



**SHEET METAL WORKERS NATIONAL PENSION FUND**  
**8403 ARLINGTON BLVD., SUITE 300**  
**FAIRFAX, VA 22031**

January 2019

Dear Industry Leader:

In 2014, the National Pension Fund ("NPF" or "Fund") adopted the Variable Benefit Accrual Rate ("VBAR") feature of the Plan, emerged from the Red Zone (Critical Status) into the Yellow Zone (Endangered Status), and adopted a Funding Improvement Plan ("FIP").

Under the FIP, *eligible* bargaining parties adopted one of the following Schedules:

- The First Alternative Schedule which required an annual 7% Contribution Rate increase through 2017;
- The Second Alternative Schedule which required an annual Contribution Rate increase of 3.5% through 2017; or
- The Default Schedule which did not require any Contribution Rate increase.

The Trustees later determined that, barring any catastrophic event, there would be no mandated increase for 2018 or 2019.

Recently, the Trustees met to discuss increases beyond 2019. Many factors weighed into their decision such as successfully meeting the scheduled progress as required by the FIP, future projections, the tumultuous 2018 investment year, and the talk of potential legislation that could adversely affect multi-employer funds. The Trustees have determined that, again barring any catastrophic event affecting the Fund, there will be no mandatory contribution rate increase for 2020.

Beyond 2020, the Trustees have determined that the following rate increases will be required for 2021 and 2022:

- The First Alternative Schedule requires a 2% Contribution Rate increase in 2021 and 2022;
- The Second Alternative Schedule requires 1% Contribution Rate increase in 2021 and 2022; and
- The Default Schedule does not require any Contribution Rate increase.

The Trustees, along with the Fund's actuaries, will continue to monitor funding to meet our scheduled progress. Although an increase is not required for 2019 or 2020, it is important to note that any change in an Allocation Date in a Collective Bargaining Agreement ("CBA") which has the effect of delaying or postponing a future increase, must be approved by the Trustees.

***If an increase in 2021 or 2022 is delayed for any reason, the bargaining parties must apply to the Trustees for approval.***

**NOTE:** Once the bargaining parties have elected to reduce the level of benefits, this choice is irrevocable. This means a CBA that adopted the Default Schedule under the former Rehab Plan or the Funding Improvement Plan may not elect a First or Second Alternative Schedule. Nor may the bargaining parties that adopted the Second Alternative Schedule elect the First Alternative Schedule.

Be advised that federal law and the FIP restricts CBAs that attempt to provide for a reduction in NPF contributions, a suspension of contributions, or any direct or indirect exclusion of younger or newly hired workers. Just to cite a few examples, the bargaining parties may not: change an NPF obligation from "hours paid" to "hours worked"; reduce the apprentice graduated scale; reduce an NPF Contribution Rate for "under-utilized work" or for outlying geographic areas; and/or create a new "probation/no contribution period".

If there are any questions regarding Contribution Rate increases, or if you are contemplating changes in your CBA that *may* have the effect of reducing an Employer's obligation, contact the Fund Office in advance.

Upon request, the National Pension Fund will provide recommended collective bargaining agreement language to the bargaining parties.

If you have any questions, please contact me at [lwood@smwnbf.org](mailto:lwood@smwnbf.org) or Debbie Elkins at [delkins@smwnbf.org](mailto:delkins@smwnbf.org).

Sincerely,

Lori Wood  
Executive Director