NOTICE OF APPLICATION BY THE SHEET METAL WORKERS LOCAL PENSION PLAN FOR APPROVAL OF A PROPOSED REDUCTION OF BENEFITS

NOTICE OF A PROPOSED REDUCTION OF YOUR LOCAL PENSION PLAN BENEFITS

On March 30, 2018, the Board of Trustees of the Sheet Metal Workers Local Pension Plan ("the Plan") will submit an application to the U.S. Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction, allowed by Federal law, is the Multiemployer Pension Reform Act of 2014. You are getting this notice because you have a pension benefit under the Plan. **The end of this notice describes the proposed reduction of YOUR monthly payments**.[1]

This notice will also answer the following questions for you:

- Why is the Board of Trustees proposing to reduce benefits?
- What will happen if the Plan runs out of money?
- How did the Board of Trustees decide to reduce benefits and by how much?
- What are the proposed reductions in benefits?
- What comes next?

Why is the Board of Trustees proposing to reduce benefits?

The Plan's actuary estimated that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the year 2035. This estimate is based on how much money the actuary expects the Plan to receive and pay out each year. The Plan's actuary has estimated that, with the reduction of benefits that the Board of Trustees has proposed, the plan is projected to remain solvent.

What will happen if the Plan runs out of money?

If the Plan does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation ("PBGC") will be paid. The PBGC is an independent agency of the federal government. The Plan pays premiums to the PBGC's insurance program to protect benefits (up to limits set by law), if the Plan becomes

[1] A version of this notice that does not include the estimate of the effect on your benefit is being sent to the Local Union that represents Plan participants and to all of the employers who make contributions to the Plan.

insolvent. **You will find the amount of YOUR benefit that is guaranteed by PBGC, at the end of this notice**.

How did the Board of Trustees decide which benefits to reduce and by how much?

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction:

- The total reduction in everybody's benefits must be estimated to be large enough to keep the Plan from running out of money but not larger than what is needed to do that;

- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by PBGC (defined as the MPRA guaranteed amount);

- The law does not permit any reduction in disability benefits. **The plan as amended does not currently provide for disability retirement**, but those participants who obtained a disability retirement when the plan still allowed it cannot have their benefit reduced;

- The benefits of people who are at least 80 years old on May 31, 2019 and their beneficiaries cannot be reduced;

- The benefits of people who are at least 75 years old on May 31, 2019 and their beneficiaries, are partially protected and the closer the person is to age 80 the less the benefits can be reduced; and

- The reduction of benefits must be spread fairly among the people who have a pension benefit under the Plan.

In deciding whether the proposed reduction is spread fairly, the Board of Trustees took into account the following:

- The extent to which a participant or beneficiary is receiving a subsidized benefit
    - Retirees prior to the adoption of the Pension Fund's Rehabilitation Plan, have early retirement and optional form subsidies.

- The Plan's history of benefit increases or reductions
    - The Plan accrual rates were reduced after April 30, 2003, and again after April 30, 2006, until all accruals were eventually suspended after July 31, 2013;

    - Participants with benefits earned from 1994 through 2003 earned the highest accrual rates;

- Any differences between active and retiree benefits
  - Participants who retired before April 1, 2003 generally have benefited from higher accrual rates than current active participants.

After considering the above factors, the Trustees ultimately decided on a reduction in the benefit accrual rates earned under the Plan to a level accrual rate amount for all participants. This type of reduction protects more of the participants with the lowest benefits and reduces disparity in benefits earned among participants due to the decreases in benefit accruals after April 30, 2003 and the removal of other benefit subsidies in 2009 as part of the Rehabilitation Plan.

What are the proposed reductions in benefits?

The Board of Trustees proposes the following reduction of benefits:

- A reduction in monthly benefits such that the revised monthly amount is based on a level accrual rate of $48.00, multiplied by the years of service earned through April 30, 2019.

- The resulting benefit cannot be less than the MPRA guaranteed amount; and

- Participants whose current level accrual rate is already less than the $48.00 level accrual rate, will not have their benefit reduced.

- A participant's current level accrual rate is determined by dividing their benefit amount by their years of service.

The $48.00 level accrual rate was determined by the Plan actuary as the amount of reduction in benefits that is projected to keep the Plan from running out of money.

The reduction would take effect May 1, 2019.

No groups of participants will be treated differently than any others except the following, which are required by law to be treated differently:

- Participants or beneficiaries with benefits based on disability (please see above and note that this refers to participants who became disabled and qualified for a disability pension when the Pension Plan still provided that benefit) will have no reduction;

- Participants or beneficiaries who are at least 80 years of age on May 31, 2019, will have no reduction; and

- ➢ Participants or beneficiaries who are at least 75 years of age on May 31, 2019, will have a smaller benefit reduction.

Although the proposed reduction does not include a different set of benefit reductions that applies to different categories of participants or beneficiaries, each participant has a different work history and retirement date. The Plan has had a number of benefit level changes over time. This means that the proposed reduction will impact participants in different ways. The chart below summarizes the categories of participants based on the pre-reduction benefit formula.

	Retirement/Termination Date	**% of Employer Contribution Accrual Rate**
Category 1	May 1, 1983 – April 30, 1984	2.6%
Category 2	May 1, 1984 – April 30, 1987	2.8%
Category 3	May 1, 1987 – April 30, 1990	3.0%
Category 4	May 1, 1990 – April 30, 1994	3.5%
Category 5	May 1, 1994 – April 30, 2003	3.65%
Category 6	May 1, 2003 – July 31, 2009	3.65% of contributions through April 30, 2003; plus 2.2% of contributions from May 1, 2003 through April 30, 2006; plus .36% of contributions from May 1, 2006 through July 31, 2009
Category 7	On or after August 1, 2009	3.65% of contributions through April 30, 2003; plus 2.2% of contributions from May 1, 2003 through April 30, 2006; plus .36% of contributions from May 1, 2006 through July 31, 2013; plus 0% of contributions after August 1, 2013. As of August 1, 2009, subsidies for early retirement and optional forms of payment were eliminated from the Plan.

Participants in Categories 1-4 will not be impacted by the proposed reduction because all in those categories either have benefit protections under Federal law (as described previously in this notice) or have a current level accrual rate that is already less than the proposed $48.00 level accrual rate.

Participants in Category 5 – 7 who have a benefit that is eligible for a reduction, will be impacted as follows:

Category 5 – average current level accrual rate reduced from $75* to $48

Category 6 - average current level accrual rate reduced from $74* to $48

Category 7 - average current level accrual rate reduced from $69* to $48

* A participant's current level accrual rate is determined by dividing their benefit amount by their years of service. The current level accrual rate shown above is the **average** for all participants in the category eligible for reduction. Each individual participant has a

different current level accrual rate depending on their years of service, annual hours worked, and hourly contribution rate made on their behalf.

Participants entering the Plan after July 31, 2013 are excluded from the analysis because those participants have not earned any benefits under the Plan and thus, are not impacted by the proposed reduction.

Attached to the end of this notice is a statement that describes the impact of proposed reduction of YOUR monthly payments

The proposed reduction will remain in effect indefinitely. The benefit reduction is expected to stabilize the Plan and keep it solvent. This expectation is based on a number of assumptions – such as projected future work hours, contribution rates, and investment returns. Even with these and other assumptions carefully considered, it is possible that the reduction may not work as intended.

What comes next?

Approval or denial of the application by the Treasury Department.

The Treasury Department will review the application to see whether it meets all of the legal requirements under Federal law. If the application meets all of the legal requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until November 11, 2018, to make a decision.

You can get more information from the Treasury Department.

More information about the proposed benefit reductions and a copy of the application will be available at www.treasury.gov/mpra, within thirty (30) days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details regarding:

- the Plan actuary's certification that the Plan will run out of money (that is, that the plan is in a "critical and declining status");
- how the proposed reduction would satisfy the requirement that it be large enough so that the Plan is estimated to not run out of money, while not being larger than needed; and
- the sensitivity of these estimates to the assumptions used.

The application describes the steps the Board of Trustees has already taken to keep the Plan from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the Plan from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among those people who have a pension benefit under the Plan.

The Treasury Department website will also provide updated information on the application, such as whether the application has been withdrawn.

For further information and assistance, you can also write to the Treasury Department at the following address:

Department of the Treasury
Attn: MPRA Office, Room 1204
1500 Pennsylvania Avenue, NW
Washington, DC 20220

You can comment on the application to reduce benefits.

You will be able to submit a comment on the application by going to www.treasury.gov/mpra. Comments may also be mailed to the Treasury Department, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

Retiree Representative.

The Board of Trustees is not required to select a retiree representative, because the Plan has fewer than 10,000 participants. The Board of Trustees has not chosen to select a retiree representative.

Vote on the proposed benefit reduction.

If the application for the proposed reduction of benefits is approved by the Treasury Department, you will then have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Plan vote to reject the reduction, the Treasury Department must allow the reduction of benefits to take effect. This means that not voting counts the same as voting to approve the reduction.

Your right to see Plan documents.

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefits. The Plan Administrator must respond to your request for the following documents, within thirty (30) days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement, and other documents governing the Plan (such as collective bargaining agreements);

- The Plan's most recent Summary Plan Description (SPD or plan brochure) and any Summary of Material Modifications (SMM);

- The Plan's Form 5500 annual reports, including the accountant's report and audited financial statements, filed with the U.S. Department of Labor during the last six years;

- The annual funding notices furnished by the Plan during the last six years;

- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Plan within the last six years;

- The Plan's current rehabilitation plan, including contribution schedules, and, if the proposed benefit reduction goes into effect, annual plan-sponsor determinations that all reasonable measures to avoid running out of money continue to be taken and that the Plan ***would*** run out of money ***if*** there were no benefit reductions; and

- Any quarterly, semi-annual, or annual financial reports prepared for the Plan by an investment manager, fiduciary, or other advisor and furnished to the Plan within the last six years.

The Plan administrator may charge you the cost per page to the Plan for the cheapest way of copying documents, but cannot charge more than 25 cents per page. The Plan's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at www.dol.gov/ebsa/5500main.html. Some of the documents may also be available for examination, without charge, at the Plan administrator's office, your worksite, or union hall.

Your right to challenge incorrect calculations.

If you think the Plan miscalculated the reduction to your benefits, you have the right to submit a claim to the Plan to have the calculation corrected. The Plan's Summary Plan Description ("SPD") tells you how to submit a claim. The SPD also describes your right to have a court review the Plan's final decision on your claim. If you believe the information used to calculate your estimate at the end of this notice is incorrect, please contact the Plan office at:

Sheet Metal Workers Local Pension Plan
c/o BeneSys, Inc.
Attn: Mary Weir, Plan Administrator
PO Box 368
Troy, MI 48099-0368
(248) 641-4902
pensionannuitydept@benesysinc.com

Template 1 - In pay status with no change

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]

[Address]

[Town, State, Zip]

Your current monthly benefit is **$640**. Under the proposed reduction your monthly benefit **will not change** when it takes effect on May 1, 2019.

Your monthly benefit will not be reduced because you meet the following criteria:

- [X] Your current level accrual rate is no greater than $48 per month per year of service* and/or your benefit is less than the MPRA guaranteed amount
- [ ] You will be age 80 or older as of May 31, 2019
- [ ] You retired under a Disability Retirement from the Plan

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

This estimate is based on the following information from Plan records:

- You have earned 20.00 years of service* under the Plan through the date of your termination from covered service.
- Current level accrual rate: $32.02
- You will be 70 years and 2 months as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**You earned one year of service for each plan year during which you worked at least 435 hours under covered employment.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $**535**. This amount was calculated based on the 20.00 years of service that you earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit $640	*Proposed MPRA Benefit $640*	*PBGC Guaranteed Benefit $535*	The difference between your reduced MPRA benefit ($640) and what you would get if the Plan were insolvent and relying on the PBGC ($535) is $105.

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]

[Address]

[Town, State, Zip]

Your current monthly benefit is **$1,232**. Under the proposed reduction your monthly benefit will be reduced to **$931 beginning on May 1, 2019**.

The benefit under the proposed suspension was calculated based on multiplying your years of service* under the Plan through your date of termination from covered service by the revised level accrual rate (see below).

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

Before your benefit changes, you will receive a statement showing your new benefit amount as well as your authorized reductions (such as health plan premiums and income taxes) to give you an opportunity to make any changes before the reduction takes effect.

The proposed reduction will remain in effect indefinitely.

This estimate is based on the following information from Plan records:

- You have earned 10.00 years of service* under the Plan through your date of termination from covered service.
- Current level accrual rate: $123.22
- Revised level accrual rate: $93.13 *Because you are over age 75 your revised average level accrual rate is not reduced as much as for younger participants.*
  - You will be 78 years and 0 months as of May 31, 2019.
  - The portion of your benefit that is based on disability is $0.

**You earned one year of service for each plan year during which you worked at least 435 hours under covered employment.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $**358**. This amount was calculated based on the 10.00 years of service that you earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit $1,232

Proposed MPRA Benefit $931

PBGC Guaranteed Benefit $358

The difference between your reduced MPRA benefit ($931) and what you would get if the Plan were insolvent and relying on the PBGC ($358) is $573.

Template 3 – In pay status with reduction under age 75

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]

[Address]

[Town, State, Zip]

Your current monthly benefit is **$909**. Under the proposed reduction your monthly benefit will be reduced to **$816 beginning on May 1, 2019**.

The benefit under the proposed suspension was calculated based on multiplying your years of service* under the Plan through your date of termination from covered service by the revised level accrual rate (see below).

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

Before your benefit changes, you will receive a statement showing your new benefit amount as well as your authorized reductions (such as health plan premiums and income taxes) to give you an opportunity to make any changes before the reduction takes effect.

The proposed reduction will remain in effect indefinitely.

This estimate is based on the following information from Plan records:

- You have earned 17.00 years of service* under the Plan through your date of termination from covered service.
- Current level accrual rate: $53.47
- Revised level accrual rate: $48.00
- You will be 59 years and 7 months as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**You earned one year service for each plan year during which you worked at least 435 hours under covered employment.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $**608**. This amount was calculated based on the 17.00 years of service that you earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit $909

Proposed MPRA Benefit $816

PBGC Guaranteed Benefit $608

The difference between your reduced MPRA benefit ($816) and what you would get if the Plan were insolvent and relying on the PBGC ($608) is $208.

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]

[Address]

[Town, State, Zip]

Your current accrued monthly benefit payable at Normal Retirement Age is **$229**. Under the proposed reduction your monthly accrued benefit **will not change** when it takes effect on May 1, 2019.

Your monthly accrued benefit will not be reduced because you meet the following criteria:

- [X] Your current level accrual rate is no greater than $48 per month per year of service* and/or your accrued benefit is less than the MPRA guaranteed amount.
- [ ] You received a disability benefit from the Plan that is protected.

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

This estimate is based on the following information from Plan records:

- It is estimated you will have 17.00 years of service* under the Plan through April 30, 2019.
- Current level accrual rate: $13.49
- You will be 38 years and 9 months as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**You earned one year of service for each plan year during which you worked at least 435 hours under covered employment.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $**203**. This amount was calculated based on the 11.24 years of service that you earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit	Proposed MPRA Benefit	PBGC Guaranteed Benefit	
$229	*$229*	*$203*	The difference between your reduced MPRA benefit ($229) and what you would get if the Plan were insolvent and relying on the PBGC ($203) is $26.

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]

[Address]

[Town, State, Zip]

Your current accrued monthly benefit is **$2,946** payable at Normal Retirement Age under the single life annuity form of payment. Under the proposed reduction your monthly benefit payable at Normal Retirement Age in the same form will be reduced to **$1,584 effective May 1, 2019**.

The benefit under the proposed suspension was calculated based on multiplying your estimated years of service* under the Plan through April 30, 2019 by the revised level accrual rate (see below).

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different. In addition, the actual amount you receive will depend on other factors, like when you begin receiving payments, which payment form you choose, and whether you have an alternate payee entitled to a portion of your benefits. For more information see the Summary Plan Description available at www.ourbenefitoffice.com/SheetMetalWorkers33

The proposed reduction will remain in effect indefinitely.

This estimate is based on the following information from Plan records:

- It is estimated you will have 33.00 years of service under the Plan through April 30, 2019.
- Current level accrual rate: $89.28
- Revised level accrual rate: $48.00
- You will be 53 years and 3 months as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**You earned one year service for each plan year during which you worked at least 435 hours under covered employment.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $**977**. This amount was calculated based on the 27.32 years of service that you earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit	Proposed MPRA Benefit	PBGC Guaranteed Benefit	
$2,946	*$1,584*	*$977*	The difference between your reduced MPRA benefit ($1,584) and what you would get if the Plan were insolvent and relying on the PBGC ($977) is $607

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]

[Address]

[Town, State, Zip]

Your current accrued monthly benefit is **$2,760** payable in the single life annuity form of payment. Under the proposed reduction your monthly benefit payable in the same form will be reduced to **$1,776 effective May 1, 2019**.

The benefit under the proposed suspension was calculated based on multiplying your estimated years of service* under the Plan through April 30, 2019 by the revised level accrual rate (see below).

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different. In addition, the actual amount you receive will depend on other factors, like when you begin receiving payments, which payment form you choose, and whether you have an alternate payee entitled to a portion of your benefits. For more information see the Summary Plan Description available at www.ourbenefitoffice.com/SheetMetalWorkers33

The proposed reduction will remain in effect indefinitely.

This estimate is based on the following information from Plan records:

- It is estimated you will have 37.00 years of service* under the Plan through April 30, 2019.
- Current level accrual cate: $74.59
- Revised level accrual rate: $48.00
- You will be 67 years and 5 months as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**You earned one year service for each plan year during which you worked at least 435 hours under covered employment.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $**1,117**. This amount was calculated based on the 31.25 years of service that you earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit $2,760

Proposed MPRA Benefit $1,776

PBGC Guaranteed Benefit $1,117

The difference between your reduced MPRA benefit ($1,776) and what you would get if the Plan were insolvent and relying on the PBGC ($1,117) is $659.

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]
[Address]
[Town, State, Zip]

Your current monthly benefit is **$189**. Under the proposed reduction your monthly benefit **will not change** when it takes effect on May 1, 2019.

Your monthly benefit will not be reduced because you meet the following criteria:

- [X] Your current level accrual rate is no greater than $48 per month per year of service* and/or your benefit is less than the MPRA guaranteed amount
- [ ] You will be age 80 or older** as of May 31, 2019

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

This estimate is based on the following information from Plan records:

- Your 15.42 years of service* under the Plan based on the terms of the QDRO.
- Current level accrual rate: $12.27
- You will be 70 years and 11 months** as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**Your former spouse earned one year of service for each plan year during which you worked at least 435 hours under covered employment.*
***Based on your former spouse's age for shared payment QDROs.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $184. This amount was calculated based on the 15.42 years of service that your former spouse earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit $189	*Proposed MPRA Benefit $189*	*PBGC Guaranteed Benefit $184*	The difference between your reduced MPRA benefit ($189) and what you would get if the Plan were insolvent and relying on the PBGC ($184) is $5.

Template 8 - Alternate Payee in Pay Status with Reduction

HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]
[Address]
[Town, State, Zip]

Your current monthly benefit is **$1,213**. Under the proposed reduction your monthly benefit will be reduced to **$1,124 beginning on May 1, 2019**.

The benefit under the proposed suspension was calculated based on multiplying your years of service* under the Plan based on the terms of your Qualified Domestic Relations Order (QDRO) by the revised level accrual rate (see below).

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

Before your benefit changes, you will receive a statement showing your new benefit amount as well as your authorized reductions (such as health plan premiums and income taxes) to give you an opportunity to make any changes before the reduction takes effect.

The proposed reduction will remain in effect indefinitely.

This estimate is based on the following information from Plan records:

- Your 23.42 years of service* under the Plan based on the terms of the QDRO.
- Current level accrual rate: $51.79
- Revised level accrual rate: $48.00
- You will be 68 years and 10 months** as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**Your former spouse earned one year of service for each plan year during which he or she worked at least 435 hours under covered employment.*
***Based on your former spouse's age for shared payment QDROs.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $837. This amount was calculated based on the 23.42 years of service that your former spouse earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit $1,213

Proposed MPRA Benefit $1,124

PBGC Guaranteed Benefit $837

The difference between your reduced MPRA benefit ($1,124) and what you would get if the Plan were insolvent and relying on the PBGC ($837) is $287.

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HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

[Affected Individual's Name]
[Address]
[Town, State, Zip]

Based on the terms of your qualified domestic relations order (QDRO), it is estimated that you are entitled to receive a monthly benefit of **$858**. Under the proposed reduction your monthly benefit **will not change** when it takes effect on May 1, 2019.

Your monthly benefit will not be reduced because you meet the following criteria:

X	Your current level accrual rate is no greater than $48 per month per year of service* and/or your benefit is less than the MPRA guaranteed amount
	You will be age 80 or older** as of May 31, 2019

This is an estimate of the effect of the proposed reduction on your benefit under the Plan. It is not a final benefit calculation. Final calculations will be made when the reduction is approved. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your benefit might be different.

This estimate is based on the following information from Plan records:

- Your 21.33 years of service* under the Plan based on the terms of the QDRO.
- Current level accrual rate: $40.22
- You will be 56 years and 9 months** as of May 31, 2019.
- The portion of your benefit that is based on disability is $0.

**Your former spouse earned one year of service for each plan year during which you worked at least 435 hours under covered employment.*
***Based on your former spouse's age for shared payment QDROs.*

PBGC Guaranteed Benefits

If the Plan does not have enough money to pay benefits, your monthly benefit would be no larger than the amount guaranteed by PBGC. The amount of your monthly benefit guaranteed by PBGC is estimated to be $702. This amount was calculated based on the 21.33 years of service that your former spouse earned under the Plan through July 31, 2013, which is the date after which no future service credits could be earned under the Plan. **However, there is concern about the health of the PBGC. If the PBGC becomes insolvent, your benefit could be significantly less.**

Current Benefit	Proposed MPRA Benefit	PBGC Guaranteed Benefit	
$858	*$858*	*$702*	The difference between your reduced MPRA benefit ($858) and what you would get if the Plan were insolvent and relying on the PBGC ($702) is $156.

Sheet Metal Workers Local Pension Plan Voter's Guide

Vote by _______________, 2018

Cast your vote on the proposed benefit reduction by [deadline]:

Phone: Call X-XXX-XXXX to vote by phone.

Or

Online: Go to www.XXXXXXX.com to vote online.

The proposed benefit reduction will go into effect May 1, 2019, unless a majority of participants reject it. Not voting has the same effect as voting yes.

The vote is being run by a company selected by the Treasury Department to ensure the integrity of the voting process.

YOUR CHOICE:

Voting YES means:	**Voting NO means:**
On May 1, 2019 monthly benefits for some participants will be lowered	There will be no reduction on May 1, 2019 but the Plan may be on the path to running out of money in about 17 years (2035)
Disabled members and those who are age 80 or older on May 1, 2019 will NOT have their monthly benefits lowered at all	When the Plan runs out of money benefits will be paid by the PBGC and will be much lower that benefits will be if the members vote "YES" on the proposed reduction
All members who are between age 75 and 80 on May 31, 2019 will have their benefits lowered	When the plan runs out of money benefits will drop for most participants. Others will not see a drop because their benefit is already lower than the PBGC's guaranteed amount
Review pages x – x for statements for and against the reduction	Review pages x – x for statements for and against the reduction

See the enclosed personalized benefit estimate for how your benefit would change under the proposed reduction or, if the plan ran out of money and benefits were paid by the PBGC.

* All participants' benefits will be calculated using this formula: **$48 x Your Years of Service = Your Monthly Benefit**. This change is intended to prevent the Plan from running out of money.

This voter's guide provides information to help you make an informed decision on the proposed benefit reduction for the Sheet Metal Workers Local Pension Plan:

- About the Proposed Reduction
- Statement For the Reduction
- Statement Against the Reduction
- What's Next

Please read this guide and see the enclosed benefit estimate before you make your decision.

About the Proposed Reduction

Unless rejected, effective May 1, 2019, there will be a reduction of benefits earned through April 30, 2019 for active participants, retirees, beneficiaries, and inactive participants with a vested benefit.

The amount of your benefit earned through April 30, 2019 will be determined by multiplying $48 by your years of service under the plan, earned through April 30, 2019. See the enclosed benefit estimate for your actual reduced benefit amount.

No special groups will be treated differently except those required by law:

- Participants or beneficiaries with benefits based on disability will have no reduction.
- Participants or beneficiaries who are at least age 80 on May 31, 2019 will have no reduction.
- Participants or beneficiaries who are at least age 75 on May 31, 2019 will have a smaller benefit reduction.

There is no set date when the benefit reductions will end; they will remain in effect indefinitely. However, the benefit reductions will be in effect only until the Plan is no longer projected to run out of money without the reductions in place. We expect reduced benefits to be in place for a long time. For some, that means reduced benefits for the rest of their retirement. For others, there is at least a possibility that their benefit would come back up to the unreduced amount at some point in the future.

This proposed benefit reduction has been approved by the Secretary of Treasury, in consultation with the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of Labor.

See the enclosed benefit estimate for information about YOUR benefit and how much YOUR benefit will be it will be if the reduction is approved.

What if we do nothing?

The Plan's actuary estimates that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the year 2035. This estimate is based on how much money the actuary expects the Plan to receive and to pay out each year. This estimate, which is based on several assumptions, will change every year based on actual investment returns, plan contributions, and other experience. So the actual date could be sooner or later than 2035.

If the Plan does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation ("PBGC") will be paid. You can find the amount of your benefit that is guaranteed by the PBGC on the enclosed benefit estimate.

If the PBGC runs out of money, benefits will likely be quite a bit lower than the PBGC-guaranteed amount shown.

Effects of the proposed benefit reduction.

This reduction would take effect on May 1, 2019 and would apply to benefits earned through April 30, 2019.

See the enclosed benefit estimate for information about your benefit and how much it would be if reduced.

The Plan's actuary has certified that, with the reduction of benefits that the Board of Trustees has proposed, the plan should not run out of money. This expectation is based on a number of assumptions; if reality differs significantly from these assumptions, the reduction might not work as intended. However, we have used realistic assumptions to give the Plan the best chance of success.

Statement in Favor of the Reduction:

We, the Trustees of the Sheet Metal Workers Local Pension Plan, believe the plan can be saved with this reduction. If we thought it was hopeless, we wouldn't be going through this process. Our goal is to keep paying as much as we can in benefits for many years to come.

Our options were to try to save the plan or let it run out of money. As we looked at both options, it became clear that we need to try to save the plan. The chart below shows why we want to save the plan, and not let it run out of money.

Try to Save the Plan	Let the Plan Run Out of Money
The most prudent course of action is to do everything possible to keep the Plan from running our of money and to keep paying benefits from the Plan – even if that means paying them at a lower level.	If we let the Plan run out of money those receiving benefits now will continue to get their full amount – but only for a number of years. Everyone else would get lower benefits or, in the worst case, nothing. This hurts the active participants the most, and they are already earning a lower benefit, and paying a higher contribution, than members did in the past.
The proposed reduction applies equally to all participants. In other words, everyone's benefit will be determined based on the same formula: $48 x Your Years of Service	There is concern about the financial health of the Pension Benefit Guaranty Corporation (PBGC) – the government corporation that insures pension plans. The PBGC itself may very well run out of money. In that case, it is likely that only a fraction of the PBGC's "guaranteed" benefits would be paid to plans that run

	out of money.
If we keep the Plan going, we have a better chance of maintaining a strong contribution base – increasing the likelihood of being able to pay benefits over a longer period of time.	If the Plan runs out of money and goes to the PBGC, no one will receive more than the PBGC guaranteed amount.
The Plan still has assets at this time. If benefits are lowered now we can use those assets to earn investment income. Investment income pays for benefits and will help us to restore the Plan.	Right now the Plan has almost $43 million of assets. If we do nothing, the amount of money we have to invest will go down, we will get fewer dollars of investment earnings, and ultimately, the plan will run out of money.
Under this proposal, the reduction applies to benefits earned through April 30, 2019.	If the plan runs out of money, perhaps the hardest hit group would be current active participants, who have already made significant sacrifices.
The current level of benefits being earned is already very low (and the contributions are very high) compared to the benefits and contributions of the past. The benefits being earned by current actives are already reduced. We owe it to them to do everything we can to make sure some of the money they are paying into the fund is left to pay their benefits in the future.	PBGC benefits would be lower than benefits under this proposed reduction. And if the PBGC runs out of money, it's likely benefits would be even smaller.
For all participants, benefits under the proposed reduction are higher than what you would receive from the PBGC. See the enclosed benefit estimate for a comparison.	If the Plan goes to the PBGC, not only would benefits be lower than under the proposed reduction, but the decrease would be permanent.
Under the proposed reduction, the people who are least able to recover from a reduced retirement income, including disabled participants and those more than 80 years old are protected from any reduction.	If the Plan runs out of money, benefits will be cut across the board. No population of participants will be protected from reductions.

Statement Against the Reduction:

[to be completed]

What Happens Next:

[Deadline]:	Last day to vote
[7 days after deadline]:	Results of the vote announced The Trustees will mail an update with the results of the vote following the announcement
May 1, 2019:	Reduction takes effect, unless rejected