Employer in a position for which no Employer contributions are required to be made to this Plan, such employment shall be considered non-covered Sheet Metal Service.

5. Government Agency Service. Work in approved Government Agency Service.

6. International Union Service. Work as an Employee of the Sheet Metal Workers' International Association (SMWIA) or any successor entity.

7. Disability Service. A disability approved by the Board of Trustees for 30 hours for each full week of disability.

8. Family and Medical Leave Act. To the extent required by applicable law during a leave from Covered Employment of up to 12 weeks, your absence (from a contributing Employer that has a sufficient number of employees to be covered by applicable law) will not count toward a One-Year Break in Service, provided the leave was granted by your Employer in accordance with the Federal Family and Medical Leave Act (FMLA). You must return to work in Covered Employment on or before the expiration date of the FMLA leave of absence. FMLA leave includes absences from work because of pregnancy, the birth, adoption, placement with you for foster care or adoption of a child, the care of a seriously ill spouse, parent or child, or your own serious illness. Your unpaid FMLA leave will not be treated as Future Service Credit.

To the extent required by applicable law, FMLA leave also includes up to 26 weeks of unpaid leave during a 12-month period to care for a child, spouse, parent or next of kin who is a member of the Armed forces who is undergoing medical treatment for a serious injury or illness sustained in the line of duty. To qualify as the "next of kin" you must be the service member's "nearest blood relative."

**E. Permanent Break in Service.**

Effective as of January 1, 1999, if you are not yet vested, you incur a permanent Break in Service and lose your previously earned Future and Past Service Credits and Vesting Service Credit if your Break in Service exceeds five years. Thus, upon a permanent Break in Service, you will not be entitled to any benefits. You will then have to meet the Plan's eligibility requirements again to become a Participant.

**EXAMPLE: CURRENT BREAK IN SERVICE RULE**

If you have three Vesting Service Credits and then do not work in Covered Employment for five consecutive calendar years, your prior three Vesting Service Credits are cancelled --you will have incurred a permanent Break in Service. If, on the other hand, your Break in Service was only four years or less, you would not have incurred a permanent Break in Service.

Different Break in Service rules existed under earlier versions of the Plan, which still apply to that prior period. For example, from January 1, 1976 through December 31, 1998, the Plan provided that you incurred a permanent Break in Service if your years in which you incurred a Break in Service exceeded the greater of your years of Credited Service or five years. The following chart shows how this worked prior to the five-year vesting rule as of January 1, 1999.

| <b>1976 – 1998 BREAK IN SERVICE RULE</b>                            |   |
|---|---|
| If your years of Vesting Service before your Break in Service were: | You will have had a permanent Break in Service and lost your benefits if your Break in Service years equaled or exceeded: |
| 0.25 – 5.00 Years   | 5 Years   |
| 5.01 – 6.00 Years   | 6 Years   |
| 6.01 – 7.00 Years   | 7 Years   |
| 7.01 – 8.00 Years   | 8 Years   |
| 8.01 – 9.00 Years   | 9 Years   |
| 9.01 – 9.99 Years   | 10 Years  |

Different Break in Service rules apply for periods prior to 1976. You should contact the Trust Fund Office if you have questions about these prior rules.

## **VI. TYPES OF RETIREMENT/AMOUNT OF YOUR BENEFITS**

The amount of your retirement benefit will be based on your Past Service Credit and Future Service Credit, the contributions made on your behalf for Future Service, when you commence receiving your pension, and the benefit option selected.

You can write to or call the Trust Fund Office for an estimate of your Pension benefit at any time. These estimates are just that, estimates, and are based on the Pension benefit you have already earned when you make your inquiry. Your actual Monthly Pension benefit will be determined at your retirement date.

Your pension benefits are payable as of the first day of the month on or after your effective retirement date. If, however, your last hour of Covered Employment occurs during the first **seven days** of a month and you then retire (and file a timely and complete pension application), you will be entitled to a benefit for that month if you so desire. If your last Covered Hour occurs **after** the seventh day of the month, your pension will not commence until the first day of the following month.

The Plan allows retroactive payments for up to one year prior to the date your retirement application is received by the Trust Fund Office (assuming you terminated your Covered Employment and you otherwise meet the Plan's requirements).

### **A. Normal Retirement Benefit**

To be entitled to a retirement benefit under the Plan, you must have terminated your Covered Employment and filed a timely and complete pension application. Benefits are payable as follows:

1. Normal Retirement Age. The Plan's Normal Retirement Age for a vested Participant is age 65.

If you are not vested upon attainment of age 65, your Normal Retirement Age is the 5th Anniversary from the time you commenced participation in the Plan provided you have not incurred a permanent Break in Service and you earned at least one hour as a Covered Employee on or after January 1, 1988.

If you are a Vested Participant and have retired from the Sheet Metal Industry you are entitled to commence receiving your benefits effective as of the first day of the month following the date you reach Normal Retirement Age.

2. Amount of Your Normal Retirement Benefit. You may calculate your Normal Retirement benefits as summarized in this Article. As of January 1, 2017, the Board of Trustees changed the way in which benefits earned on or after that date are calculated. **The following change in the benefit calculation formula does NOT change any benefits that you have already earned. Instead, this Plan Amendment changed how your FUTURE benefits are calculated starting in 2017.**

## Change in Benefit Calculation Formula

The Board of Trustees of the Sheet Metal Workers Pension Plan of Northern California has determined that it is necessary to change the Plan's benefit formula for benefits earned in the future to address situations in which the Plan's investment yields are lower than anticipated. As part of the Plan's Rehabilitation Program, in an ongoing effort to improve the Plan's funding and to provide more certainty for the Plan in the future, the Trustees have amended the Plan to establish a variable benefit accrual rate formula, with the value of the benefit credits being based on the Plan's recent investment returns and the Plan's funded status. This approach is referred to as a "Variable Benefit Accrual Rate" or "V-BAR". We have learned over the past several years that the financial markets, and in particular the stock market, heavily affects the Plan's funding.

The new benefit calculation process bases the Benefit Credit earned in a Plan Year on the Plan's investment yield. The higher the investment return, the greater the benefit credit percentage. Conversely, the lower the investment return, the lesser the Benefit Credit percentage. Because investment returns are somewhat volatile from year-to-year, the new benefit calculation process uses a three-year average of returns. For example, a member retiring in 2020 would earn a Benefit Credit based on the hours worked in 2020 and a pension benefit calculation percentage based on the average investment return for the three-year period 2018, 2019, and 2020. Because of the limitless possibilities for rates of return from which benefit credit percentages are taken has been limited to eight (8) tiers. These tiers can be identified from the table below, which is applicable for 2017, because the Plan's "Funded Ratio" is below 70%:

| <b>BENEFIT CREDIT PERCENT</b> |                     |                   |
|-------------------------------|---------------------|-------------------|
| <b>FUND RETURN PERCENTAGE</b> | <b>0 – 15 YEARS</b> | <b>15 + YEARS</b> |
| <b>Negative</b>               | <b>0.00%</b>        | <b>0.00%</b>      |
| <b>0.00% - 1.99%</b>          | <b>0.50%</b>        | <b>0.50%</b>      |
| <b>2.00% - 3.99%</b>          | <b>0.60%</b>        | <b>0.70%</b>      |
| <b>4.00% - 6.49%</b>          | <b>0.70%</b>        | <b>0.85%</b>      |
| <b>6.50% - 7.99%</b>          | <b>0.75%</b>        | <b>1.00 %</b>     |
| <b>8.00% - 9.99%</b>          | <b>0.80%</b>        | <b>1.05%</b>      |
| <b>10.00% - 14.99%</b>        | <b>1.50%</b>        | <b>1.75%</b>      |
| <b>15.00% +</b>               | <b>1.75%</b>        | <b>2.00%</b>      |

It should be noted that 2017 is the first year for which this approach is in effect. Because the investment return in 2015 was low, the Trustees have elected to use only a two-year average for 2017, and a three-year average thereafter. This means that the Benefit Credit percent in 2017 will be based on the investment returns for 2016 and 2017, while the percentage in 2018 will be based on the average of 2016, 2017, and 2018.

### EXAMPLE OF V-BAR BENEFIT CALCULATION/EXPLANATION

Assume that the investment return in 2016 is 8.10% and for 2017 it is 7.50%. The average of these two years is 7.80%, and from the table above the benefit credit percent would be 0.75% if 2017 is in the member's first 15 years of service and 1.00% if 2017 is after the member has earned 15 years of service in the Plan. If the investment return for 2016 is 8.10% and for 2017 it is 8.50%, then the two-year average would be 8.30% and the benefit credit percentages would be increased to 0.80% and 1.05% respectively.

Each year thereafter would be similarly calculated. The actual calculation is expected to be performed shortly after the end of each Plan Year and is based on the amount of contributions received on the member's behalf for hours worked in the previous year, and the average returns through the previous year. Investment yield will then be adjusted with the audited financial statements. (Thus, there could be an adjustment in a Participant's benefits.) This means that the first calculation will be made based on hours worked in 2017 and the average investment returns for 2016 and 2017. In addition to the determination of the benefit credit percentage based on investment returns, the new process also will increase the Benefit Credit percentages as the Plan becomes better funded. Each year the Plan's Funded Ratio is calculated, and Participants are then notified of the result. When the Plan's Funded ratio increases to a level above 70%, the percentages will increase. There will be further increases when the Funded Ratio exceeds 85% and, ultimately, 100%. The goal of this adjustment is to reach 100% funding, at which time the "normal" Benefit Credit percentages will be 1.05% and 1.30%.

### **VBAR AMENDMENT**

Effective for hours worked on or after January 1, 2017, the method of determining a Participant's benefits earned during a Plan Year will be based on the average of the Plan's investment return for 2016 and 2017 as more specifically described below. Effective January 1, 2018, the benefit crediting basis for work after the 2017 Plan year shall reflect the average of the Plan's investment return for the preceding three-year period. The calculated benefit percentage shall be higher or lower than or equal to that of the preceding Plan Year depending whether that average investment return falls within a band in a variable rate structure based on such investment returns. In addition, the benefit percentage so utilized may increase or decrease when the Plan's Funded Ratio meets defined criteria.

The amount of benefit credited shall be based on the entire amount of Employer contributions made on behalf of the Participant and the years of the Participant's vesting service at the date such Benefit Credit is determined. The benefit will be determined based on the following definitions and understandings:

- a. **Net Assets Available for Benefits.** The fair market value of all Plan assets less the fair market value of all Plan Liabilities at the end of a Plan Year (December 31), as reported or to be reported on the annual financial statement of the Plan prepared by the Plan's third-party administrator (not the annual audit attached to the Form 5500).
- b. **Net Investment Income.** The amount of investment income for the Plan Year, net of investment expenses for the Plan Year, as reported or to be reported in the annual financial statement of the Plan (initially determined using the Plan Office financial statement but then updated with the audited financial statement).
- c. **Investment Return for the Plan Year.** The Investment Return for the Plan Year is the rate of investment return determined by applying a formula that provides  $2 \times I / (A + B - I)$ , where I is the amount of the Net Investment Income for the Plan Year (subsection b above), "A" is the value of the Net Assets at the beginning of the Plan Year, and "B" is the value of the net assets at the end of the Plan Year. The calculation of the investment return shall be computed to four decimal places, rounded up to the next one-hundredth percent. (For example, a formula calculation of 6.75678% will be expressed as 6.76% for this purpose.)

- d. **Three-Year Average Investment Return.** The Three-Year average investment return is determined by adding the investment returns for the preceding three-year period ending on the last day of the most recent Plan Year and dividing by three. The calculation of the average investment return shall be computed to four decimal places, rounded up to the next one-hundredth percent (see above example).
- e. **Funded Ratio.** The Funded Ratio is the percentage reported on the Annual Funding Notice for the immediately preceding Plan year, rounded up to the next full percentage.
- f. **Normal Pension Benefit.** The Normal Pension Benefit is the amount of Normal Monthly Pension credited in a Plan Year ending after January 1, 2017, to a Participant who retires on or after January 1, 2017, determined by multiplying the Applicable Benefit Percentage Rate (defined below) by Employer Contributions paid on the Participant's behalf in the Plan Year.
- g. **Applicable Benefit Percentage.** The Applicable Benefit Percentage is the percentage rate determined in the schedule based on a Participant's years of Vesting Service at the end of the Plan Year, or if earlier, the Participant's date of retirement or death, and the Plan's Three-Year Average Investment Return, based on the schedule following subsection h.
- h. **No Subsidized Early Retirement.** No subsidized early retirement benefits will be available to a Participant who has had no work activity in 36 months prior to his retirement (as evidenced by no hours having been reported). If he is eligible for early retirement, the benefits will be actuarially adjusted from Normal Retirement Age. In contrast, a Participant with at least ten years of Vesting Credit who has been active during the 36 months prior to retirement is entitled to an unreduced pension. By way of example, a Participant who starts earning Vesting Credit at age 48 who earns ten years of Vesting Credit and is active at age 58 would be entitled to an unreduced early pension benefit at age 58.

The Early Retirement Benefit payable to a Participant who failed to earn 435 Covered Hours in at least one of two consecutive Plan Years immediately prior to retirement at age 55 or thereafter, is equal to the amount of the Normal Retirement Benefit payable at his or her Normal Retirement Date reduced by 0.5% per month for the first 60 months and 0.3% per month for each additional month, if any, by which his or her Early Retirement Date precedes his or her Normal Retirement Date. If the Participant has at least 15 Vesting Service Credits but failed to earn 435 Hours of Covered Employment in at least one of the two consecutive Plan Years immediately prior to age 55 or thereafter, the amount of his pension payable at early retirement is the full benefit reduced by  $\frac{1}{2}$  of one percent per month for the first 60 months and  $\frac{3}{10}$  of one percent for each additional month, if any, by which his Early Retirement Date precedes Normal Retirement Date.

**FORMULA**

(Percentage of total contribution rate)

**FUNDED RATIO BELOW 70%**

**FUNDED RATIO ABOVE 70% & BELOW 85%**

| BENEFIT CREDIT PERCENT |              |            | BENEFIT CREDIT PERCENT |              |            |
|------------------------|--------------|------------|------------------------|--------------|------------|
| FUND RETURN PERCENTAGE | 0 - 15 YEARS | 15 + YEARS | FUND RETURN PERCENTAGE | 0 - 15 YEARS | 15 + YEARS |
| Negative               | 0.00%        | 0.00%      | Negative               | 0.00%        | 0.00%      |
| 0.00% - 1.99%          | 0.50%        | 0.50%      | 0.00% - 1.99%          | 0.60%        | 0.60%      |
| 2.00% - 3.99%          | 0.60%        | 0.70%      | 2.00% - 3.99%          | 0.70%        | 0.80%      |
| 4.00% - 6.49%          | 0.70%        | 0.85%      | 4.00% - 6.49%          | 0.80%        | 0.95%      |
| 6.50% - 7.99%          | 0.75%        | 1.00%      | 6.50% - 7.99%          | 0.85%        | 1.10%      |
| 8.00% - 9.99%          | 0.80%        | 1.05%      | 8.00% - 9.99%          | 0.90%        | 1.15%      |
| 10.00% - 14.99%        | 1.50%        | 1.75%      | 10.00% - 14.99%        | 1.75%        | 2.00%      |
| 15.00% +               | 1.75%        | 2.00%      | 15.00% +               | 2.00%        | 2.25%      |

**FUNDED RATIO ABOVE 85% & BELOW 100%**

**FUNDED RATIO ABOVE 100%**

| BENEFIT CREDIT PERCENT |              |            | BENEFIT CREDIT PERCENT |              |            |
|------------------------|--------------|------------|------------------------|--------------|------------|
| FUND RETURN PERCENTAGE | 0 - 15 YEARS | 15 + YEARS | FUND RETURN PERCENTAGE | 0 - 15 YEARS | 15 + YEARS |
| Negative               | 0.00%        | 0.00%      | Negative               | 0.00%        | 0.00%      |
| 0.00% - 1.99%          | 0.70%        | 0.70%      | 0.00% - 1.99%          | 0.80%        | 0.80%      |
| 2.00% - 3.99%          | 0.80%        | 0.90%      | 2.00% - 3.99%          | 0.90%        | 1.00%      |
| 4.00% - 6.49%          | 0.90%        | 1.05%      | 4.00% - 6.49%          | 1.00%        | 1.25%      |
| 6.50% - 7.99%          | 0.95%        | 1.20%      | 6.50% - 7.99%          | 1.05%        | 1.30%      |
| 8.00% - 9.99%          | 1.00%        | 1.25%      | 8.00% - 9.99%          | 1.10%        | 1.35%      |
| 10.00% - 14.99%        | 2.00%        | 2.25%      | 10.00% - 14.99%        | 2.25%        | 2.50%      |
| 15.00% +               | 2.25%        | 2.50%      | 15.00% +               | 2.5%         | 2.75%      |

3. Calculating Benefits Earned Prior to January 1, 2017

a. Figuring Your Past Service Credit Benefit. Your monthly benefit for years of Past Service Credit is equal to \$6.00 times your years of Past Service Credit (subject to a 32-year maximum and other restriction if you were not a Participant on December 31, 1986). Past Service Credit is calculated at a lower rate because no contributions were made for this period of employment

b. Exclusion of Certain Contributions in Future Service Benefit Calculator. Effective from July 1, 2002 through June 30, 2003, eight percent (8%) of the Employer contributions made to the Plan for Covered Employment performed on or after July 1, 2002, is not used to calculate a Participant's monthly pension benefit or any other benefit provided in the Plan. The purpose of the eight percent set-aside was to provide additional funding towards meeting the Plan's actuarial requirements. Effective for hours of Covered Employment on or after July 1, 2003, this eight percent set-aside of Employer contributions is no longer applicable.

**Additional Contributions for 07/01/2009-12/31/2016 Period not used in Benefit Determination.**

To address the Plan's funding issues resulting from the economic downturn in the United States (which resulted in investment losses in the Plan during 2008), the additional Employer contributions being made to the Plan as of July 1, 2009 through December 31, 2016, pursuant to

the guidelines established by the Plan's actuary, are not used for benefit accrual purposes; however, the Plan's actuary has been directed to monitor the Plan's funding progress annually and advise the Board of Trustees as to whether that progress is ahead of or behind schedule. **The additional contributions did not generate additional benefit accruals.**

c. Figuring Your Future Service Credit Benefit for Benefits Earned Through December 31, 2016. Your monthly benefit for years of Future Service Credit is equal to the greater of:

- (i) 3.60% (0.0360) of Employer contributions paid before January 1, 1987 through June 30, 2003; Effective as July 1, 2003-December 31, 2016, 1.8% (0.0180) multiplied by the Employer contributions paid on your behalf for hours of Covered Employment on or after July 1, 2003. **or**
- (ii) 3.35% (0.0335) of Employer contributions paid on or after January 1, 1987, which are made during your **first 15 years of Plan participation** (i.e., earning 870 or more Covered Hours in 15 different years of Past and Future Service Credit); Effective as of July 1, 2003-December 31, 2016, the rate is 1.675% (0.01675) of the Employer Contributions paid on your behalf for hours of Covered Employment on or after July 1, 2003; **plus**
- (iii) 4.45% (0.0445) of Employer contributions paid on or after January 1, 1987, through June 30, 2003 which are made **after 15 years of Plan participation.** Effective as of July 1, 2003-December 31, 2016, the rate is 2.225% (0.02225) of the Employer Contributions paid on your behalf for hours of Covered Employment on or after July 1, 2003-December 31, 2016.

Thus, once you earn 15 years of Past and Future Service Credit (see the example below), you will earn greater benefits. That is because the Employer contributions made on your behalf after you have the 15 years of Credit (the first of the year following the year you reach 870 Covered Hours for the 15th time) will be multiplied by a higher percentage (4.45% and/or 2.225% whichever is applicable for the particular periods).

To determine whether you have the required 15 years of Plan participation (when the benefit factor increases to 4.45% or 2.225%), your Credited Service equals the sum of:

- (1) Past Service Credit (limited to no more than one-half of Future Service if you were not a Plan Participant on December 31, 1986), and
- (2) Future Service Credit (one Year earned for 870 or more Covered Hours in a calendar year - see page 3).
- (3) If you were a Participant on December 31, 1986, a special "grandfather" rule ensures that you will receive no less than: 3.6% (0.0360) of Employer contributions made on your behalf for your years of Future Service Credit through June 30, 2003, **plus** \$6.00 time your years of Past Service Credit.
- (4) Extra contributions made to the Plan that are not based on actual hours worked (such as a form of severance) are not counted in determining a Participant's

pension benefit unless the collective bargaining agreement requires such payments.

Your full benefit may be adjusted based on when it is paid (see Section B below) and under what form of payment is selected.

**B. Early Retirement Benefits**

**Benefit Calculation Example**

Barry earned thirteen (13) years of Future Service Credit after December 31, 1986 through May 31, 2003 and had Employer contributions of \$88,821.51 made to the Plan on his behalf. He had two years of Future Service Credit from June 1, 2003 through December 31, 2004 and Employer contributions of \$11,844.21 during that period. Barry earned two additional Future Service Credits from January 1, 2005 through December 31, 2006 based on Employer Contributions of \$8,779.57. His pension is calculated as follows:

| <u>On or after 1-1-87 up to 5-31-03</u> | <u>On or after 6-1-03 up to 12-31-04</u> | <u>On or after 1-1-05</u> |
|---|--|---------------------------|
| \$88,821.51                             | \$11,844.21                              | \$8,779.57                |
| <u>x 0.0335</u>                         | <u>x 0.01675</u>                         | <u>x 0.02225</u>          |
| \$ 2,975.52                             | \$ 198.39                                | \$ 195.35                 |

Barry's full monthly benefit is \$2,975.52 + \$198.39 + \$195.35 = \$3,369.26.

Barry retired during the month in which he was age fifty-five (55) and eight months. He retired with seventeen (17) years of Future Service Credit. Barry did not fail to earn 435 hours of Covered Service in one of two consecutive Plan Years. Had Barry waited to retire at age sixty (60) he would be entitled to his full benefit, which, based upon his Future Service Credit and Employer contributions made on his behalf, totaled \$3,369.26. Instead, Barry elected to retire early resulting in his full benefit being reduced by ½ of one percent for every month by which his early retirement date precedes the first of the month in which Barry attains age sixty (60). Barry's early retirement age precedes his sixtieth birthday by fifty-four months. As a result, Barry's retirement benefit is reduced by 27% (54 months multiplied by 0.005% = 27%). Multiplying \$3,369.26 by 0.27 equals \$909.70, which is subtracted from Barry's full benefit of \$3,369.26; which equals \$2,459.56. This is the reduced monthly benefit Barry will receive monthly for the remainder of his life. (If Barry were married, and he selected a joint and survivor annuity, his benefit would be reduced even more. See Article III Section C of this booklet for an explanation of the Joint and Survivor Annuity benefit options).

1. Early Retirement Age. To be entitled to Early Retirement Benefits, you must have terminated your Covered Employment and filed a timely and complete pension application. The Plan's Early Retirement Age is 55 if you have at least ten Vesting Service Credits and if you meet certain other requirements, but that date may be postponed as explained below. The amount of your Early Retirement Benefit will depend on many factors, including your years of Past and Future Service Credit and Employer contributions made on your behalf to the Plan.

If prior to your initial retirement, you were employed in Noncovered Sheet Metal Service, your Early Retirement Date will be increased by six months for each calendar quarter in which you worked at least one hour in such Noncovered Employment. In this situation, your Early Retirement Date will be delayed until after age 55 or the date you terminate your Noncovered Sheet Metal Service, whichever is later, but in no event beyond your 65th birthday.

**EXAMPLE**

**[Effect of working in Noncovered Sheet Metal Service]**

Joe retires at age 56 and files a pension application hoping to commence receiving his pension immediately; however, because Joe worked in Noncovered Sheet Metal Service for 2 years, Joe's Early Retirement Date is postponed. Joe worked in Noncovered Sheet Metal Service in six different calendar quarters during that 2-year period. Thus, his Early Retirement Date is delayed by 36 months (6 quarters x 6 months per quarter = 36 months), which means his benefit will not start until he reaches age 59. In addition, there will be a limit to Joe's benefit. Moreover, he is not entitled to unreduced early retirement benefits (if applicable).

2. Reduced Early Retirement Benefits at Age 55 or Thereafter. The Early Retirement Benefit payable to a Participant with at least ten Vesting Service Credits who has not failed to earn at least 435 hours in one of two consecutive Plan Years who retires on or after age 55 is equal to the Normal Retirement Benefit credited to the Participant at his or her Early Retirement Date reduced by 0.5% per month for each month by which his or her Early Retirement Date precedes the first day of the month coincident with or next following his or her 60th birthday, unless the Participant meets the requirements for an Unreduced Early Pension Benefit. If a Participant fails to earn at least 435 Covered Hours in one of two consecutive Plan Years, to be eligible for a benefit reduction from age 60, the Participant must later earn at least 870 Covered Hours during any consecutive two Plan Years. If a Participant, prior to his or her initial retirement under the Plan, has been employed in Non-Covered Sheet Metal Service, the Early Retirement Benefit will be determined by increasing the 60th birthday by six months from the later of age 55 or the date the Participant ceased working in Covered Employment for each calendar quarter in which the Participant was or is employed in at least one hour of Non-Covered Sheet Metal Service, but in no event beyond the 65th birthday.

The Early Retirement Benefit payable to a Participant who failed to earn 435 Covered Hours in at least one of two consecutive Plan Years, and failed to later earn at least 870 Covered Hours during two consecutive Plan Years immediately prior to retirement at age 55 or thereafter, is equal to the amount of the Normal Retirement Benefit payable at Normal Retirement Date reduced by 0.5% per month for the first 60 months and 0.3% per month for each additional month, if any, by which the Early Retirement Date precedes his or her Normal Retirement Date.

### EXAMPLE -- REDUCED EARLY RETIREMENT

Assume the same facts as in the above example (Jim retires at age 56) except that Jim did not earn 435 Hours in Covered Employment in either of the 2 Plan Years immediately preceding the year in which he retired. As a result, thus there is a much greater reduction in the benefit he would have received if he had retired at age 65. Moreover, the reduction is from age 65, instead of age 60. Jim's benefit will be reduced to consider that his Early Retirement Date is 9 years before the Plan's Normal Retirement Age (age 65), as follows:

|           |           |      |
|-----------|-----------|------|
| 60 months | 48 months | .30  |
| x .005    | x .003    | .14  |
| = 30%     | = 14.4%   | .444 |

His benefit for the first five years is reduced by 1/2 of one percent for each year. For the additional 4 years, his reduction would be 3/10 of one percent for each year. Thus, you multiply 60 months times .005, which equals 30%. You then multiply 48 months by .003, which equals 14.4%. You then add 30% to 14.4%, which results in a 44.4% reduction. You then multiply \$2,400 by 44.4%, which equals a reduction of \$1,065.60. Finally, you subtract that amount -- \$1,065.60 -- from his \$2,400 retirement benefit as follows.

$$\begin{array}{r} \$ 2,400.00 \\ - 1,065.60 \\ \hline \$ 1,334.40 \end{array}$$

Jim's reduced early retirement benefit is \$1,334.40

If you have at least 10 Vesting Service Credits but failed to earn 435 Hours in Covered Employment in at least one of the two consecutive Plan Years immediately prior to age 55 or thereafter, the amount of your pension payable at early retirement is the full benefit reduced by 1/2 of one percent per month for the first 60 months and 3/10 of one percent for each additional month, if any, by which your Early Retirement Date precedes age 65.

**See also subsection h. on page 13 for another reason you may not qualify for an unreduced early retirement pension.**

**3. Amount of Early Retirement-1/2 of 1% Reduction for Each Month Pre-Age 62.** The Early Retirement Pension is a monthly amount determined as follows:

- a. The first step is to determine the amount of the Regular Pension to which the Participant would be entitled if he were 62 years of age on his Annuity Starting Date.
- b. The second step, to take account of the fact that the Participant is younger than 62, is to reduce the first amount by one-half (1/2) of one percent (1%) for each month that the Participant is younger than 62 on the effective date of his Early Retirement Pension.

## **EARLY RETIREMENT BENEFIT REDUCTION EXAMPLE**

For example: Assume an employee decides to retire at age 55. His regular Pension, if he were age 62, would be \$1,706.00 a month. Because he is 84 months (7 years) younger than 62, the reduction is ½ of 1% for each of the 84 months that he is younger than age 62 which equals a reduction of 42%. The reduction is therefore 42% of \$1,706.00 or \$716.52. Subtract \$716.52 from \$1,706.00 which equals \$989.48 or \$990.50 rounded. That is the reduced early retirement benefit in this example.

4. **NPF Make-Up Benefit.** Because the Sheet Metal Workers National Pension Fund (“NPF”) recently reduced benefits because of its financial condition, the members of Sheet Metal Workers Local Union 104 elected through collective bargaining to have greater contributions made to this Plan to provide increased benefits (to make up for the decreased benefits from the NPF). As a result, the Board of Trustees amended the Plan to “make-whole” certain members of Local 104. The amount of benefit will be calculated based on the difference in monthly benefit that the member earned through the NPF as of December 31, 2007, and the reduced monthly benefit that will be payable under the NPF Default Benefit Schedule. Thus, the intent is that while Participants lost certain benefits from NPF, they will be entitled to a similar amount of benefits from this Plan.

Participants who had retired from this Plan prior to age 55 but who were ineligible to retire under the NPF because of that Plan's age requirements (and who were or are not performing any work in the Sheet Metal Industry) are also eligible for the increased benefit.

The Plan will credit to each (eligible) Participant a percentage of the NPF benefit accrued through December 31, 2007. This is typically 24% of the benefit earned through 2007, but less than 24% for those retiring from the NPF after age 60 -- based on the tables provided by the Plan's actuary.

For example, a member who earned an NPF monthly benefit of \$500 as of December 31, 2007 who retires at age 57 years and 0 months, would receive a benefit increase from the Plan of \$120 (which is 24% of \$500). A member retiring at age 61 years and 4 months would receive an increase from the Plan of \$100 (20% of \$500) from the Plan. The make-up benefit under this Plan is not paid until the person retires from the NPF.

If you are entitled to reduced early benefits, you have another choice. You can stop working between ages 55 and 65 but wait until you are 65 to start receiving your pension. Then, there would be no reduction in your pension; however, deferring your pension may affect other retiree benefits (such as your eligibility for health care benefits) and may not be the best option for you. Before making this choice, you may want to contact the Trust Fund Office.

5. **Unreduced Early Retirement Benefits at Age 55.** You qualify for a Full Benefit at age 55 if you meet each of the following requirements:

a. You earned at least 870 Hours of Covered Employment in this Plan in each of at least 12 different Plan Years (this cannot include any reciprocal contributions made to this Plan or hours based on pro-rata reciprocity), and

b. You must have at least 25 years of Unreduced Pension Service (Past and Future Service) which has not been broken by a period in which you failed to earn 435 Covered

Hours in at least one of two consecutive Plan Years prior to earning 25 years of Unreduced Pension Service or immediately prior to your retirement.

- c. You meet one of the following:
  1. You earned 435 hours in one of the two consecutive Plan Years immediately prior to January 1, 1986, and contributions described in (a) above were paid on behalf of members of your bargaining unit for at least six months, or if your 25 years of service includes work under a reciprocal agreement, the contributions described in (a) above must have been made on your behalf for at least 3,000 Covered Hours after your 50th birthday, or
  2. If you did not earn 435 hours in at least one of the two consecutive Plan Years immediately prior to January 1, 1986, contributions described in (a) above must have been made on your behalf for at least 3,000 Covered Hours; and

To illustrate this latter requirement, to be entitled to this unreduced benefit, if you had 25 Years of Unreduced Pension Service which was unbroken (as described above), but since earning those 25 years and prior to reaching the Plan's Early Retirement Age, you incurred a period in which you failed to earn 435 Covered Hours in at least one of two consecutive Plan Years, you must work 870 Covered Hours during any two consecutive Plan Years to be eligible for this benefit. By way of example, if you had earned 25 years of Unreduced Pension Service when you attained age 46, but then had a period in which you failed to earn 435 Covered Hours, you must work 870 Covered Hours in each of two consecutive Plan Years to be eligible for the unreduced benefit. A Participant who otherwise meets the requirements for an unreduced pension benefit under this Article will not fail to qualify for such unreduced pension for failing to earn 435 Covered Hours in at least one of two consecutive Plan Years if the reason for such failure is that the Participant was working in Approved Government Agency Service and/or with the Sheet Metal Workers' International Association (which includes the International Training Fund).

Unreduced Pension Service includes the following periods:

- (1) Past Service Credit and Future Service Credit;
- (2) Disability Service;
- (3) Related Employment described in Article VIII of the Plan;
- (4) Connecting Vesting Service;
- (5) Approved Governmental Agency Service;
- (6) Employment in the Sheet Metal Industry, outside the geographic area covered by the Plan, provided that such employment is covered by a collective bargaining agreement between the Employer and the Sheet Metal Workers' International Association (or any successor entity), and the Plan in which you participated as a result of such employment had a reciprocal agreement with this Plan, and further provided no more than five years of such employment will be counted for this purpose, and
- (7) Employment with the Sheet Metal Workers' International Association, or any successor entity,

- (8) Employment under an Agreement with one of the Sponsoring Unions to work as a volunteer organizer at a non-signatory Employer (i.e., a "Salting Agreement"), until such Agreement is terminated by the applicable sponsoring Union.

Your service for purposes of an Unreduced Early Retirement Benefit will not be broken by Plan Years 1991, 1992 and 2009; however, for your service in 2009 to not be broken, you must have been on the Union's out-of-work list (and not turned down Covered Employment) during 2009.

In addition, effective as of January 1, 2001, a Participant who had failed to earn at least 435 Covered Hours in one of two consecutive Plan Years but subsequently earned at least 870 Covered Hours during any two consecutive Plan Years, is entitled to an Unreduced Early Retirement Benefit on or after age 55 if he meets each of the remaining requirements of Section 5.1(c)(ii) and each of the following requirements:

- (a) Did not engage in Non-Covered Sheet Metal Service at any time; and
- (b) Earned at least 435 Covered Hours with the Plan during the Plan Year ending December 31, 2000; and
- (c) Earned at least 435 Covered hours in at least one of two consecutive Plan Years immediately prior to attainment of age 55 or thereafter.

4. Unreduced Early Retirement Benefits at Age 52-Covered Employees as of June 30, 2009. If you attained age 52 as of January 1, 1994, or thereafter, and earned at least 435 hours in one of the two Plan Years immediately prior to age 52 or thereafter, you are entitled to an unreduced Early Retirement Benefit if you meet each of the requirements set forth in number three above (for early retirement at age 55) and you were a Covered Employee prior to July 1, 2009; however, existing Participants as of June 30, 2009, who would otherwise qualify for an Unreduced Early Retirement Pension may continue to retire at age 52 except that any benefit accruals earned on or after July 1, 2009, will not be payable until the Participant attains age 55. You will be notified if this change can occur.

**No Unreduced Benefit Prior To Age 55 For  
Those Commencing Employment on or After July 1, 2009**

Effective as of July 1, 2009, there is be no unreduced early retirement age prior to age 55 for individuals commencing Covered Employment on or after July 1, 2009. A current Participant as of June 30, 2009 who is eligible for and desires to retire prior to age 55 may do so but be entitled before attaining age 55, only to the benefits earned prior to July 1, 2009.

As of January 1, 1996, the Trustees expanded eligibility for the unreduced Early Retirement Benefit at age 52. Under the change, if you earned 435 or more hours of Covered Employment in at least one of the two consecutive Plan Years immediately prior to age 50 and you would otherwise qualify for an unreduced benefit at age 52, you are eligible for the unreduced Retirement Benefit at age 52, provided that you remain on the Union's out-of-work list and are available for work during the period from age 50 through age 52 and during the Plan year in which you were age 49. A Participant who otherwise meets the requirements for an unreduced pension benefit at age 52 who is unable to work during the same period because of a disability also is entitled to the unreduced benefit at age 52 if, at the onset of the disability, he was working

as a Covered Employee or was on the out-of-work list and available for work. The same rules apply for retirees after age 52 up to the age 55.

### **UNREDUCED EARLY PENSION EXAMPLE**

Joe had 25 years of Unreduced Pension Service when he reached age 49 but had not worked since the preceding Plan year (when he turned age 48). Joe was available for work and signed up on the Union's out-of-work list during the Plan Year in which he was age 49 and was available for work and signed up on the Union's out-of-work list during the next two Plan years (when he attained ages 50 and 51); however, in the Plan Year in which he reached age 52, he did not earn 435 Covered Hours. Nonetheless, because Joe remained on the out-of-work list and was available for work during the Plan Year in which he reached age 49 and during the two Plan Years when he turned ages 50 and 51, he is eligible for the unreduced benefit at age 52.

5. Full Early Retirement Benefit at Age 60. If you do not qualify for a Full Early Retirement Benefit at age 55, you may qualify for the Full Benefit at age 60, provided you were a Vested Participant at that time or on your 55th birthday and you did not incur a two-year period in which you failed to earn 435 hours of Covered Employment in at least one of two consecutive Plan Years. If you failed to work 435 hours of Covered Employment in one of two consecutive Plan Years, you must later work 870 hours of Covered Employment during two consecutive Plan Years to maintain eligibility for an Unreduced Early Pension Benefit after 60. The Year 2009 is not considered if you failed to work 435 hours of Covered Employment in one of two consecutive Plan Years so long as you were available for work by being on the Union's out-of-work list and did not turn down Covered Employment during that period.

### **C. Special Retirement**

A Participant, not otherwise eligible, may qualify for a Normal Pension Benefit or an Early Pension Benefit in accordance with the following subsections 1-2. Qualifying for benefits in this manner is known as a "Special Retirement."

1. A Participant may qualify for an Unreduced Early Pension Benefit at age 60 if (1) the sum of the Participant's Credited Past Service and Vesting Service years equals 10 or more, and the Participant has accumulated at least 5 years of Credited Future Service, or (2) the Participant has accumulated either five years of Credited Future Service during the Plan Year of his or her retirement and the six immediately preceding Plan Years, or 4,000 Covered Hours during the Plan Year of his or her retirement and the four immediately preceding Plan Years.

A Participant who qualifies for an Early Retirement Benefit under this Section shall not have included in the determination of his or her benefit any Credited Past Service, nor shall his or her benefit be subject the \$50.00 monthly minimum benefit.

2. No benefit shall be payable under this Section if a Participant is employed in Non-Covered Sheet Metal Service either before or after he meets the requirements for a Special Retirement.

**WARNINGS: ELECT SPECIAL RETIREMENT BEFORE 2 YEAR BREAK**  
(No Noncovered Sheet Metal Service)

If you do not elect the Special Retirement Benefit before you have gone two consecutive Plan Years without earning 435 Covered Hours in at least one of the two years, you will be ineligible for the Special Retirement Benefit. (The year 2009 is not considered in the same manner as described above (being on the Union's out-of-work list and not turn down Covered Employment). Moreover, if you choose this option, no Past Service will count toward determining your benefit, and your benefit will not be subject to the \$50 monthly minimum. You do not qualify for Special Retirement if you were employed in Noncovered Sheet Metal Service at any time.

**D. Postponed Retirement**

You may work past Normal Retirement Age and earn additional benefits in the same manner as you earned benefits prior to reaching age 65. You have the right to defer your retirement until you reach the required beginning date pursuant to the Internal Revenue Code. That deadline is April 1 following the year you reach age 70-1/2 (or later if you are still working). The monthly benefit of a Participant who postpones retirement past Normal Retirement is the Participant's accrued benefit at Normal Retirement Age, actuarially increased for each complete calendar month between the Normal Retirement Age and the pension effective date.

**E. Annual Statement of Your Benefits**

Each year the Trust Fund Office will send you a statement showing your current hours in which Employer Contributions were made to the Plan and your anticipated pension benefit at Normal Retirement Age as of the end of the prior Plan Year (December 31). You should review these statements for accuracy and notify the Trust Fund Office in writing immediately if you believe there is a mistake, or you have questions. If you do not receive a statement by June 30 of each year, please contact the Trust Fund Office. The following time line may give you a better understanding of the events that need to take place for the Trust Fund Office to complete your year-end statement.

- December hours are received in late January and processed usually by the end of January;
- The Plan's books are closed in February for the preceding Plan Year (December 31) in most instances;
- As soon as the financial statements are completed, hours and Employer contributions that have been credited to individuals are then verified for accuracy;
- Your annual statement is prepared and distributed by the end of April or early May of each year in most instances.

**ALERT: IF YOU FIND ERRORS IN YOUR STATEMENT**

Please notify the Trust Fund Office immediately if you notice any errors or concerns regarding your hours, rates and/or benefits or if you have any other questions.

**F. Interest on Certain Delayed Payments**

Pursuant to IRS guidelines and only to the extent required by the IRS, the Plan will pay annual non-compounded interest on certain delayed pension payments. The rate may vary during different periods. This rate may be changed by the Board of Trustees in the future without having to amend the Plan. The Board of Trustees has the absolute discretion to determine whether a retroactive payment is being made and whether interest is required on such payments.

**G. Minimum Benefit Under Plan**

The minimum monthly benefit at Normal Retirement for a vested Participant is \$50, unless you engage in Noncovered Sheet Metal Service. This amount may be reduced, however, for early retirement and/or based on the payment option selected. The minimum monthly Disability Retirement Benefit is \$70.

**VII. DISABILITY PENSION**

**A. Eligibility for Full Disability Pension**

A Participant will be entitled to a Disability Pension if he meets the following requirements.

1. Have completed 10 Vesting Service years; and
2. Be working under a Contribution Agreement which requires contributions to the Plan at the time he becomes disabled (or working in a different jurisdiction under a reciprocal agreement) and has earned at least 435 Covered Hours in one of the two Plan Years before he incurred the disability, and
3. Be unable to perform Covered Service prior to Normal Retirement Age, and
4. A Participant who at any time failed to earn at least 435 Covered Hours in one of two consecutive Plan Years must subsequently have earned at least 870 Covered Hours during two consecutive Plan Years, and
5. Social Security Determination of Disability. You have become permanently and totally disabled as recognized by your entitlement to Social Security Disability Benefits (or you would be so entitled except you do not have enough quarters of coverage to be eligible), as of the date of your disability retirement under the Plan; and
6. You are Not Eligible for Normal Retirement Benefits. You are not eligible for Normal Retirement Benefits; and
7. You are Unable to Work. You are unable to work at any other job that provides a monthly income of more than \$500.00. If requested by the Board of Trustees, you must periodically provide evidence of your income. Failure to do so will make you ineligible for the disability benefit; and
8. You Did Not Engage in Non-Covered Sheet Metal Work. You have not performed any Non-Covered Sheet Metal Service at any time during the Plan Year in which you became disabled or during the two immediately preceding Plan Years.

## **FILE EARLY APPLICATION WITH THE PLAN**

You are urged to file a claim for a Disability Retirement Benefit with the Trust Fund Office at the same time that you apply for your Social Security Disability Benefit so that Plan benefits become payable as early as possible.

### **B. Amount of Full Disability Benefits**

Your monthly Disability Benefit will be payable as of the first day of the month following your disability, provided you have filed an application, submitted proof of entitlement to Social Security Disability Benefits and met the eligibility requirements described above. The Plan will pay the Disability Benefit retroactive for up to 48 months (for example, if the Social Security is effective that far back). You should submit to the Trust Fund Office your Social Security Award as soon as possible after receiving it but in no event later than 12 months after the Social Security determination. If you fail to timely submit your Award within 12 months, your disability benefit will be paid commencing as of the first day of the month following your submission of the application. If, however, you filed a timely application with the Plan and Social Security takes a long time to decide whether you are disabled, benefits will be paid retroactive to your effective date, except that the maximum retroactive period is 48 months.

The full Disability Pension is equal to the full benefit you earned as of the date you became disabled. The minimum monthly Disability Benefit is \$70.

### **C. Eligibility for Partial Disability Pension -- Reduced Benefit**

1. Partial Disability Defined. If you meet the requirements listed above in section A and have a mental or physical condition resulting from bodily injury, disease, or mental disorder, which renders you incapable of performing any work in the Sheet Metal Industry prior to attaining age 60 and during the remainder of your life but which does not meet the Social Security disability requirements as of the effective date of your disability, you may be eligible for a Partial Disability Benefit. Such a determination will be based on the written opinion of two physicians. No Partial Disability benefit is payable if you become disabled after having attained age 60. You are not eligible for this benefit, however, if you engaged in Noncovered Sheet Metal Service at any time during the Plan Year in which you become disabled or during the two immediately preceding Plan Years.

### **WARNING: SOCIAL SECURITY EFFECTIVE DATE**

If you retire on a Partial Disability and obtain a Social Security Disability Determination that is effective later than 12 months following the effective date of your Partial Disability retirement under the Plan, you are not entitled to a full disability benefit. Simply, the Social Security Determination has to be effective as of the earlier date -- when you retired, or within 12 months following your retirement.

2. Amount of your Partial Disability Benefit. The Partial Disability is determined by reducing the full benefit you earned as of the date you became disabled by 5/12% per month for each month payments begin before you reach age 60. The reduction will not exceed 50% of the full benefit. Such amounts will be reduced from any amounts due to you or a beneficiary.

**D. Furnishing the Plan with Proof of your Disability**

At any time while you are receiving Disability Benefits, the Board of Trustees or its delegate may ask for proof of your continued eligibility for disability benefits. You also may be asked to undergo an independent medical examination by one or more physicians designated by the Plan. In either case, if you do not respond to requests for information or submission to a physician or do not continue to meet the requirements for the benefit, payments will stop.

**E. Recovery from your Disability/Trial Periods of Work**

You are required to notify the Plan immediately (within fifteen days) if you have recovered from your disability. If you recover from your disability before you reach age 65, you are no longer eligible to receive a Disability Pension. You will be required to reimburse the Plan for any disability payments made to you after you are no longer disabled (or if you fail to do so such amounts will be deducted from future payments due you or a beneficiary). If you recover from your disability before your Normal Retirement Date, your Disability Benefit will stop, and you may again become a Participant and earn additional retirement benefits.

To encourage you to return to work, the Plan will allow you to return to Covered Employment on a trial basis without affecting your future benefits. Your disability benefit will be suspended during the period of your trial work up to three calendar months. If you are unable to continue working because of your disability, your disability benefits will recommence after the trial period ends. But, if you are able to work, your disability benefit ends.

**F. Form of Payment for Disability Pension**

If you are married when your Disability Pension begins, your payment will automatically be in the 50% Joint and Survivor Annuity as described on pages 26-28. If you are not married, or if you are married and your Spouse agrees in writing as described on page 27, your Disability Benefit may be paid for your lifetime only. (Other benefit options are not available.)

If you begin receiving Partial Disability or Early Retirement benefits and you are later awarded a Social Security Disability Award effective as of your original Disability effective date or within 12 months of that original effective date, entitling you to a full disability benefit, you may change your benefit option (with spousal consent, if applicable) by filing a written request with the Trust Fund Office within 90 days of receiving the Social Security award.

If you are single at the time of your death, or if you were married and had elected the lifetime only payment method, your beneficiary will be entitled to the Contribution Death Benefit less any Disability Benefits paid by the Plan.

**G. Beginning and End of Disability Payments**

1. Beginning Payments. Disability Benefits are payable:
  - (a) for Partial Disability, the first of the month following the month the Partial Disability began, provided no more than 48 months of retroactive payments may be made, or

- (b) for Total and Permanent Disability, the first of the month following the first month of the Total and Permanent Disability, as established by Social Security. A Participant is required to submit his or her Social Security Disability Award within twelve months of the date of the Social Security Award. **Notwithstanding any provision to the contrary or any retroactive date in a Social Security Award, retroactive payments under the Plan shall be made for up to only 48 months.**
2. Monthly disability payments shall terminate at the earliest of the following dates:
- (a) the date of the Disabled Participant's death;
  - (b) the date as of which it is determined that the Disabled Participant is no longer suffering from a disability if such date is prior to his or her Normal Retirement Date.

## **VIII. PAYMENT OF BENEFITS -- WAYS IN WHICH YOUR PENSION IS PAID**

### **YOUR RESPONSIBILITY TO KEEP ADDRESS CURRENT.**

**It is your responsibility to notify the Trust Fund Office of changes to your address so that you continue to receive notices of Important Plan changes that may affect your coverage. To avoid a delay in providing your Plan benefits, please check that your home address and beneficiary designations on file with the Trust Fund Office are current.**

#### **A. APPLICATION FILING REQUIREMENT AND PAYMENT OF BENEFITS**

The payment of your pension benefits is not automatic. To be entitled to a pension or any other benefit under the Plan you must file a completed pension application with the Trust Fund Office. If possible, you should file your application at least six months (180 days) before you wish to retire. That will give the Trust Fund Office time to process your application and obtain all the necessary information. The Pension Application Form can be obtained from the Trust Fund Office or your local Union Office. As part of the application process you should submit the following to the Trust Fund Office:

- your anticipated last day of Covered Employment
- your intended retirement date (date you wish benefits to start);
- proof of your age (birth certificate) and that of your Spouse if you are married or your domestic partner if applicable;
- your social security number and that of your spouse if you are married;
- proof of marriage, if applicable (marriage certificate) or documentation of your domestic partnership;
- copy of divorce decree(s) showing approval by the Court, if applicable, including an Interlocutory Judgment and a Final Judgment, marital settlement agreement or any other court document which addresses your pension benefits with the Plan;
- military discharge papers, if applicable;
- wage and employment history information.

It will also be necessary that you have a photo identification, such as a driver's license or passport.

You will be notified in writing when your application is approved.

Additionally, it is your responsibility to respond to all inquiries made by the Trust Fund Office within 180 days of the request. If you do not respond within this time frame your application will be cancelled and treated as if it had not been filed. This means you must file a new application and that you may have a later Effective Date than the one which you had earlier requested.

## **B. General Information on Your Benefits**

1. Summary of Benefit Options. The Plan provides different benefit payment options. When you apply for a pension, you will be advised of the amount of payment under each form of pension available to you. You will then have to select the form of payment you desire (subject to spousal consent if applicable).

**IMPORTANT:** Once you start receiving pension benefits (except for certain disability benefits), **you cannot change from one form of pension payment to another**, even if additional Employer contributions are received on your behalf or your marital status changes.

Benefits under the Plan provide monthly income for as long as you live. As described below, some benefits may continue to your beneficiary after your death. The benefit you have earned - either the Full Benefit or the Reduced Early Retirement Benefit - will be reduced under the different forms of payment, except the Three-Year Certain and Life Option. The reductions are actuarially based on the average life expectancy of the people eligible for the benefit.

2. Electing Your Form of Payment. You must choose a type of benefit and designate a beneficiary before payments begin. Ask the Trust Fund Office for the necessary forms to complete.

**ALERT: YOU MAY NOT CHANGE YOUR BENEFIT OPTION**

**You may not change your payment option after benefits commence.**

## **C. Married Participant-Joint & Survivor Annuity Is Normal Form**

1. Spouse or Domestic Partner. Your "Spouse" means a lawful marriage as is permitted under the State of California if applicable or under the laws of the state or country in which the marriage took place. The term "spouse" includes both opposite-sex and same-sex marriages. Spouse also means the registered Domestic Partner of a Participant provided that the Plan has received written notice of such registered Domestic Partnership prior to your death. A Domestic Partnership includes both same-sex and opposite-sex partners.

To be entitled to benefits as a Domestic Partner, you and your Domestic Partner must provide the Plan with a signed, notarized Declaration of Domestic Partnership certifying that, neither partner has had a different Domestic Partner less than six months before you signed the Declaration of

Domestic Partnership (unless the prior Domestic Partner died), neither partner is related to the other, the you and the Domestic Partner have assumed mutual obligations for the welfare and support of each other, and you and your Domestic Partner live together on a regular basis.

If you live in a city or county that provides for domestic partners registration, and you and your Domestic Partner have registered as Domestic Partners, you may provide the Plan with a copy of the Certificate of Domestic Partnership instead of the Plan's Declaration.

2. Joint and 50% Survivor Annuity -- Benefit Amount. If you are married, the normal form of benefit under the Plan (as required by ERISA) is the Joint and 50% Survivor Annuity. This benefit form provides a reduced lifetime pension during your lifetime (based on actuarial calculations), and after your death, provides your surviving Spouse with 50% of the reduced amount that had been payable to you. You may request that the Trust Fund Office provide an estimate of your Joint and 50% Survivor Annuity, which will be determined by using the tables provided by the Plan's Actuary.

The Joint and Survivor Annuity pays benefits over two lifetimes. Benefit levels are adjusted accordingly. During your lifetime, you will receive monthly benefits at a lower level than you would receive with the Life Annuity form of benefit. If your spouse is much younger than you, benefits will be reduced more than if you were close to the same age or if your spouse is older than you. The reason is that actuarially and based on projected life spans, a younger spouse is likely to receive benefits over a longer period. The monthly amount of pension payable to you and your spouse under the Joint and Survivor Annuity is based on the life expectancy of you and your spouse. To obtain an estimate of the amounts, please contact the Trust Fund Office.

**EXAMPLE: Joint and 50% Survivor Calculation**

Art retires at age 60. He is entitled to a Normal Retirement Benefit of \$2,000 per month. He and his wife, Becky, are the same age.

If Art and Becky selected the Joint and 50% Survivor Annuity, the adjusted monthly benefit is \$1,852 ( $\$2,000 \times 92.60\% = \$1,852$ ) Upon Art's death, Becky would be entitled to a monthly benefit of \$926 (50% of \$1,852) for as long as she lives.

Assume the same facts as above except that Becky is 5 years younger than Art. The adjusted benefit would be \$1,812 ( $\$2,000 \times 90.60\%$ ) upon Art's death. Becky would be entitled to a monthly benefit of \$906 (50% of \$1,812) for as long as she lived.

3. Important Facts About the Joint and Survivor Annuity.

a. Rationale for Decreased Benefit. Because the benefits are payable for two lives -- yours and your Spouse's (or Domestic Partner's) - the amount of your benefit will be reduced. If, for example, your Spouse or Domestic Partner is much younger than you, the reduction will be greater to reflect your Spouse's or Domestic Partner's longer life expectancy.

b. Irrevocable Once Payments Start. If you elect a Joint and Survivor Annuity, you may not withdraw or change such coverage after your first pension payment has been made, except as described in subsection c below.

c. **Benefit Increased If Spouse Predeceases You.** If your Spouse or Domestic Partner dies before you - while you are receiving a Joint and Survivor Annuity - your pension will be increased to the amount that would have payable under the Life Annuity benefit form (described in Section D below). The change is effective the first day of the month following your Spouse's or Domestic Partner's death; however, retroactive payments are made for no more than 120 days. This increased benefit will continue for your lifetime, stopping at your death.

d. **Later Divorce and Remarriage Do Not Impact Benefit.** If you retire on a Joint and Survivor Annuity and subsequently divorce your Spouse (or your Domestic Partnership is dissolved), your pension will not be increased to the level you would have received had this reduced survivor coverage not been provided. Your former Spouse or Domestic Partner will continue to be entitled to his or her portion of your pension upon your death. **Moreover, if you subsequently remarry a different person after you retired, you may not transfer your Spouse's survivor benefits coverage to your new Spouse.**

#### **D. ADDITIONAL RULES FOR THE JOINT AND SURVIVOR BENEFIT**

1. **Plan's Reliance on Statement regarding Marital Status/Plan May Recover Funds.** The Participant shall file, before his Annuity Starting Date, a written representation, on which the Board is entitled to rely, concerning the Participant's marital status which, if false, shall give the Board the discretionary right to adjust the dollar amount of the pension payments made to the alleged surviving Spouse to recoup any excess benefits which may have been erroneously paid.

2. **Use of Trust Fund Forms.** An election or revocation of a Spousal Pension must be: (a) Made (or revoked) prior to the Annuity Starting Date; (b) Made on forms furnished by the Fund Office; and (c) Filed with the Fund Office.

3. **No Revocation of Spousal Pension.** A Spousal Pension, once payable, may not be revoked because of the subsequent divorce of the Spouse from the Pensioner.

4. **Prior Spouse's Rights under a Qualified Domestic Relations Order.** The rights of a prior Spouse or other family member to any share of a Participant's pension, as set forth under a qualified domestic relations order, shall take precedence over any claims of the Participant's Spouse at the time of retirement or death.

5. **Spousal Waiver/Beneficiary Designation.** You and your Spouse or Domestic Partner may elect not to take the Joint and Survivor Annuity form of benefit, but only if your Spouse or Domestic Partner consents in writing to such election, such consent is witnessed by a Plan representative or notary public, a beneficiary is designated with the Spouse's or Domestic Partner's consent (if other than the Spouse or Domestic Partner), and the form of payment to the beneficiary is stated.

You are not allowed to designate a beneficiary other than your Spouse or Domestic Partner without your Spouse's or Domestic Partner's written consent on the forms furnished by the Trust Fund Office. If you subsequently wish to revoke your beneficiary designation and to choose another beneficiary, your Spouse or Domestic Partner must consent.

**E. SPOUSAL CONSENT NOT NECESSARY IN LIMITED SITUATIONS**

Notwithstanding any other provision of the Plan, spousal consent will not be required if the Participant establishes to the satisfaction of the Plan: (1) that there is no Spouse; (2) that the Spouse cannot be located; (3) that the Participant and Spouse are legally separated; or (4) that the Participant has been abandoned by the Spouse as confirmed by court order. If the Spouse is legally incompetent, consent may be given by his or her legal guardian, including the Participant, if authorized to act as the Spouse's legal guardian.

**F. Unmarried Participants -- Life Annuity Is Normal Benefit.**

The Normal form of benefit for a single Participant is a Three-Year Certain and Life Pension, which is a series of monthly pension payments for the balance of your life, with a minimum of 36 months of payments. Thus, if you die before you receive 36 months of benefits, your beneficiary is entitled to receive the remaining payments until a total of 36 months of benefits have been paid. If, however, you received disability payments before you retired, the number of disability payments will be subtracted from the 36 guaranteed monthly payments.

**G. Optional Forms of Benefit**

Benefit reductions in the following options are based on tables furnished by the Plan's actuary.

1. Life Annuity (with Three-Year Certain). This option is described above in Section D (during the 180-day period prior to your benefit commencement date you and your spouse may waive the Joint and Survivor Annuity form of benefit).

2. Joint and 50% Survivor Annuity. This option, described above in Section C, is available for all Participants, not just married Participants and Domestic Partners.

3. Joint and 75% Survivor Annuity. This benefit form pays to the designated beneficiary 75% of the amount (which will be reduced) payable to a Pensioner.

**EXAMPLE: JOINT and 75% SURVIVOR BENEFIT**

Assume the same example that is cited above (Art retired at age 55 at which time he was entitled to a \$2,000 monthly benefit). He and his wife Becky are the same age. Art and Becky select the Joint and 75% Survivor Annuity form of benefit. Under this option, the adjusted benefit would be \$1820.00. Upon Art's death before Becky, she will be entitled to a monthly benefit of \$1365 for as long as she lives. Assume the same facts, except that Becky is 6 years younger than Art. The adjusted monthly benefit would be \$1768. That is Art's reduced benefit during his lifetime. Upon his death, her 75% benefit would be \$1326.

4. Joint and 100% Survivor Annuity. This benefit form pays to the designated beneficiary 100% of the reduced amount payable to you. Reduction is based on tables submitted by the Plan's actuary.

5. 10-Year Certain and Life Option. The Life Annuity but with 10-Year Certain is a reduced monthly benefit payable for as long as you live. If you die before receiving a total of 120 monthly payments, the remaining guaranteed payments will be paid to your beneficiary. (Because benefits are guaranteed for more years (10 years vs. 3 years), there will be a greater reduction in your monthly pension under this option.

#### **H. Divorces -- Qualified Domestic Relations Orders**

The Plan is required to comply with a court order that awards a portion or all your pension benefits to a former Spouse, child or other dependent that meets the definition of an "alternate payee" under ERISA. The order must meet the requirements of a Qualified Domestic Relations Order (known as a "QDRO"). A QDRO is an order that creates or recognizes the existence of a former Spouse or child's (or other alternate payee's) right to receive all or a portion of your pension benefits. To be a QDRO, an order must contain very specific information as required by ERISA. An order must contain the name, address, and date of birth, of both the Participant and Spouse, identify the dates of marriage and separation, specify the amount or a formula for determining the Spouse's benefit, specify when benefits may start and when they terminate, among other information.

When you file your pension application, you are required to provide the Trust Fund Office with information on any pending or former divorce action. This includes a final or interlocutory judgment, marital settlement agreement and any related document.

#### **PARTIAL PAYMENT TO PARTICIPANT EVEN WITH A PENDING DIVORCE**

If it appears that your former Spouse or other alternate payee is seeking only a portion of your pension benefits or there are delays in the court proceeding or for other reasons, the Plan may, at its discretion, commence paying that portion of your pension that is not likely to be part of a pending QDRO.

You may request the Plan's procedures for handling domestic relations orders, which includes a sample order to assist in the preparation of such orders. You or your attorney or your Spouse or the Spouse's attorney should submit any proposed QDRO to the Plan's legal counsel prior to submission to a court so that counsel may suggest any required or preferable changes. You should be aware that a QDRO that meets the requirements of this Plan may not meet the requirements of the Sheet Metal Workers National Pension Fund or your local supplemental pension plan. You are likely to need multiple QDROs for the different pension plans.

#### **WARNING: DELAYS MAY OCCUR**

#### **Unresolved disputes regarding a divorce and your pension benefits may delay payment of your pension.**

If the Plan is notified of a pending divorce action or receives a court pleading known as a "Joinder Request" or a similar document, the Plan has the discretion to delay paying your Plan benefits for a reasonable period to allow time for the parties to prepare a QDRO, even if your pension application is on file.

**I. Discretionary 13th Checks/Extra Payments/COLA**

The Board of Trustees may issue a 13th check or other extra payment or a cost of living adjustment if deemed prudent for a period without the necessity of a formal Plan amendment. Any such payment is at the absolute discretion of the Board of Trustees and depends on the Plan's condition and availability of funds. Such payments may be authorized in some years and not other years (or any at all) and the amounts may vary between different categories of retirees.

**J. Overpayments Recoverable by the Plan**

As a Participant or Beneficiary, you are entitled only to the amount and form of benefits described in the Plan document, as amended from time to time. If you or your beneficiary is receiving an improper amount or benefit from the Plan and you or your beneficiary become aware of that fact, the Plan requires that you or your beneficiary notify the Trust Fund Office of the overpayment and to repay such amounts to the Plan.

If you or your beneficiary do not repay the Plan, the Plan will reduce or offset any future benefits to recover the overpayment, unless other arrangements can be made to the satisfaction of the Plan for the recovery of the overpayment. The Plan will withhold at least 25 percent of your pension payments until the overpayment is recovered by the Plan and to the extent permitted by law, the Plan may withhold up to 100% of your monthly payments until an overpayment is recouped. The Plan is authorized to offset lost interest on the overpayments and reimbursement to the Plan for any attorney fees and costs incurred as a result of the overpayment. The Plan may also file a claim against your estate or any other person or entity if amounts are still owed at your death and there are insufficient funds, including any death benefits payable to your beneficiary, to recover the overpayment. Any funds owed by a Participant to the Plan will be deducted from any death benefits that may be payable because of the Participant's death.

**K. Electronic Deposit of Pension Payments.**

**To increase efficiency and to reduce the possibility of theft, the Trust Fund Office strongly recommends that you have your monthly benefit directly deposited electronically into your checking or savings account at a bank, savings and loan, credit union, or other financial institution.** This process is more secure as the checks are not subject to theft from your mail box. In addition, you can be assured that your pension payment will be in your account on the 1st of the month and avoid potential delays of the mail. You must complete the Trust Fund Office form and return it to the Trust Fund Office to identify the financial institution which will receive your electronic deposit.

**L. Assignments Limited Under the Internal Revenue Code.**

You may not borrow against your pension nor may you pledge any part of your pension as security or collateral for a loan or otherwise transfer your rights. Moreover, your pension is exempt from claims of creditors, such as garnishments, except for orders that meet the requirements of a QDRO as summarized above, Internal Revenue Code liens and as may be required by applicable law.

## **M. Required Distributions at Age 70-½**

1. Age 70-½ Distribution Requirement. Based on Internal Revenue Code requirements, the Plan must commence paying your benefits no later than the later of April 1 following the year in which you attain age 70-½ or the date you retire. A Participant who is a 5% owner of the stock of a contributing employer must commence receiving his or her benefits no later than April 1 following the year he attains age 70-½ regardless of whether he continues working.

2. Presumptions for Required Distributions at Age 70-½. If you are not married and do not have a Domestic Partner when you attain age 70-½ but refuse to file a pension application, you will be deemed to have elected a life annuity form of benefit (with the three-year certain). The Plan will commence making such a distribution in the manner and time deemed reasonable under the circumstances.

If you are married or have a Domestic Partner when you attain age 70-½ but fail to file a pension application, you will be deemed to have elected a Joint and 50% Survivor Annuity. In determining such benefit, your Spouse or Domestic Partner will be deemed to be five years younger than you. (If the Plan is uncertain whether you are married, and you fail to provide requested information, the Plan will presume that you are married.) If the Plan subsequently learns that your Spouse or Domestic Partner is younger than the presumed age, the Plan will make any appropriate adjustment or offset, including a reduction in benefits.

### **WARNING—POTENTIAL IRS PENALTY ASSESSED AGAINST YOU**

(If your benefits do not commence by age 70-1/2)

The IRS assesses a severe penalty against you if you do not begin receiving your pension benefits by April 1 of the year following the date you attain age 70-1/2 or the date you retire, whichever is later. If you are a 5 percent or more owner, you must begin receiving your benefits at age 70-1/2 even if you are still working.

## **IX. DEATH BENEFITS/PRERETIREMENT SURVIVOR BENEFITS**

### **A. Pre-Retirement Death Benefit -- If You Die Before Retirement**

1. Pre-Retirement Survivor Annuity (Spouse's Death Benefit). If you are vested at the time of your death and have not yet retired, your surviving Spouse or Domestic Partner will be eligible for a Preretirement Survivor Annuity. This benefit applies automatically if you are vested. The amount of the benefit will be equal to the Joint and 50% Survivor Annuity as if you had retired on a Joint and 50% Survivor Annuity on the day before your death, reduced to consider any early retirement reduction, if applicable.

If you are younger than age 55 when you die, and you are vested, the benefit calculation will assume that you left Covered Employment on the date of your death and did not suffer a break in service before your eligibility date. Your eligibility for the unreduced benefit will be determined as of your date of death. No Credited Service will be granted after your date of death. **This benefit does not commence until the first day of the month following the earliest date that**

**you could have retired under the Plan** (age 55 in most instances but also 52 up to 55 in limited situations).

If you die on or after reaching the Plan's Early Retirement Age, benefits may begin immediately. In either situation, your Spouse or Domestic Partner may elect to delay commencement of this benefit until the end of the calendar year following the year in which you would have reached age 70½.

Upon your death, your Spouse or Domestic Partner may waive this benefit form in favor of the Contribution Death Benefit described below in number 2. Moreover, if the actuarial value of the Joint and 50% Survivor Benefit is larger than the Contribution Death Benefit, the extra amount will be converted to an amount payable each month for your Spouse's or Domestic Partner's lifetime.

2. 100% Survivor Annuity Option. The Board of Trustees recently amended the Plan to married Participants (or Participants with Domestic Partners) who have not yet retired to select a 100% Pre-retirement Survivor Annuity form of benefit that will provide greater protection to your surviving Spouses or Domestic Partners if the Participant were to die prior to retirement. To obtain this benefit, however, there is an actuarial cost, reducing the amount of your pension benefit when you eventually retire (but there is no actuarial cost after you reach the age when you would be entitled to your full pension benefit, which is age 55 or older).

Instead of the ERISA-mandated 50% Pre-retirement Survivor Annuity in the Plan summarized above in number 1, a married Participant (or Participant with a Domestic Partner) may elect a 100% Pre-retirement Survivor Annuity, but subject to the following rules:

a. For those of you who are not yet eligible to retire, there will be an actuarial cost for this benefit of one-eighth of one percent (1/8%) for each year, and partial year, from the date the election takes effect until the Participant's retirement or Pre-retirement Survivor Benefit is paid. If the Participant lives sufficient time to retire under the Plan, the percentage reduction is applied to the Participant's monthly retirement pension at retirement. Thus, that would result in a reduction in the amount of your pension benefit (based on the 1/8% for each Plan Year). If the Participant dies before retiring, the reduction is applied to the survivor's benefit.

b. This 100% Pre-retirement Survivor Annuity election is not effective until at least three months from the date that the Participant submits the election form to the Plan Office (date received by the Plan Office). During this three-month waiting period, the 50% Pre-retirement Survivor Annuity form of benefit is paid if a Participant dies with a Spouse or Domestic Partner.

c. The Participant may elect this form of benefit only with the Spouse or Domestic Partner as beneficiary, and only with the Spouse's or Domestic Partner's written consent before a notary or Plan representative.

There will be no actuarial charge once you attain the age at which your full pension would commence being paid to you (which could be any period after age 55, depending upon your years of service and other factors).

**EXAMPLE OF HOW THE 100% SURVIVOR BENEFIT WORKS**

If a Participant elects at age 47 to be covered by the 100% Pre-retirement Survivor Annuity, he would be covered by the benefit until age 55 (the date at which the Participant could retire). If at age 55, the Participant continues to work (i.e., chooses not to retire), the 100% Pre-retirement Survivor Annuity continues without cost to the Participant. When the Participant chooses to retire, his or her benefit would be reduced by 1% to cover the actuarial cost of the benefit from age 47 to age 55. The number of years during which the benefit had been elected (prior to age 55), in this example is 8 years. The cost is 1/8% per year. Thus, the reduction is 8/8 or 1%. If the Participant had accumulated a monthly benefit of \$4,500 at retirement, the reduction in the month benefit would be 1% of \$4,500 or \$45.00. Thus, the pension would be reduced to \$4,455.

3. Lump Sum Distribution --Contribution Death Benefit. If you are not married or do not have a Domestic Partner at the time of your death, you died while working in Covered Employment (having earned at least 435 hours in one of the two Plan Years immediately preceding your death—the year 2009 not considered so long as you were on the Union’s out-of-work list and did not turn down work during that time) and have at least \$400 in Employer contributions credited on your behalf when you die, your beneficiary will be entitled to 100% of the Employer contributions in a single payment - less any Disability Benefits paid by the Plan. This death benefit does not include any amounts set aside to address the Plan's funding issues or for other reasons. This benefit, known as the Contribution Death Benefit, is payable within a reasonable period following the date of your death upon the filing of a timely and complete application.

**ALERT**  
**NO CONTRIBUTION DEATH BENEFIT IS PAYABLE**  
**IF YOU WORK IN NONCOVERED WORK**

This benefit will not be paid if you worked in Noncovered Sheet Metal Service during the year of your death or during the two Plan Years preceding the date of your death.

A surviving Spouse or Domestic Partner may waive the Preretirement Survivor Annuity described in number 1 above and instead select this option.

**B. Death Benefits If You Die After Retirement.**

If you die after you have begun receiving retirement benefits, any survivor benefits will depend on the form of benefit payable at your retirement.

Effective for any death on or after January 1, 2007, if a Participant dies while performing qualified military service as defined in the Internal Revenue Code, the Plan will make available to the Participant’s beneficiary any additional benefits that would have been provided under the Plan had the Participant resumed employment and then terminated employment because his or her death.

Pursuant to IRS guidelines, this provision applies to Participants who would have been entitled

to reemployment rights under USERRA if he had applied for such rights immediately before his or her death. To the extent applicable for this Plan, any benefits under the Plan that would otherwise be provided to such Participant if he had died while employed would apply.

### **C. Choosing Your Beneficiary.**

You should submit a completed Beneficiary Form to the Trust Fund Office. These forms are available at a Local Union Office or from the Trust Fund Office. You must complete this Trust Fund's Beneficiary Form -- different forms used for other purposes or other plans are not applicable (except in limited circumstances as described below). Moreover, for the form to be effective, it must be on file in the Trust Fund Office before your death.

Beneficiary designations may be updated at any time by filing a new Beneficiary Form with the Trust Fund Office (subject to spousal consent requirements).

If you are married or you have a Domestic Partner, your Spouse or Domestic Partner automatically will be your beneficiary unless he consents in writing to another beneficiary. Any such consent must be witnessed by a Plan representative or a notary public. Any later change must also be approved in the same manner.

If you do not submit a completed Beneficiary Form which must be received by the Trust Fund Office **before your death**, or no designated beneficiary has survived you, the death benefit will be paid to your Spouse or Domestic Partner, if any, and if none, in equal shares to your surviving children. If you have no surviving children, any death benefit will be paid to the beneficiary you selected under the Sheet Metal Workers Local 104 Health Care Plan or the Northern Sheet Metal Workers Health Care Plan, whichever is applicable. If no beneficiary was designated, benefits will be payable in the following order of priority: your estate, if applicable (and if the estate is still open), your parents, and finally, your brothers and sisters.

The Plan is authorized, however, to pay your reasonable funeral expenses (including reimbursing any person who may have paid such expenses) prior to payment of the death benefit to your designated beneficiary if it is determined reasonable under the circumstances.

#### **ALERT: Divorce Invalidates Beneficiary Designation**

If you divorce or dissolve your Domestic Partnership prior to retirement, any previous designation of your former spouse or Domestic Partner as a beneficiary prior to payment of your pension is automatically revoked and is no longer valid. **Thus, when your divorce is final, you should immediately submit a new completed Beneficiary Form to the Trust Fund Office.**

#### **SECOND ALERT: Marriage Invalidates Prior Beneficiary Designation**

If you marry or enter a Domestic Partnership prior to retirement, any previous designation of a beneficiary other than your new spouse or Domestic Partner is automatically revoked and is invalid. **Thus, upon becoming married or entering a Domestic Partner, you should immediately submit a new Beneficiary Form to the Trust fund Office (subject to the Plan's spousal consent requirements).**

**If the Trustees cannot locate your beneficiary within 12 months of your death, the death benefits are cancelled. Thus, no benefits are payable even if your beneficiary appears later.**

**D. Offset of Death Benefit.**

If the Plan has issued a payment to a Participant after the Participant's death as a result of the Plan not being notified of the Participant's death (or based on any other reason) and the recipient of the pension payment has not returned the payment to the Plan, but retained the funds, the Plan may offset from any death benefit, and refuse to pay to any beneficiary, the amount of the pension overpayment. If the overpayment is less than the amount of the death benefit, the amount of the overpayment is subtracted from the death benefit, and the deceased member's beneficiary will receive the difference. If the overpayment is greater than the amount of the death benefit, the death benefit is subtracted from the amount of the overpayment and the Plan is fully authorized to recover whatever additional amounts are owed.

**E. Other Internal Revenue Code Distribution Requirements.**

The Plan is required under the Internal Revenue Code to contain certain benefit distribution rules. For example, if you die after payment of your pension has commenced, payments to a non-Spouse beneficiary must be made at least as rapidly as was provided in the form of payment being made to you at the time of your death. If you die before payment of your pension has begun, a distribution of your benefits to a non-Spouse must commence by December 31 of the calendar year containing the fifth anniversary of your death.

If, however, your Spouse is your beneficiary, your Spouse does not have to commence receiving benefits until December 31 following the year you would have attained age 70½. If your benefits are payable to a designated beneficiary who is not your Spouse, the distribution may be made over the life (or life expectancy) of your designated beneficiary, but payments must commence on or before December 31 of the year following the year in which you die.

**F. TAX WITHHOLDING ON MONTHLY PENSION PAYMENTS**

The tax laws require that the Pension Plan withhold federal income tax from most monthly benefit payments unless you elect, in writing, not to have the tax withheld. The amount and form of the benefit generally determines whether automatic withholding applies; however, if you live outside the United States, different withholding rules may apply. You also have the option of having state tax withholding from your monthly payments. When you retire, you must notify the Trust Fund Office on the appropriate Plan forms whether you wish tax withheld. You may want to consult with a tax advisor to discuss your payment and withholding options.

If you choose not to have taxes withheld from your pension, you will be responsible for paying them when you file your tax return. You may be required to pay estimated taxes if you decide not to have taxes withheld, or if the amount withheld is not enough to cover the actual taxes due.

Distributions to Participants are reported annually on IRS Form 1099R, which is sent to you (and the IRS) in January following the calendar year in which the distribution was issued.

## **G. PAYMENTS TO A MINOR—UNIQUE SITUATIONS**

Any death benefit payable to a minor under age 18 may be paid to the legally appointed guardian of the minor or, if there is no guardian, to such adult(s) that has, in the discretion of Plan representative, assumed principal support of said minor. The Plan may also decide to distribute benefits to a minor, depending upon the circumstances. The Board, and its delegates, have absolute discretion in making such determinations and may delay making a distribution until the beneficiary attains age 18.

## **H. ROLLOVERS/IRS MANDATORY TAX WITHHOLDING IF PAID TO YOU**

**Because this Plan is a defined benefit plan offering regularly monthly payments as the Normal Form of benefit, except for very small pension amounts (when the actuarial value does not exceed \$5,000, the rollover option is rarely available to Plan Participants.** A rollover is a payment of your Plan benefits to an individual retirement arrangement (IRA) (except for Roth IRAs) or to another qualified employer plan. An eligible Plan rollover to either of these accounts will not be subject to income tax withholding. A Plan distribution may be rolled over to another eligible retirement account unless the distribution (1) is part of a series of equal periodic payments made over your lifetime, made over your and your beneficiary's lifetimes, or over a period of at least 10 years or (2) is a minimum benefit payment that must be paid directly to you. Other distributions also may not eligible for direct rollover treatment.

If you are eligible to receive your benefits in a lump sum or in periodic payments of less than ten years, your distribution qualifies for "rollover" treatment and can be taken in two ways. (*Already stated in the above paragraph*) You may have all or any portion of your pension either 1) paid in a "DIRECT ROLLOVER" or 2) paid to you. This choice will affect the tax you owe.

For an eligible rollover distribution to a non-spouse beneficiary, an eligible retirement plan is an inherited individual retirement account. As a result, a distributee also includes a non-spouse beneficiary.

In accordance with IRS rules, if benefits are paid in a lump sum (which is rare for this Plan) you may elect to directly transfer your benefits into an Individual Retirement Account (IRA) or another qualified retirement plan. If your payments are not directly transferred, the Plan is required to withhold 20% of the payment for taxes, even if you subsequently elect to roll them over to an IRA or other Plan.

**Surviving Spouses and Alternate Payees may also roll over certain distributions from the Plan. Required Minimum Distributions (RMD) that occur when you attain age 70½ or retire (whichever is later) cannot be rolled over pursuant to Internal Revenue Code requirements.**

## **X. SUSPENSION OF YOUR PENSION IF YOU RETURN TO WORK**

### **A. Prohibited Employment -- Suspension of Your Benefits.**

It is important for you to understand that if you work in Non-Covered employment in the Sheet Metal Industry (suspendible service) and receive a pension, you are obligated to repay the pension amounts received during the months of Non-Covered employment. The Fund has the right to recover pension payments which were improperly received during a period of disqualifying employment, including the right to use offsets against future benefit payments. Non-Covered employment is any work in the Sheet Metal Industry for an Employer that is not required to contribute to this Plan.

1. Sheet Metal Work Is Not Allowed Before You Attain Age 65. When you retire and commence receiving your benefits from the Plan, you can work in other industries and continue to receive your pension; however, you are encouraged to seek advance approval for any post-retirement work. If, however, you return to work in the Sheet Metal Industry in any location in the United States or elsewhere after retiring and you are under age 65, your benefits will be suspended during the time you are working. Thus, the Plan's prohibition of your working in the Sheet Metal Industry before age 65 is not limited to just in California. Such work anywhere would cause the suspension of your benefits.

The term "Sheet Metal Industry" includes all branches of the sheet metal trade. It includes self-employment, working as a manager, supervisor or consultant, or any other employment in the industry. An owner is not required to sell his or her business and may own shares of stock. The critical issue is whether he is performing any work in the Sheet Metal Industry.

Such work, known as "suspendible service," includes but is not limited to: (1) work for any contributing Employer, (2) work for any Employer in the same or related business as a contributing Employer, (3) work in employment of the type performed by employees covered by the Plan, (4) work which requires directly or indirectly the use of the same skills used by employees covered by the Plan on the date your pension became effective, (5) work in employment for compensation or wages of any kind or for profit in the Sheet Metal Industry, or (6) employment or self-employment in any business which is under the jurisdiction of the Union or where you supervise employees in the same trade or craft or directly or indirectly use the same skills as employees covered by the Plan on the date you retire.

**Suspendible service will be interpreted in the broadest manner.** It includes employment in which a salary is paid (which includes payments on an hourly, daily, weekly, bi-weekly, bi-monthly, monthly, annually or any other rate), work in which the Pensioner is considered an "independent contractor," work in which the Pensioner will receive a deferred benefit, and work, in which the Pensioner received anything of value (or is to receive anything of value) in exchange for the services rendered.

2. Limited Work Is Allowed After You Attain Age 65. After you reach the Plan's Normal Retirement Date (the first of the month after you reach age 65), your benefits will be suspended only if you return to work in the same trade or craft in the Sheet Metal Industry in California for 40 or more hours in a month.

**B. The Plan contains Certain Presumptions Regarding Such Work.**

If you are retired and receiving a pension under the Plan, you must report any employment in the Sheet Metal Industry to the Trust Fund Office. If you do not report your employment and the Trustees learn that you worked in the Sheet Metal Industry, pursuant to applicable Department of Labor regulations, Trustees will presume that you have been working 40 hours that month and any subsequent month before you give notice that you ceased such work. Moreover, for construction work at a job site, the Trustees will presume you have been employed at that site with the same Employer for as long as that Employer had been working at the job site. It will be your responsibility to prove these presumptions are false.

**C. You Are Required to Furnish Information Upon Request.**

You must provide the Trust Fund Office with information for verifying employment, such as time sheets, logs or records, income tax returns (including attachments), W-2 forms, and any other employment or income-related records.

You also must comply with any request of the Trust Fund Office or other Plan representative for information from an Employer, contractor, subcontractor, union, government agency, or other person, entity, or agency relating to employment.

**D. You should Request Advance Determination for Proposed Work.**

If you are retired and are considering returning to work in the Sheet Metal Industry, you are urged to request an advance decision from the Board of Trustees as to whether your proposed employment will cause your benefits to be suspended. Written requests should be sent to the Trust Fund Office prior to engaging in such work (at least three months before you anticipate performing such work).

**E. Exception for Employment That Is Beneficial To the Industry.**

If you return to work in the Sheet Metal Industry in the United States in a position that is not covered by a Collective Bargaining Agreement with Local 104 your benefits may not be suspended or delayed if such employment is deemed by the Board of Trustees to be employment beneficial to the Plan, Plan Participants, and the unionized segment of the Sheet Metal Industry. If you wish to work in such employment, you must make a written request to the Board of Trustees for a determination prior to engaging in such work and there will have to be a period of at least 90 days in which you are not working for the same Employer (to show there was a termination of employment permitting you to receive your retirement benefits).

1. The criteria that is used in making such a determination includes:
  - a. Such employment does not fill a position covered by a collective bargaining agreement;
  - b. The position does not result in the impingement upon the jurisdictional claims of Sheet Metal Workers and their Unions;
  - c. The position results in or provides an opportunity for the promotion or expansion of employment opportunities as a Covered Employee for current or future Participants of the Plan;

- d. The position is authorized or approved by the applicable Union and is for a governmental Employer or such other Employer that is approved by the Board of Trustees; or
- e. The position would be in employment otherwise deemed by the Trustees to be employment beneficial to the unionized segment of the Sheet Metal Industry (resulting in increased employment opportunities for Plan Participants and/or greater contributions to the Plan) and the Plan and Plan Participants.

Limited Time Period

Any such approval will be for only a limited period usually up to one year but no longer than two years

2. As part of the review process and periodically thereafter, the Board of Trustees asks such applicants to provide certain information, such as: a.) The identity of the contractor or Employer; b.) Please describe in detail the employment position you are contemplating after retirement; c.) Will your employment enhance work opportunities for the unionized sheet metal industry? If yes, please explain in detail how you will achieve this objective; d.) How long do you anticipate being engaged in such employment during your retirement? e.) How many hours will you be working each week? f.) In the proposed position, will you be performing the same or similar tasks/responsibilities that you were performing prior to retirement? If yes, please explain and/or list the same or similar tasks/responsibilities. If not, explain why the tasks/responsibilities are different; g.) Have you or your employer discussed a succession plan for this position after your employment is terminated with the contractor above? Please describe this succession plan.

You will be asked to swear under penalty of perjury under the laws of the State of California and the federal Employee Retirement Income Security Act that your answers and information are correct and to acknowledge that you understand that failure to respond to these questions in a truthful, accurate, and complete manner, could result in a suspension or postponement (or re-payment to the Plan) of your pension benefits. The Trust Fund Office will also be seeking answers to similar questions from your potential Employer.

The Trustees have the absolute right to review determinations herein and continued eligibility is subject to periodic proof that the position continues to be beneficial to the unionized segment of the Sheet Metal Industry, the Plan, and Plan Participants.

**F. Notices Regarding the Suspension of Your Benefits.**

The Trust Fund Office will notify you by first class mail (or personal delivery) if your pension benefits are suspended, including the specific reason(s) for the suspension in accordance with applicable federal regulations. A copy of DOL Regulation 2530.203-3, which authorizes the Plan to suspend benefits, is available at the Trust Fund Office upon written request.

**G. Review Procedure for Benefit Suspensions.**

If you desire a review of the Plan's decision to suspend your benefits, you must file a written request with the Plan within 60 days of the date of the suspension notice. See pages 41 - 43 for information on the claims and appeal procedure.

## **H. Payment Resumption Rules Including Offset.**

If you are employed in suspendible service, your pension payments will be suspended for the period in which you were employed in suspendible service. You must reimburse the Plan for any payments made to you while you engaged in such employment. You may pay the reimbursement in full immediately by issuing a personal check make payable to the Plan.

If you do not give written notice to the Trust Fund Office within 15 days of starting such employment, your pension payments will be suspended for three additional months following such employment.

The Plan is entitled to a refund of any overpayment and may establish a payment schedule for repayment, including the payment of interest (and reimbursement of costs and fees incurred). The Plan may offset this amount from your future monthly payments consistent with applicable law.

## **I. Previous Status Recovery System.**

A Participant or Pensioner who has performed non-covered employment in industry Service (as defined in Plan Section 10.2) resulting in the delayed payment of benefits (as provided in Plan Sections 5.1(a)&(c)), the limitation on the amount of benefits Plan Section 5.1(c)(iii), the disqualification of the Participant from being eligible for Disability Benefits (Plan Section 6.1) the ineligibility for retroactive benefit increases (Plan Section 4.3(e)), the prevention of a Beneficiary from being eligible to receive a 100% Employer Contribution Death Benefit (Plan Section 7.2(a)(ii), and/or the delayed payment of the Joint and Survivor Death Benefit effective date (Plan Sections 7.2(b)&(c)), may regain the status he held prior to engaging in such non-covered employment, if he returns to employment for a minimum of eighty (80) hours a month in Industry Service as a covered employee, owner/member or owner/manager, for the number of months that equals or exceeds the number of months in which he worked at least one hour in employment in Industry Service that was not covered by a collective bargaining agreement. This opportunity to restore previous status is available only **once**.

## **J. Accrual of Additional Benefits upon Retirement**

If a Pensioner is re-employed in Covered Service, he may accrue additional benefits, subject to the following limitations:

- (a) **870 Hours in a Plan Year Requirement.** No benefits will be accrued with respect to Covered Employment rendered during a Plan Year, (or with respect to Employer Contributions paid on account of such Covered Employment) unless the Pensioner earns 870 or more Hours of Service during the Plan Year. The 870 hour requirement during a Plan Year includes hours of Covered Employment worked before and after retirement;
- (b) **Additional Pension Credits Earned Commence as of Age 65.** Any additional pension benefits due a Pensioner on account of such re-employment will commence with the first payment due the Pensioner on or after his Normal Retirement Date (but, see subsection c below). If, however, the Pensioner dies

before his Normal Retirement Date, additional pension benefits due to the Pensioner's Spouse will commence with the first payment date following the Pensioner's death;

- c) **Specified Work and/or Positions Permitted upon Prior Approval of the Board of Trustees.** The Board of Trustees may authorize retirees to return to work for specified periods (not to exceed one year) in certain positions in which there is a shortage of qualified employees, such as individuals who perform detailing, TAB (testing, adjusting and balancing), complex layout and/or other specific certifications (such as HERS (Home Energy Rating System) and welding). This list is not meant to be all-inclusive and certain positions may be allowed in some periods and not others. Individuals seeking such positions have to be dispatched through Sheet Metal Workers Local 104. The time in which such work is permitted may be a short period and/or may be extended by the Board of Trustees (or the Board's delegate). The Board of Trustees, or the Board's delegate, has the discretion to take any appropriate action to verify that a retiree is performing the approved type of work. Any person returning to work approved under this section will be entitled to have the additional pension benefits earned because of such employment commence with the first day of the month following the termination of such employment. This supersedes the language providing for the delayed payment of such increased benefits in section 10.7(b) above.
- (d) **Benefit Options.** If the Pensioner originally elected to receive the Pension with Payments Guaranteed Form, or the Social Security Adjustment Option, then his additional pension will be payable in the form of a life pension with monthly payments to the pensioner for as long as he lives;

If the pensioner originally elected to receive the 50%, 75% or 100% Joint and Survivor Form, he will receive his additional pension in the same form as originally selected, provided the marriage in effect on the commencement date of the pensioner's original pension is still in effect. The Actuarial Equivalent value for such additional pension will be based on the ages of the Participant and his Spouse as of the commencement date of the additional pension;

If the Pensioner had originally elected the 50%, 75% or 100% Joint and Survivor Form but the marriage in effect on the commencement date of the Pensioner's original pension is not still in effect, then the additional pension will be payable in the form of a life pension with monthly payments to the Pensioner for as long as he lives.

## **XI. IMPACT OF WORKING FOR NON-CONTRIBUTING EMPLOYERS**

If you work in Northern California for a Non-Covered Sheet Metal Employer or any other sheet metal Employer who does not contribute to this Plan, or you work for a Non-Covered Sheet Metal Employer in an area covered by a Reciprocal Agreement between this Plan and another plan, many of the benefits described in this booklet will either be limited or unavailable to you. (This does not apply to certain work as an employee of approved Government Agencies.)

Non-covered Sheet Metal Service is any kind of work, including "moonlighting" performed either in Northern California or any other jurisdiction with which the Pension Plan has a

Reciprocity Agreement, if the work is for a sheet metal Employer that does not contribute to this Pension Plan or a reciprocal plan. For example, Non-covered Sheet Metal Service includes work for any non-union sheet metal firm, regardless of whether you work as an employee, owner, or are self-employed, and regardless of whether you are compensated for this work. All such work can lead to a loss of benefits as described below. (An exception is made for work as an employee of a Government Agency, the International Union, other work recognized by the Trust and for work you do on your own property.) Some of the adverse impacts include:

**A. Delayed Early Retirement Benefits**

The Early Retirement Date on which your benefits otherwise could begin will be postponed six months for each calendar quarter in which you worked as little as one hour in such employment.

The age at which you could retire early (the later of age 55 or the first of the month following your last day of Covered Employment) without a benefit reduction will be increased six months for each calendar quarter in which you worked in such employment.

**B. Loss of Eligibility for Unreduced Early Retirement.**

If you work for a Non-Covered Sheet Metal Employer after retirement, you permanently lose your right to retire with Unreduced Benefits at age 55 and before age 60. Thus, even if, when you retire at age 55 you would otherwise be entitled to an unreduced pension, if you engaged in Non-Covered Sheet Metal Service prior to retiring and/or filing your pension application, you would no longer be eligible for the unreduced early retirement. Your pension would be reduced in accordance with Plan's early retirement reduction factors.

**C. Loss of Eligibility for Disability Benefits.**

Disability benefits will not be payable if you worked in Non-Covered Sheet Metal Service during the Plan Year of your disability or the two preceding calendar years.

**D. Loss Of 100% Contribution Death Benefit**

No 100% of Contributions Death Benefit will be payable if you have worked in Non-Covered Sheet Metal Service during the year of your death or the two preceding calendar years.

**E. No Retroactive Benefit Increases**

No retroactive benefit increase will apply to your benefits if you performed such work before the increase.

## **XII GENERAL PROVISIONS**

**A. ADMINISTRATION**

The Plan is administered by a Board of Trustees, comprised of twenty-two. One-half of the Trustees, called "Employer Trustees", are selected by different Chapters of SMACNA. One-half of the Trustees, called "Employee Trustees," are selected by Sheet Metal Workers Local 104. Alternate Trustees are permitted. The current Trustees are listed on page iv of this booklet.

The Trustees have many powers and functions including, without limitation, investing the Plan's assets, interpreting Plan provisions, amending the Plan, deciding policy questions, and appointing advisors such as the fund manager, auditor, legal counsel and investment consultant.

Day-to-day administration of the Plan, including preparation of the Annual Statements, processing of applications and issuance of benefit checks, is performed by BeneSys Administrators, the Plan's Fund Manager, who may be contacted as follows:

BeneSys Administrators  
2610 Crow Canyon Road, Suite 200  
San Ramon, CA 94583  
(925)-208-9994  
[www.sheet104fringe.org](http://www.sheet104fringe.org)

If you are a Participant, you will receive an annual statement showing the value of your earned pension benefit.

Only the Board of Trustees and its authorized representatives are authorized to interpret the Plan of benefits described in this booklet. No one else can interpret this Plan or act as an agent for the Board of Trustees -- this includes individual Trustees, Employers, Unions and their representatives. The Board of Trustees (and persons or entities appointed or so designated by the Board) has the full discretionary authority to determine a participant's eligibility for benefits and to construe the terms of the Plan (and other documents pertaining to the Plan and Trust) and any rules adopted by the Trustees.

**B. INVESTMENTS/PLAN'S INVESTMENT CONSULTANT**

The Board of Trustees has contracted with Alan Biller and Associates, a nationally-known registered investment advisor, to prudently invest the Plan's assets in accordance with the Investment Policy adopted by the Board of Trustees. The Plan's Investment Consultant recommends certain investments and/or investment managers to invest your Plan's funds and/or mutual funds and/or other investment forms. Pursuant to the Investment Policy, the Plan's assets are invested in a diversified portfolio of investments, including stocks (which include large cap equity and international equity, fixed income, real estate and other investments. The investment categories and the Investment Consultant could change in the future.

**C. AUDITOR AND THE PLAN'S ANNUAL TAX RETURN (IRS FORM 5500)**

**The Board of Trustees has contracted with Lindquist LLP, a certified public accounting firm that** specializes in auditing multiemployer plans such as this Plan, to audit the Plan's assets and prepare the Plan's annual tax return (Form 5500).

**D. EARNING BENEFITS-EMPLOYER CONTRIBUTIONS**

Your pension benefit is funded by Employer contributions of a specified amount pursuant to Collective Bargaining Agreements with Sheet Metal Workers Local 104. The contribution amount may be different under certain collective bargaining agreements and for apprentices. Employer contributions to the Plan are not subject to withholding for FICA, FUTA or state or federal taxes. Your Employer is required to make contributions for your hours of work by the 15th day of the month following the month in which your hours of work were performed. Your

Employer forwards a transmittal form that contains the name and hours of work performed by each covered employee together with a payment to the Trust. As noted above, not all contributions have been used to determine your pension benefit.

**ALERT: IF YOU BELIEVE THAT YOUR EMPLOYER IS NOT CONTRIBUTING  
THE FULL AMOUNT**

You **should notify the Union and the Plan immediately** if you are aware or suspect that your Employer has not contributed to the Plan on your behalf the full amount required under your Collective Bargaining Agreement. **If you fail to do so, your Pension may not be credited with the correct or full amount or there may be delays in the crediting of such amounts.**

The Trust Fund Office reviews your Employer's monthly transmittal report for mathematical accuracy and notifies the Employer if there is an error in the Employer's contributions that requires correction.

You may obtain a list of contributing Employers with their addresses and a copy of the applicable Collective Bargaining Agreement upon written request to the Trust Fund Office.

The amount of Employer contributions made to the Plan for non-bargaining unit employees will be governed by individual Subscription Agreements (including alumni subscription agreements) entered with the Plan and any rules adopted by the Board of Trustees.

**E. INCOMPETENCE OR INCAPACITY OF PARTICIPANT OR BENEFICIARY**

In the event it is determined to the satisfaction of the Trustees that a Pensioner, Participant or Beneficiary is unable to care for his affairs because of mental or physical incapacity, any payment due may be applied, in the discretion of the Trustees, to the maintenance and support of such Pensioner, Participant or Beneficiary or to such person as the Trustees in their sole discretion find to be an object of the natural bounty of the Pensioner, Participant or Beneficiary in the manner decided by the Trustees unless, prior to such payment, claim shall have been made for such payment by a legally appointed guardian, committee, or other legal representative appropriate to receive such payments on behalf of the Pensioner, Participant or Beneficiary. Any such payment shall completely discharge the Trustees' liability with respect to such payment.

**XIII. POTENTIAL LOSS OR DELAY ON THE PAYMENT OF YOUR BENEFITS**

You or your beneficiary could suffer a loss in the value of your Individual Account balance or have payments delayed in at least the following circumstances:

**A. Divorce or Child Support Order ("QDRO").** Pursuant to a Qualified Domestic Relations Order, a Court may award a spouse, former spouse, child or other dependent with a portion or all your Individual Account. Payments may also be required by a court order to be paid to a national, county or state child support agency.

**B. Insufficient Credited Service or Pension Credit.** If you fail to accrue the minimum years of Credited Service (to become vested) for Normal, Early or Disability Retirement, you will not be entitled to a Pension. If you fail to meet the eligibility requirements of the Plan, you

will not become a Plan Participant. If you fail to earn the minimum years of Vesting Service, you will not be entitled to any benefits under the Plan.

**C. Break-in-Service (failure to work in Covered Employment).** A Permanent Break in Service which occurs before you become vested has the effect of canceling your years of Vesting Credits and Benefit Credits.

**D. Amendment of the Plan.** The Plan is amended to reduce your accrued benefits for future Covered Employees. This could include reducing the percentage of contributions used to calculate your pension benefits or otherwise changing the formula for future service.

**E. Early Payment of Benefits.** Benefits paid to you before you reach your Normal Retirement Age will be reduced to account for such early payment unless you qualify for the unreduced pension benefit.

**F. Reduction for Survivor Benefits.** Under the joint and survivor annuity form of payment, your benefits will be reduced to account for payments being made to your beneficiary after your death.

**G. Prohibited Employment in the Sheet Metal Industry.** If after your retirement you engage in certain kinds of work in the Sheet Metal Industry, known as Prohibited Employment, your benefits may be suspended as described in Article VI above.

**H. Retire, Return to Work and Retire Again.** If you retire and later return to work, you will not be eligible to retire again and commence receiving your newly earned benefits until you reach age 65, with certain exceptions.

**I. Failure to File Complete Application.** If you fail to file a completed application or other form required by the Plan, there will be a delay in the payment of your benefits.

**J. Incomplete Information/False Statements.** If you fail to provide information or give false information to verify your disability, age, beneficiary information, marital status or other vital information, payment of your benefits may be delayed or stopped.

If you make a false statement to the Plan or other officials regarding your Plan benefit eligibility, benefits or other issues, you will be liable to the Plan for any benefits paid in reliance on such false statements or information and any legal fees and costs incurred in effecting recovery or as a result of the false statement or information. This includes but is not limited to costs incurred by the Trust Fund Office, reasonable legal fees, and interest charges. The Plan may deduct any such fees and costs from any benefits otherwise payable to you or your beneficiary(ies).

**K. Lost Contact Information.** If you do not keep your current address on file with the Plan, benefit payments may be delayed and cause a disadvantageous time lag between valuation and distribution

**L. Death.** If you die before meeting the requirements for a death benefit under the Plan or you fail to designate a Beneficiary, or no eligible Beneficiary can be located, no benefits will be paid upon your death.

**M. Refund Overpayments.** If the Plan mistakenly makes an overpayment to you or your beneficiary, you or your beneficiary will be required to reimburse the Plan. Moreover, if the Plan is forced to incur legal fees and costs to recover an overpayment, you and/or your beneficiary will be responsible for such fees and costs.

**N. Pension Protection Act Rules.** If the condition of the Plan were to decline in such a manner that would cause it to be an "endangered" plan under the Pension Protection Act, the Board of Trustees may decrease your pension benefits.

**O. Termination of the Plan.** The Plan could be terminated before sufficient assets have been accumulated to pay all benefits (in this situation your benefits may be protected in full or in part by the Pension Benefit Guaranty Corporation guarantee).

**P. Beneficiary Dispute—Potential Interpleader Action.** If there is a dispute between or among beneficiaries, the Plan may be required to file an interpleader or other court action seeking guidance from the Court on whom to make a distribution. The legal fees and costs associated with any such dispute, including any legal action, may be reduced from the Individual Account that is the subject of the dispute.

#### **XIV. CLAIMS AND APPEAL PROCEDURE**

##### **A. Claims and Appeal Procedure**

The Plan includes a claims and appeal procedure that must be followed. You should review the procedure carefully before filing a claim or a lawsuit. The purpose of the claims and appeal procedure is to make it possible for claims and disputes to be resolved fairly and efficiently without necessitating costly litigation and attorney's fees.

##### **B. Denial of Your Claim**

Under the procedures set forth in the Plan and as is required by ERISA, if your claim for a pension or death benefit or other request is denied in whole or in part, you will receive a written explanation of the denial, including the specific reasons for the denial. You then have the right to have the Board of Trustees review and reconsider your claim as explained below in Section D.

##### **C. Appeal of Claim Denial**

To have your claim reviewed, you must file with the Trust Fund Office a written appeal within sixty days after you receive the initial denial of your claim or other adverse action from the Trust Fund Office. Your appeal must state the specific reasons why you believe the denial was in error. You may submit supporting documents or records, and you may examine Trust Fund Office records pertinent to your dispute. You have the right to representation throughout the review procedure.

You have no right to appear personally before the Trustees or any Committee established by the Trustees regarding your appeal. The Trustees may, however, at their sole discretion, request your appearance at a meeting concerning your appeal.

The Trustees' review of your appeal will be held, and a decision made by the Board of Trustees at the next regularly scheduled Trust meeting (usually set quarterly), unless the appeal is

received within 30 days of the Pension Application Review Committee meeting or special circumstances exist requiring additional time.

The appeal decision will be in writing and, if your appeal is denied, will include the specific reason(s) for the denial. The decision will be sent to you shortly following the date the Board reaches its decision of the Board of Trustees. If you do not receive a written decision from the Plan or the Plan's representative within 180 days after the Plan receives your written appeal (assuming you have provided full information in support of your appeal) or you do not receive a request for more information or a notice that additional time is required to review your appeal within that 180-day period, you may deem the appeal to be denied. It is only after exhausting these procedures that, if you still are not satisfied, you may file a lawsuit.

#### **D. Disability Claims and Appeals**

Appeals involving disability claims and/or determination are required to be reviewed within 45 days of the Plan's receipt of the appeal unless special circumstances exist. An extension of time up to 30 days may be necessary due to matters beyond the control of the Plan.

Any notice of extension to decide the claim will include, the standards on which entitlement to the benefit is based; the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues. You then have at least an additional forty-five (45) days to provide the requested information, if any. The deadline for the Board of Trustees to render its decision is tolled from the date on which the notification of the extension is sent to you until the date a response is received.

A notice of the Plan's denial of your benefit determination on your claim (an "adverse" benefit determination) will include, in addition to the reasons for the denial, (1) the specific rule, and (2) an explanation of the scientific or clinical judgment for the determination if the adverse benefit determination was based on medical necessity or other similar exclusion or limitation.

If the application or request for benefits is denied in whole or in part, you or your duly authorized representative, may petition the Board of Trustees for review of the decision. You should file the petition for review with the Trust Fund Office within one hundred and eighty (180) days of receipt of the notification of adverse benefit determination. You may have access to relevant documents, records and other pertinent information, including any statement of policy or guidance with respect to the Plan concerning the denied treatment option or benefit for your diagnosis, without regard to whether such advice or statement was relied upon in making the benefit determination. If the adverse benefit determination is based in whole or in part on a medical judgment, the Trustees will consult with a health care professional with appropriate training and experience in the field of medicine involved in the medical judgment. Such consultant shall be different from any individual consulted in connection with the initial determination or the subordinate of any such person.

The Plan will provide you with a written notice of its decision on the appeal. Any notice of adverse benefit determination on the appeal will include, in addition to the reason for the denial, (1) the specific rule, guideline, protocol, or other similar criterion, if any, relied upon in making the determination; and (2) an explanation of the scientific or clinical judgment for the determination if the adverse benefit determination was based on medical necessity or other similar exclusion or limitation.

The Plan will comply with the Department of Labor guidelines for appeals related to disability determinations and such guidelines are incorporated at past of these Procedures.

The **Denial Notice of a Disability Claim** will include the same information as that set forth above pertaining to non-disabled claims under “Notice of Adverse Benefit Determination or Denial Notice” and will also include any additional information required by the applicable regulations.

4. **Appeal:** If the application for benefits or a claim is denied or if you disagree with the decision made on the claim, you may petition the Board of Trustees for review of the decision (an appeal). Your appeal must be filed with the Plan within 180 days of your receipt of the denial notification. You may have access to relevant documents, records and other information, including any statement of policy or guidance with respect to the Plan concerning the denied treatment option or benefit for your diagnosis, without regard to whether such advice or statement was relied upon in making the benefit determination.

Your appeal of the adverse benefit determination of your disability claim will be decided at the next regularly scheduled meeting of the Plan’s Board of Trustees following the Plan’s receipt of your appeal, unless the appeal was received within 30 days prior to the date of the Board meeting. If that occurs, the appeal must be decided by the following regularly scheduled Board meeting. If special circumstances require a further extension of time for processing, the Plan office will provide you with a written notice of the extension, describing the special circumstances and the date as of which the determination will be made. If your Appeal is denied, your Denial Notice will explain:

- a. The Reasons for the denial, including references to pertinent Plan provisions (as applicable) upon which the denial was based;
- b. Your right to receive, upon request and free of charge, reasonable access to and copies of all relevant documents, records, and other information (other than legally or medically privileged documents) to your claim for benefits; and
- c. Your right to bring a civil action under ERISA section 502(a) and the Plan imposed timeline for filing suit.

**Effective January 1, 2018, for Appeals of Disability Claims**, in addition to the information set forth above, for Partial Disability requests, your Appeal Denial Notice will also include:

- a. Explanation for: (a) disagreeing with the views of any health care professional who treated you or vocational professionals who evaluated the claim, when you present those views to the Plan (if applicable), (b) disagreeing with the view of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant’s denial, without regard to whether the advice was relied upon in making the benefit determination (if applicable), and (c) disagreeing with the view of any disability determination made by the Social Security Administration (if applicable);
- b. Statement that either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the denial or alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria does not exist;

- c. An explanation of the scientific or clinical judgment for the determination if the adverse benefit determination was based on medical necessity or other similar exclusion or limitation or a statement that such explanation will be provided free of charge upon request; and
- d. The Plan's timeline for filing a lawsuit pursuant to your right under ERISA section 502(a) and the expiration date for bringing suit.

**E. One Year Limitation Period for Filing Lawsuits**

Upon exhausting the above claims and appeal procedures, if you are still not satisfied, your next step is to file a lawsuit if you so desire. Pursuant to the Plan Document, no legal action may be commenced or maintained against the Plan, a Trustee, the Board of Trustees, or any other person or entities involved with the denial or decision on appeal **more than one year after your appeal was denied** or if not an appeal, one year after other adverse action was taken against you.

**XV. AMENDMENT, TERMINATION OR MERGER OF PLAN**

**A. Amendment of The Plan**

The Board of Trustees may amend the Plan at any time. Any such amendment may apply to all groups and/or Participants covered by the Plan or only to certain groups or Participants. Retroactive amendments may be made to the extent permissible under ERISA and other applicable law. Except as is permitted or required by applicable law, no amendment may divest any accrued benefits which have previously vested or been approved

**B. Merger or Consolidation Plan with Another Plan(s) or Asset Transfer**

In the event of a merger or consolidation of the Plan with, or transfer in whole or in part, of the assets or liabilities of the Plan to any other pension plan, each Participant is entitled to a benefit immediately after the merger, consolidation or transfer which is at least equal to the benefit such Participant would have been entitled to before such merger, consolidation or transfer.

**C. Termination of Plan**

There is no current intention to terminate the Plan. This section is included to comply with applicable law. The Board of Trustees has the right to discontinue or terminate the Plan in whole or in part. In the event of a Plan termination, you will not earn any further benefits. You will have, however, a nonforfeitable right to benefits accrued to the date of termination, to the extent benefits were funded as of that date.

The Plan provides the method, procedure and priority for distributing Plan benefits, should the Plan be terminated. Although there is no intent to terminate the Plan, there is no guarantee that the Plan will last forever.

**D. PBGC -- Pension Benefit Guaranty Corporation Rules**

Certain benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Currently the Plan pays an annual insurance premium per Participant to the PBGC. If the Plan terminates (ends) without enough money to pay all benefits,

the PBGC will step in to pay certain pension benefits. **The PBGC does not, however, guarantee all types of benefits and the amount of guaranteed protection is limited.**

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than 5 years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough in employment covered under the Plan; (4) benefits for which you did not meet all of the requirements at the time the Plan terminated; (5) certain early retirement payments that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's Normal Retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay. Nevertheless, you may still receive a portion of some of these unguaranteed benefits, depending on how much money your Plan has and on how much the PBGC collects from Employers.

Under PBGC's Multiemployer plan termination program, the PBGC provides financial assistance through loans to Plans that are insolvent. A Multiemployer plan, such as your Plan, is considered insolvent if the Plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due; however, before a Plan receives financial assistance from the PBGC, it must suspend payments more than the guarantee level. The PBGC guarantees vested benefits at the level in effect on the date of Plan termination subject to the maximum limits set forth above. If, however, benefits have been increased within the five years before Plan termination or insolvency, the whole amount of the Plan's vested benefits or the benefit increase that has been in effect for less than 12 full months before the Plan terminates may not be guaranteed.

For more information on PBGC insurance protection and its limitations, you may contact:

PBGC's Technical Assistance Division  
1200 K Street, N.W., Suite 930  
Washington, D.C. 20005-4026.

You may also phone the PBGC at 800-400-7242 or 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

### **ADDITIONAL INFORMATION REQUIRED BY ERISA**

#### **A. Name of the Plan**

The name of the Plan is the Sheet Metal Workers Pension Plan of Northern California.

#### **B. Type of Plan/Trustees' Functions**

The Plan is a collectively bargained, jointly trustee defined benefit pension plan exempt from income tax under section 401(a) of the Internal Revenue Code. The Plan contains a formula for determining your benefits as described above.

The Trustees have many powers and functions such as adopting rules to guide them in administering the Plan, interpreting Plan provisions, amending the Plan, deciding policy

questions, investing Plan assets, selecting an investment consultant and investment managers, and appointing Plan professionals, such as an auditor, actuary, and legal counsel.

C. **Funding, Contributions and Collective Bargaining Agreements**

Employer contributions pursuant to collective bargaining agreements (or subscription agreements) are the source of funding. Copies of these agreements are available for review upon written request of the Trust Fund Office. The Trust Fund Office also will indicate whether an Employer is participating in the Plan, and the address of an Employer. Assets of the Plan are held in Trust, and benefits are funded through this Trust Fund.

D. **Plan Year**

The Plan Year, also known as a fiscal year, begins on January 1 and ends on December 31.

E. **IRS Employer Identification Number and Plan Number**

The Plan's IRS Employer Identification Number is: 51-6115939. The Plan number is 001.

F. **Funding Medium**

Plan assets are held by a Corporate Co-Trustee (a bank) and are invested as directed by different investment managers.

G. **Agent for Service of Legal Process**

The Plan's agent for service of legal process is: Richard K. Grosboll, Neyhart, Anderson, Flynn & Grosboll, 369 Pine Street, Suite 800, San Francisco, CA 94104-3323. Legal process may also be made on any Plan Trustee or the Plan's Fund Manager at: BeneSys Administrators, 2610 Crow Canyon Road, Suite 200, San Ramon, CA 94583.

## STATEMENT OF ERISA RIGHTS

As a Participant in the Sheet Metal Workers of Northern California Pension Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1976 (ERISA). ERISA provides that all Plan Participants be entitled to:

### A. Receive Information about the Plan

! Examine, without charge, at the Trust Fund Office and other locations (such as Local Unions), documents governing the Plan, including collective bargaining agreements and the annual report (Form 5500 Series) filed by the Plan with the Department of Labor.

! Obtain copies of all Plan documents and other Plan information upon written request to the Trust Fund Office. A reasonable charge may be made for the copies.

! Obtain a statement which indicates whether you have a right to receive a pension at Normal Retirement Age (65) and, if so, what your benefits would be if you stopped working under the Plan now. If you do not have a right to a pension, the statement will reflect how many more years you must 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 12 months. The Plan must provide the statement free of charge.

### B. Prudent Action by Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people responsible for operating the Plan. The people who operate you Plan, called "fiduciaries," have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries.

No one, including your Employer, your union, or any other person or entity may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit under this Plan or exercising your rights under ERISA. If your claim for a pension benefit is denied in whole or in part, you must receive a written explanation of the reason for denial.

### C. Enforce Your Rights

You have the right to have the Plan review and reconsider your claims. 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 a federal court. In such a case, the court may require the Trustees 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 that is denied or ignored, in whole or in part, you may file suit in a federal or state court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. **You have one year to file a lawsuit after your appeal was denied or an adverse action was taken against you.**

If 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 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.

D. **Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Trust Fund Office at:

Sheet Metal Workers Pension Plan  
of Northern California  
P.O. Box 1917  
San Ramon, CA 94583-6917  
(925) 208-9994 or 800-548-1771

If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or:

Office of Participant Assistant  
U.S. Department of Labor  
Employee Benefits Security Administration  
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 EBSA. For single copies of publications, contact the EBSA Brochure Request Line at 1-800-998-7542 or contact the EBSA field office nearest you.

You may find answers to your questions and a list of EBSA offices at **<http://www.dol.gov/ebsa/welcome.html>**.