

**SHEET METAL WORKERS' PENSION PLAN  
OF SOUTHERN CALIFORNIA,  
ARIZONA AND NEVADA**

**PENSION PLAN  
SUMMARY PLAN DESCRIPTION**

**Effective July 1, 2006**

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SHEET METAL WORKERS' PENSION PLAN  
OF SOUTHERN CALIFORNIA, ARIZONA AND NEVADA

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(310) 798-6572 or (800) 947-4338

or

P.O. Box 10067  
Manhattan Beach, CA 90266-8567

Dear Participant:

We are proud to present your new Pension Plan summary plan description or plan booklet, describing the benefits available as of July 1, 2006.

The Internal Revenue Service has determined that the Plan continues to meet the requirements for tax-qualified status. This means that income taxes on the contributions made to the Plan are deferred until your benefit payments begin.

Numerous changes were made since the last printing in 2000, as announced in previous correspondence to you. We, therefore, urge you to read this booklet carefully so that you understand the valuable benefits provided to you under this plan.

It is important to remember when reading and interpreting the Plan that if the facts and circumstances of a particular situation occurred prior to July 1, 2006, the provisions of the Plan in effect at the relevant date may be applied. Those provisions may be different from the Plan presently in effect and contained in this booklet.

This booklet is merely a summary of the Rules and Regulations of the Pension Plan. Your benefits will be determined under the Pension Plan document itself (the "Rules and Regulations"), as amended by the Board of Trustees from time to time. The Board of Trustees has full discretion and authority to interpret the Rules and Regulations and to decide any question regarding the nature and extent of benefits provided under the Pension Plan. The Trustees also have full discretion and authority to decide any factual question related to eligibility for and the extent of benefits provided by the Pension Plan. A copy of the Pension Plan document can be obtained from the Administrative Office (see paragraph 16 of the Information Required by the Employee Retirement Income Security Act of 1974 on page 66).

For your protection, only the Board of Trustees is authorized to interpret the Pension Plan. While a great effort is made by the Union and Employers to help you obtain the correct information about your Pension Plan, information you receive from the Union or individual employers or their representatives should be regarded as unofficial. In order to be official, any information or opinion about your rights under the Pension Plan must be communicated to you by the Administrative Office in writing, and signed on behalf of the Board of Trustees.

Please remember to keep the Administrative Office informed of any change in your mailing address to ensure that you receive all communications. Any questions about your benefits or your rights and responsibilities should also be addressed to the Administrative Office at: Sheet Metal Workers' Pension Plan of Southern California, Arizona and Nevada, P.O. Box 10067, Manhattan Beach, CA 90267-8567.

Sincerely,

BOARD OF TRUSTEES

## **A BRIEF SUMMARY OF THE PENSION PLAN AND SOME PENSION PLAN TERMS**

The Pension Plan provides retirement benefits for eligible employees who work for employers who contribute to the Fund. Before describing these benefits and the requirements that must be met in order to be eligible, there are certain terms used in the Plan which should be explained.

**EMPLOYEE:** The term “Employee” means an employee of an Individual Employer who performs one or more hours of work covered by any of the Collective Bargaining Agreements. The term “Employee” shall also include employees of Local Unions, Joint Apprentice Committees and/or the Administrative Corporation on whose behalf contributions are made to the Pension Plan pursuant to regulations adopted by the Board of Trustees. The term “Employee” shall also include individuals who are shareholders in an Individual Employer which is incorporated pursuant to the Internal Revenue Code, provided that such individuals are working in the bargaining unit as evidenced by being members of a Local Union in accordance with applicable Collective Bargaining Agreements and the Constitution and Bylaws of that Local Union and the Sheet Metal Workers International Association and that contributions on such individuals are made on all hours worked subject to a minimum of 155 hours per month.

**COVERED EMPLOYMENT:** Work for which your employer is required to contribute to this Plan.

**HOUR OF SERVICE:** The term “Hour of Service” includes each hour of work in Covered Employment as well as hours for which no work is performed but for which you are entitled to be paid due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, family or medical leave of absence but excluding any time compensated under a workers’ compensation law or pursuant to a mandatory disability benefits law and excluding any hours of non-work time in excess of 375, or 300 beginning January 1, 1992.

**NONCOVERED SHEET METAL SERVICE:** Sheet Metal work in the geographical jurisdiction of this Plan or a Related Plan (see definition on page 21) on or after February 1, 1986 for an employer which does not have, or self-employment which is not covered by, a collective bargaining agreement with a Sheet Metal Workers’ Union requiring contributions to this Plan or a related pension or health plan. It includes all work or service of the kind performed by any contributing Employer to the Plan which relates in any way to any work of the kind performed by participating Employees covered by the Plan. It includes such jobs as management, ownership, sales, estimating or consulting positions for Sheet Metal employers or in the Sheet Metal Industry (see definition on page 46), as well as work of the type done by bargaining unit members and related work.

**PARTICIPANT:** An Employee who has completed 1,000 Hours of Service in a computation period and is considered Active (see Article II of the Plan), a Pensioner, a Beneficiary, or a Vested Participant.

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**PENSION CREDIT:** Years of service which are earned by Participants and which are used to determine eligibility for benefits. Pension Credits are of two types: PAST SERVICE CREDIT earned for periods prior to the Contribution Date; FUTURE SERVICE CREDIT for periods on and after the Contribution Date. How these are earned is described in detail later in this booklet.

**VESTING SERVICE:** Years of service which are earned by Participants after the Contribution Date which are used to determine eligibility for a Vested Pension.

**CONTRIBUTION DATE:** The date corresponding to the Local Union as shown in the following chart in whose jurisdiction a Participant was employed when the first contribution to the Plan was made on his behalf.

<u>LOCAL UNION NO.</u>	<u>CONTRIBUTION DATE</u>
105 (formerly 108, 102, 420 and 509)	January 1, 1958
206, 273	July 1, 1959
152 (now part of 105)	January 1, 1961
88	July 1, 1965
26	January 1, 1967
426 (now part of 359)	June 1, 1967

**PERMANENT BREAK IN COVERED EMPLOYMENT:** When a Participant who is not vested fails to work enough hours in Covered Employment over a period of time, the Participant has a Permanent Break in Covered Employment and his Pension Credits are cancelled. Prior to 1975, a Participant had to earn at least one quarter of Pension Credit in a period of two consecutive calendar years to avoid a Permanent Break in Covered Employment. Between January 1, 1976 and January 1, 1987, a Participant had a Permanent Break in Covered Employment if the number of consecutive calendar years during which the Participant did not earn at least 375 Hours of Service equaled the number of years of Vesting Service the Participant had earned. Beginning January 1, 1987, a Participant has a Permanent Break in Covered Employment if the number of consecutive calendar years during which he does not earn at least 375 Hours of Service is at least five and equals the number of years of Vesting Service the Participant had earned. For calendar years beginning January 1, 1992, the minimum number of Hours of Service required to be earned in a year to avoid a break is 300. Information on waivers of Permanent Breaks in Covered Employment can be found on page 33.

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**GRACE PERIODS:** Periods of time a Participant is not working in Covered Employment which are not counted in determining a Break in Covered Employment. Grace periods are recognized for periods of ownership or management interest in a Contributing Employer to this Plan or a Related Plan (see definition on page 21), full-time employment as an International Representative of the Sheet Metal Workers' International Association or as an elected or appointed official of a labor organization affiliated with the AFL-CIO, certain sheet metal employment with a public agency pursuant to a collective bargaining agreement, and periods of disability or involuntary unemployment. Further details concerning grace periods can be found on page 29.

Parental leave under the Family and Medical Leave Act of 1993 also constitutes a grace period. Parental leave is defined as a Participant's absence from work due to the Participant's pregnancy, or to the birth of the Participant's child (and newborn care after the birth), or to placement of a child in connection with an adoption by the Participant (including a trial period). As of February 3, 1993, the Plan complies with the Family and Medical Leave Act of 1993 and regulations under that law in determining if certain leaves of absence would cause a Break in Covered Employment.

**SEPARATION IN SERVICE:** If a Participant does not earn at least 375 Hours of Service in each of two consecutive calendar years (300 hours for calendar years beginning January 1, 1992), the Participant will have a Separation in Service. This means that future benefit increases will not apply to the Pension Credit he earned before the Separation and also means that he will not be eligible for a Service Pension unless he had at least 25 years of Pension Credit prior to the Separation or earns 25 years of Pension Credit after the Separation. Information on waivers of Separations in Service can be found on page 33.

**APPLYING FOR A PENSION:** You should first request a pension application packet from the Administrative Office. Your application must be completed, signed, notarized and received by the Administrative Office at least one calendar month prior to the date your Pension can become effective. You must send satisfactory proof of your date of birth with your application. If you decide you want the Husband-and-Wife Pension, you will need to provide proof of your marriage and proof of your spouse's date of birth.

By law, participants and their spouses, if any, have a 30-day notice and election period to decide the form in which they want monthly benefits to be payable. The "default" automatic form for married retirees is a Husband-and-Wife Pension, and, for unmarried retirees, it is a single life annuity.

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**PENSION EFFECTIVE DATES:** Pensions are effective on the first day of the second month after the pension application is filed. For example if a Participant wants to receive his first pension payment on July 1, his application must be received at the Administrative Office by May 31. In addition, if you work one hour in the Sheet Metal Industry (see page 46) during any calendar month, the pension effective date will be the first of the following month. For example, if you work one hour (or more) on July 1<sup>st</sup>, your Pension Effective Date will be August 1<sup>st</sup>, providing that your pension application was received no later than May 31<sup>st</sup>.

Disability Pensions become effective with the sixth month of disability, provided the Participant has made timely application and has been awarded a Disability Benefit from Social Security. In no event can the effective date of his Disability Pension be prior to the effective date of his Social Security Disability award or prior to the first day of the second month after his application for pension benefits is received by the Administrative Office.

Please refer to the section on Annuity Starting Dates at pages 52-53 for more information.

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## **TYPES OF PENSION BENEFITS**

1. REGULAR PENSION
2. SERVICE PENSION
3. EARLY RETIREMENT PENSION
4. DISABILITY PENSION
5. SPECIAL EARLY PENSION
6. PRO RATA PENSION
7. VESTED PENSION

## 1. REGULAR PENSION

### When is a Participant eligible for a Regular Pension?

When he has retired, filed a completed application and met the following requirements:

1. He has attained age 65.
2. He has at least 15 years of Pension Credit (Past and Future) or 10 years of Future Service Credit without a Permanent Break in Covered Employment.
3. He has accumulated at least two quarters of Pension Credit since his Contribution Date or has worked at least 750 hours within the eighteen-month period immediately following his Contribution Date.

### How much is the Regular Pension?

Beginning January 1, 2000, a Regular Pension is a monthly amount equal to the sum of the following amounts for Credits earned during the following periods provided the Participant earned at least one-quarter of Future Service Credit in 1998 or 1999 and at least one-quarter of Future Service Credit in 2000 (or retired in 2000 and had at least one-quarter of Future Service Credit in 1998 or 1999), unless he qualified for a grace period or waiver under the terms of the Plan. (See pages 29 and 33). However, the monthly pension amount based on Credit earned on and after January 1, 2000 shall be determined in accordance with item 4 below even if the Participant fails to earn the required Credit in 1998-2000. Participants who do not have the required Credit or who stopped work in Covered Employment prior to January 1, 2000 should contact the Administrative Office to determine the amount of their monthly benefits.

1. **Prior to 1981** – A Participant who has earned at least one-quarter of Pension Credit on or after January 1996 will receive \$35.00 for each full year (and proportionately less for fractional years) of Pension Credit earned before January 1, 1981, up to a maximum of \$875.00, plus
2. **1981 through 1990** - the amount determined by multiplying the Participant's Benefit Accrual Percentage times the total of all contributions required on the Participant's behalf during each calendar year after December 31, 1980 and prior to January 1, 1991 during which the Participant earned Pension Credit for at least 375 hours of work in Covered Employment. The Benefit Accrual Percentage (for 1981 through 1990) is the percentage which corresponds to the Average Hourly Contribution Rate as follows:

July 1, 2006

<u>Average Hourly Contribution Rate</u>	<u>Benefit Accrual Percentage</u>
At Least - Less Than	
\$1.70 - \$1.75	1.6871%
\$1.75 - \$1.80	1.8123
\$1.80 - \$1.85	1.8903
\$1.85 - \$1.90	1.9640
\$1.90 - \$1.95	2.0339
\$1.95 - \$2.00	2.1002
\$2.00 - \$2.05	2.1633
\$2.05 - \$2.10	2.2233
\$2.10 - \$2.15	2.2804
\$2.15 - \$2.20	2.3351
\$2.20 - \$2.25	2.3872
\$2.25 - \$2.30	2.4370
\$2.30 - \$2.35	2.4847
\$2.35 - \$2.40	2.5304
\$2.40 - \$2.45	2.5742
\$2.45 - \$2.50	2.6163
\$2.50 - \$2.55	2.6566
\$2.55 - \$2.60	2.6953
\$2.60 - \$2.65	2.7367
\$2.65 - \$2.70	2.7686
\$2.70 - \$2.75	2.8032
\$2.75 - \$2.80	2.8365
\$2.80 - \$2.85	2.8688
\$2.85 - \$2.90	2.8998
\$2.90 - \$2.95	2.9298
\$2.95 - \$3.00	2.9588
\$3.00 - \$3.05	2.9867
\$3.05 - \$3.10	3.0139
\$3.10 - \$3.15	3.0403
\$3.15 - \$3.20	3.0657
\$3.20 - \$3.25	3.0903
\$3.25 - \$3.30	3.1141
\$3.30 - \$3.35	3.1373
\$3.35 - \$3.40	3.1598
\$3.40 - \$3.45	3.1815
\$3.45 - \$3.50	3.2028

The Average Hourly Contribution Rate is determined by dividing the total of the contributions required on the Participant's behalf for each calendar year after December 31, 1980 and before January 1, 1991 by the total number of hours for which such contributions were required during such calendar year.

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3. **1991 through 1994** - the amount determined by multiplying the Participant's Benefit Accrual Percentage times the total of all contributions required on the Participant's behalf during each calendar year after December 31, 1990 and before January 1, 1995 during which the Participant earned Pension Credit for at least 375 hours of work in Covered Employment. The Benefit Accrual Percentage (for 1991 through 1994) is the percentage which corresponds to the Average Hourly Contribution Rate as follows:

July 1, 2006

<u>Average Hourly Contribution Rate</u>	<u>Benefit Accrual Percentage</u>
At Least - Less Than	
\$1.70 - \$1.75	2.0244%
\$1.75 - \$1.80	2.1749
\$1.80 - \$1.85	2.2684
\$1.85 - \$1.90	2.3568
\$1.90 - \$1.95	2.4406
\$1.95 - \$2.00	2.5203
\$2.00 - \$2.05	2.5959
\$2.05 - \$2.10	2.6679
\$2.10 - \$2.15	2.7366
\$2.15 - \$2.20	2.8021
\$2.20 - \$2.25	2.8646
\$2.25 - \$2.30	2.9245
\$2.30 - \$2.35	2.9816
\$2.35 - \$2.40	3.0364
\$2.40 - \$2.45	3.0891
\$2.45 - \$2.50	3.1395
\$2.50 - \$2.55	3.1879
\$2.55 - \$2.60	3.2345
\$2.60 - \$2.65	3.2793
\$2.65 - \$2.70	3.3223
\$2.70 - \$2.75	3.3638
\$2.75 - \$2.80	3.4039
\$2.80 - \$2.85	3.4425
\$2.85 - \$2.90	3.4798
\$2.90 - \$2.95	3.5157
\$2.95 - \$3.00	3.5505
\$3.00 - \$3.05	3.5842
\$3.05 - \$3.10	3.6168
\$3.10 - \$3.15	3.6482
\$3.15 - \$3.20	3.6788
\$3.20 - \$3.25	3.7082
\$3.25 - \$3.30	3.7370
\$3.30 - \$3.35	3.7648
\$3.35 - \$3.40	3.7917
\$3.40 - \$3.45	3.8179
\$3.45 - \$3.50	3.8433

July 1, 2006

The Average Hourly Contribution Rate is determined by dividing the total of the contributions required on the Participant's behalf for each Calendar Year after December 31, 1990 and before January 1, 1995 by the total number of hours for which such contributions were required during such Calendar Year.

4. **1995 through 2005** - the amount determined by multiplying the Participant's Benefit Accrual Percentage times the total of all contributions required on the Participant's behalf during each Calendar Year after December 31, 1994 and before January 1, 2006 during which the Employee earned at least one-quarter of Pension Credit. The Benefit Accrual Percentage (for 1995 through 2005) is the Participant's Average Hourly Contribution Rate multiplied by 0.85848%, plus 1.2264%. The Average Hourly Contribution Rate is determined by dividing the total contributions required on the Participant's behalf for each Calendar Year after December 31, 1994 and before January 1, 2006 by the total number of hours for which such contributions were required during such Calendar Year.
5. **On and After January 1, 2006** - the amount determined by multiplying the Participant's Benefit Accrual Percentage times the total of all contributions required on the Participant's behalf during each calendar year after December 31, 2005 during which the Participant earned at least one-quarter of Pension Credit. The Benefit Accrual Percentage (for 2006 and after) is the Participant's Average Hourly Contribution Rate multiplied by 0.600936%, plus 0.85848%, but in no event may the Benefit Accrual Percentage exceed 3.148046%. The Average Hourly Contribution Rate is determined by dividing the total of the contributions required on the Participant's behalf for each calendar year after December 31, 2005 by the total number of hours for which such contributions were required for him during such calendar year.

If you have any questions regarding prior benefit amounts and rates, please call the Administrative Office. The Administrative Office personnel will be happy to provide you with additional information.

The following table shows the monthly benefit accrued in a calendar year (in 2006 or after) assuming 1,800 hours for which contributions are required for the Participant.

July 1, 2006

<b>Average Hourly Contribution Rate</b>	<b>Benefit Accrual Percentage</b>	<b>Monthly Benefit accrued in a calendar year assuming 1,800 hours</b>
\$0.50	1.158948%	\$10.43
\$0.75	1.309182%	\$17.67
\$2.30	2.240633%	\$92.76
\$3.25	2.811522%	\$164.47
\$3.50	2.961756%	\$186.59
\$3.60	3.021850%	\$195.82
\$3.67	3.063915%	\$202.40
\$3.81	3.148046%	\$215.89

The basic amount of a Regular Pension is payable in the form of a single life annuity with a seven-year guarantee. This means that the benefit will continue until at least 84 months of benefits have been paid even if the Pensioner dies before the 84<sup>th</sup> month. See page 33 for an explanation of the Seven Year Guarantee. The actual amount of a Pensioner's Regular Pension may be adjusted from this basic amount to reflect the Pensioner's choice of different types of Forms of Pension as summarized in the following Sections 2 through 7.

The monthly Regular Pension payable to a married Participant will be reduced as described under the Husband-and-Wife Pension, on page 35, unless the Participant and Spouse agree that they do not wish to receive the pension benefits in the form of the Husband-and-Wife Pension.

When you request an estimate of your benefit from the Administrative Office, you will receive a printed statement showing the value of benefit earned in each year and an estimate of your pension benefit amount. Below is an example of what you will receive. If you have any questions or would like an estimate of your benefit, you may call or write the Administrative Office.

**Sample Benefit Estimate:**

TOTAL RECIPROCAL SERVICE: 0.00  
TOTAL PAST SERVICE CREDIT: 0.00  
TOTAL FUTURE SERVICE CREDIT: 16.75  
TOTAL YEARS OF SERVICE: 16.75

PENSION TYPE: REGULAR PENSION AS OF 1/01/2007  
(Spouse 1 Year Younger)

**YOUR BENEFITS ARE 100% VESTED!**

A- TOTAL GROSS PENSION AMOUNT AT AGE 65: \$3,533.72  
B- TOTAL 50% H&W PENSION AT AGE 65 / 64: \$3,166.21  
C- TOTAL 50% H&W WITH POPUP AT AGE 65 / 64: \$3,130.88  
D- TOTAL 75% H&W WITH POPUP AT AGE 65 / 64: \$3,053.13  
E- TOTAL 100% H&W WITH POPUP AT AGE 65 / 64: \$2,876.45

**\*\*\*\* LIFETIME HISTORY HOUR BREAKDOWN \*\*\*\***

	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
HOURS:	829.75	1,725.50	1,822.65	1,527.00	965.00	704.00	1,724.25
CONTRIB:	2,281.81	4,745.13	5,012.30	4,199.24	2,653.76	2,006.40	4,914.09
AV RATE:	2.75	2.75	2.75	2.75	2.75	2.85	2.85
ACCRUAL:	2.8365	2.8365	3.4039	3.4039	3.4039	3.4798	3.6731
BENEFIT:	64.72	134.59	170.61	142.93	90.33	69.81	180.50
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
HOURS:	1,625.90	1,748.25	1,784.00	2,056.00	2,080.00	2,104.00	2,544.00
CONTRIB:	4,734.00	5,157.31	5,262.77	6,065.20	6,136.00	6,216.00	7,632.00
AV RATE:	2.91	2.95	2.95	2.95	2.95	2.95	3.00
ACCRUAL:	3.7245	3.7589	3.7589	3.7589	3.7589	3.7589	3.8018
BENEFIT:	176.32	193.86	197.82	227.98	230.65	233.65	290.15
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>			
HOURS:	2,544.00	2,448.00	2,448.00	2,448.00			
CONTRIB:	7,632.00	7,608.00	7,956.00	7,956.00			
AV RATE:	3.00	3.11	3.25	3.25			
ACCRUAL:	3.8018	3.8962	4.0165	2.8115			
BENEFIT:	290.15	296.42	319.55	223.68			

**TOTAL HOURS REPORTED: 33,128.30 THROUGH 12/2006**

**Delayed Retirement**

The Plan's "Delayed Retirement" provisions apply if a retiree's Annuity Starting Date is after Normal Retirement Age (generally age 65, but see page 22 of this booklet for the definition of Normal Retirement Age).

When a Delayed Retirement Pension becomes effective, the retiree will receive the **greater of:**

July 1, 2006

1. The monthly benefit otherwise payable as of the Annuity Starting Date, calculated as shown on the prior pages without taking delayed retirement into account; **or**
2. The benefit the retiree would have received if he had retired at Normal Retirement Age (based on the benefit factors in effect at that time and using the Pension Credit he had as of that date), actuarially increased for each month between Normal Retirement Age and his Annuity Starting Date in which he worked 40 or fewer hours in “Prohibited Employment.” The actuarial increase, if applicable, will be 1% per month for the first 60 months after Normal Retirement Age, and 1.5% per month for each month thereafter.

If you are 65 (or Normal Retirement Age, if later) and you do not apply for benefits, then you will receive a formal suspension notice. This notice means that when you do eventually retire, the Plan’s definition of Prohibited Employment for a pensioner older than Normal Retirement Age (see page 46 of this booklet) will be applied in determining the months for which you are—or are not—entitled to an actuarial increase for delayed retirement.

Benefits will be considered formally suspended, and the actuarial increase, as described above, will **not** be applicable for each month after Normal Retirement Age in which a Participant works in suspendible employment.

## **2. SERVICE PENSION**

### **When is a Participant Eligible for a Service Pension?**

When he has retired, filed a completed application and met the following requirements:

1. He has attained age 50 but not yet attained age 65. If the Participant has worked in Noncovered Sheet Metal Service after February 1, 1986 (see explanation on page 47), his eligibility date will be delayed.
2. He has at least 25 years of continuous Pension Credit under this Plan (Past and Future) without a Permanent Break in Covered Employment or a Separation in Service.
3. He has accumulated at least two quarters of Pension Credit since his Contribution Date or has worked at least 750 hours within the eighteen-month period immediately following his Contribution Date.

### **How much is the Service Pension?**

The Service Pension is determined in the same manner as the Regular Pension is determined.

The Service Pension payable to a married Participant will be reduced as described under the Husband-and-Wife Pension, unless the Participant and Spouse agree that they do not wish to receive the pension benefits in the form of the Husband-and-Wife Pension.

July 1, 2006

### **3. EARLY RETIREMENT PENSION**

#### **When is a Participant eligible for an Early Retirement Pension?**

When he has retired, filed a completed application and met the following requirements:

1. He is at least 55 years of age, but is not yet 65 years of age. If the Participant has worked in Noncovered Sheet Metal Service after February 1, 1986 (see explanation on page 47), his eligibility date will be delayed.
2. He has at least 15 years of Pension Credit (Past and Future) or 10 years of Future Service Credit without a Permanent Break in Covered Employment.
3. He has accumulated at least two quarters of Pension Credit since his Contribution Date or has worked at least 750 hours within the eighteen-month period immediately following his Contribution Date.

#### **How much is the Early Retirement Pension?**

Because a Participant retiring on an Early Retirement Pension is younger when his pension begins, it is likely that his pension will be paid for a longer period of time. Therefore, the amount of Early Retirement Pension is reduced to compensate for this fact. The reduced payments are designed to pay approximately the same amount during the lifetime of the Early Retirement Pensioner as would have been paid to him over the remainder of his lifetime if he retired at age 65.

The amount of the Early Retirement Pension is calculated as follows:

1. Determine the amount of the Regular Pension which would be paid to the Participant if he were age 65.
2. Reduce this amount based on when benefits were accrued as follows:
  - a. For benefits accrued prior to January 1, 2006, by  $\frac{1}{4}$  of 1% for each month the Participant is younger than age 65, but not younger than age 60, and  $\frac{1}{2}$  of 1% for each month he is younger than age 60 on the Pension Effective Date.
  - b. For benefits accrued on and after January 1, 2006, by  $\frac{1}{2}$  of 1% for each month that the Participant is younger than 65 but not younger than age 55 on the Pension Effective Date.

The following table shows the reduction percentages at various ages at retirement. If the Participant were to retire at some point between these ages, such as at age 63 and 2 months, the reduction factor would be slightly different based on the reduction described above.

July 1, 2006

Age at Retirement	Reduction for benefits accrued through 12/31/2005			Reduction for benefits accrued on or after 1/1/2006	
	Months younger than age 65 but not younger than age 60	Months younger than age 60	Reduction Percentage	Months younger than age 65	Reduction Percentage
64	12	0	3.0%	12	6.0%
63	24	0	6.0%	24	12.0%
62	36	0	9.0%	36	18.0%
61	48	0	12.0%	48	24.0%
60	60	0	15.0%	60	30.0%
59	60	12	21.0%	72	36.0%
58	60	24	27.0%	84	42.0%
57	60	36	33.0%	96	48.0%
56	60	48	39.0%	108	54.0%
55	60	60	45.0%	120	60.0%

**EXAMPLES:**

1. **All benefits accrued prior to December 31, 2005:** A Participant who would qualify for a Regular Pension of \$1,200.00 per month at age 65, retires early at age 57 on December 1, 2005. His Regular Pension of \$1,200.00 would be reduced by  $\frac{1}{4}$  of 1% for each month he is younger than age 65 -in this case, 60 months and by  $\frac{1}{2}$  of 1% for each month the Participant is younger than age 60 – in this case 36 months. The reduction is 60 months x  $\frac{1}{4}$  of 1% or 15%, plus 36 months x  $\frac{1}{2}$  of 1% or 18%. His monthly benefit would be \$1,200.00 less 33% (\$1396.00) or \$804.00.

2. **Benefits accrued both before and after December 31, 2005:** A Participant who would qualify for a Regular Pension payable at age 65 and decides to retire early at 57 on December 1, 2008. Assume that \$950 of the \$1,200 accrued benefit is accrued on or before December 31, 2005. His monthly pension at age 57 would be \$950 reduced (as shown above) by 33% or \$313.50, plus \$250 reduced by  $\frac{1}{2}$  of 1% for each month the Participant is younger than age 65 – in this case 96 months. The post 2005 reduction is 96 months x  $\frac{1}{2}$  of 1% or 48% (\$120.00). His monthly benefit is \$766.50.

The monthly Early Retirement Pension payable to a married Participant will be reduced as described under the Husband-and-Wife Pension, unless the Participant and Spouse agree that they do not wish to receive the pension benefits in the form of the Husband-and-Wife Pension.

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## 4. DISABILITY PENSION

### When is a Participant eligible for a Disability Pension?

When he has filed a completed application and met the following requirements:

1. Regardless of age he is totally disabled and has been for at least five months, **AND has received a Certificate of Award for a Social Security Disability Pension.**
2. He has either:
  - (a) 15 years of Pension Credit (Past and Future) without a Permanent Break in Employment, or
  - (b) 10 years of Future Service Credit without a Permanent Break in Employment, or
  - (c) 5 years of Vesting Service or 5 years of Future Service Credit without a Permanent Break in Employment, provided the effective date of the Disability Pension is on or after March 1, 1991 and the Social Security Disability Award is dated after February 1, 1986.
3. He has accumulated at least two quarters of Pension Credit since his Contribution Date or has worked at least 750 hours within the eighteen-month period immediately following his Contribution Date.
4. If the Participant works in Noncovered Sheet Metal Service after February 1, 1986 during any part of a Calendar Year and becomes disabled in that Calendar Year or in either of the following two Calendar Years, he will not be eligible for a Disability Pension.
5. Effective July 1, 1998, the Participant has accumulated at least one quarter of Pension Credit (including disability credit or Related Pension Credit, see page 20) in the calendar year in which the Participant becomes disabled as determined by the Social Security Administration, or in any one of the five preceding calendar years. This condition is waived for calendar years in which a grace period is granted. However, this condition shall not be applied to a Participant who has accumulated at least twenty years of Pension Credit all earned under this Plan.

### Application for a Disability Pension

**Important:** Do not delay the filing of your application for Pension until you receive your Notice of Award from Social Security, because that will delay the effective date of your Pension from this Plan once the Pension is granted.

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You should send in your application for a Disability Pension from this Plan when you apply for a Social Security Disability Benefit indicating on the application that you have applied for a Social Security Disability Benefit. However, in order to qualify for a Disability Pension, you must have been approved for a Social Security Disability Benefit and must submit a copy of the Notice of Award of a Social Security Disability Benefit from the Social Security Administration. Your Notice of Award of a Social Security Disability Benefit should be sent to the Administrative Office as soon as you receive it.

### **How much is the Disability Pension?**

The monthly amount of Disability Pension is calculated in the same manner as the Regular Pension. There is no reduction for age.

The Disability Pension payable to a married Participant will be reduced as described under the Husband-and-Wife Pension, unless the Participant and Spouse agree that they do not wish to receive the pension benefits in the form of the Husband-and-Wife Pension.

### **Conversion of a Service or Early Retirement Pension to a Disability Pension**

After January 1, 1980, a Participant who is totally disabled but has not yet received a Social Security Disability Benefit and applies for and receives a Service or Early Retirement Pension, may convert his pension to a Disability Pension when he becomes entitled to Social Security Disability benefits if he meets the following requirements:

1. He has filed an application for pension benefits on or after January 1, 1980, and
2. He has filed for Social Security disability benefits at the time of his application for pension benefits or has indicated on his application that he will file for such benefits within 30 days of his application and, in fact, does so.

Once Social Security Disability benefits have been awarded, if he meets these requirements, he may convert his Service or Early Retirement Pension to a Disability Pension. The effective date of the converted Disability Pension will be the entitlement date of his Social Security Disability benefits as shown on the Social Security Certificate of Award or the effective date of his Pension benefits whichever is later.

Upon conversion to a Disability Pension, the Service or Early Retirement Pension will be recalculated to eliminate the reduction for age, if any. If the benefit is paid in the form of a Husband-and-Wife Pension, it is also recalculated using the reduction factors for a Disability Pension. (See page 35) Since the reduction factors for the Husband-and-Wife Pension are greater for Disability Pensions, the benefit payable as a Service or Early Retirement may be greater than the benefit payable as a Disability Pension.

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The Administrative Office will advise the Participant of the monthly amount payable under each type of pension before the conversion. The Participant may then elect not to convert to a Disability Pension if his benefits would be reduced. If the benefit is converted to a Disability Pension, it cannot be changed back to either the Early or Service Pension, unless the Participant recovers from his disability.

If you had retired on an Early Retirement Pension with a Level Income Option, the Fund will offset your Disability Pension payments until it has made a full recovery of the Level Income Option amounts you previously received.

### **Loss of Social Security Benefits**

Because people sometimes have their disability benefits terminated by Social Security, the Trustees have adopted provisions regarding continuance of benefits. If a Disability Pensioner's Social Security Disability benefits are terminated, his Disability Pension from this Plan will be continued if the Pensioner:

1. Timely filed an appeal of the termination with the Social Security Administration;
2. Notifies the Plan within 30 days of his termination that he has appealed and provides the Plan with a copy of the appeal; and
3. Notifies the Plan at least every 90 days as to the status of the appeal.

If the Pensioner wins his appeal and retains Social Security Disability benefits, his Disability Pension from the Plan will remain unchanged. If his Social Security Disability benefits are finally terminated, or if the Pensioner does not provide the notices to the Plan noted above concerning his appeal, the Pensioner will no longer be eligible for a Disability Pension from the Plan and must refund any Disability Pension payments or any Health Benefits under the Retiree Health Plan erroneously paid. If he would have been eligible for other benefits at the time of his application and/or is eligible for other benefits at the time of his termination of disability benefits from Social Security, he will receive the greater of those pension benefits from the Plan.

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## **5. SPECIAL EARLY PENSION**

The Special Early Pension (effective July 1, 1993) permits Participants who have been diagnosed as terminally ill to receive some benefits from the Fund prior to death. A Participant is eligible for a Special Early Pension if he has stopped working and meets the following conditions:

1. He has obtained certification from his attending physician stating that he has been diagnosed with a medical condition which is expected to be terminal within 12 months. If the Participant survives such 12-month period, and has not qualified for a Disability Pension, he must obtain a new certification that his medical condition continues and is expected to be terminal within 12 months. Such certification or continued certification shall be subject to review by the Plan.
2. He has earned 5 years of Vesting Service or 5 years of Future Service Credit without a Permanent Break in Employment.
3. He has accumulated at least one quarter of Pension Credit within the twelve-month-period prior to being diagnosed as terminally ill.
4. If the Participant works in Noncovered Sheet Metal Service during any part of a calendar year and becomes disabled in that calendar year or in either of the following two calendar years, he will not be eligible for a Special Early Pension.

### **How much is the Special Early Pension?**

The monthly amount of Special Early Pension is calculated in the same manner as the Early Retirement Pension except that there is no reduction below age 55. Please see page 13 for a detailed description. If the Participant receives a Social Security Disability Award before submitting an application for benefits, the Special Early Pension will be calculated in the same manner as the Disability Pension. Also, if the Participant receives a Social Security Disability Award, the Special Early Pension can be converted to a Disability Pension in the same manner as an Early Retirement Pension is converted to a Disability Pension.

The Special Early Pension payable to a married Participant will be reduced as described under the Husband-and-Wife Pension on page 37, unless the Participant and Spouse agree that they do not wish to receive the pension benefits in the form of the Husband-and-Wife Pension.

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## **6. PRO RATA PENSION**

### **What is a Pro Rata Pension?**

A Pro Rata Pension is provided for Participants who would not otherwise qualify for a pension, or whose pensions would be less than the full amount, because their years of employment have been divided between the jurisdiction of this Pension Plan and a Related Plan. At this time the **Related Plans** are: Arizona Sheet Metal Pension Trust Fund, Northern California Sheet Metal Workers Pension Trust Fund, Sheet Metal Workers Pension Fund of Hawaii, Oregon Sheet Metal Workers Pension Trust Fund, and Northwest Sheet Metal Workers Pension Plan. These Related Plans have adopted similar provisions for a Pro Rata Pension so that years of Pension Credit earned under this Pension Plan can be used toward eligibility for a Pro Rata Pension under that Plan.

The Plan has also adopted the Sheet Metal National Reciprocal Agreement which will provide additional reciprocity with other pension plans (also considered **Related Plans**) around the country which also adopt it. Credits earned under the Sheet Metal Workers National Pension Plan shall also be treated as Related Credit under this Plan.

Upon retirement a Participant is eligible to receive a Pro Rata Pension if he would be entitled to a Regular, Disability, or Early Retirement Pension if his Combined Pension Credits (credits earned under this Plan added to those earned under a Related Plan) were treated as credits earned under this Plan. There is no Service Pension available under the Pro Rata Pension provisions.

### **What is the amount of the Pro Rata Pension?**

The amount of the Pro Rata Pension payable by this Pension Plan is determined in the same manner as the Regular, Disability or Early Retirement Pension based on the Pension Credit accumulated in this Pension Plan and the contributions made to this Pension Plan, except that only the most recent 25 years of Combined Pension Credit earned prior to January 1, 1981 is considered in determining the monthly benefit amount for the period prior to January 1, 1981. For purposes of the Separation in Service rule (see page 32), and Break in Covered Employment rules (see page 28), work under a Related Plan is considered the same as work under this Plan.

The Pro Rata Pension payable to a married Participant will be reduced as described under the Husband-and-Wife Pension on page 37, unless the Participant and Spouse agree that they do not wish to receive the pension benefits in the form of the Husband-and-Wife Pension.

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## 7. VESTED PENSION

### What is a Vested Pension?

The Vested Pension is used ONLY if a Participant does not qualify for another type of pension or if the Vested Pension would give him a greater benefit amount. The Vested Pension is based upon Vesting Service, NOT Pension Credit.

### When is a Participant Eligible for a Vested Pension?

When he has retired and met either of the following requirements:

- (a)
  1. He is at least 65 years of age, and
  2. He has 10 years of Vesting Service without a Permanent Break in Covered Employment. Effective January 1, 1999, he has 5 years of Vesting Service without a Permanent Break in Covered Employment and has at least one hour of Covered Employment on or after January 1, 1999. If he had a Separation in Service prior to January 1, 1999, he has at least one quarter of Pension Credit on or after January 1, 1999 before he has a Permanent Break in Covered Employment; or
- (b) He has attained Normal Retirement Age. Normal Retirement Age under the Plan is the later of age 65 or, if later, the earlier of the age of the Participant on the fifth anniversary of his participation in the Plan since April 1, 1988 or the tenth anniversary of his participation. For this purpose, the Plan does not count participation before a Permanent Break in Covered Employment. Nor does the Plan count participation before a One-Year Break in Covered Employment in the case of a former Participant who has not returned to Covered Employment. However, if a former Participant reestablishes his status as an Active Participant before incurring a Permanent Break in Covered Employment, his participation prior to the One-Year Break will be counted. Active Participation is restored when a former Participant returns to Covered Employment and earns 1,000 Hours of Service in a twelve-month period following his break-in-service, or subsequently earns a year of Vesting Service (1,000 in a calendar year).

### How much is the Vested Pension?

The amount of the Vested Pension is calculated in the same way that a Regular Pension is calculated.

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## **ANNUAL DECEMBER BONUS CHECK**

Pensioners with an effective date for pension benefits under this Plan prior to December 31, 1996 will receive an annual bonus check on or about December 2<sup>nd</sup> of each subsequent year if they are entitled to a pension benefit at that time. The amount of such bonus check shall be equal to \$65 multiplied by the number of years of Pension Credit earned under this Plan, but not less than their monthly pension check.

Bonus checks will continue to be paid to the Surviving Spouse or Beneficiary of a deceased Pensioner whose pension benefits were effective prior to December 31, 1996, if monthly pension benefits are being paid to a Surviving Spouse or Beneficiary at that time. Bonus checks will continue for as long as the Surviving Spouse or Beneficiary is entitled to receive a monthly benefit under the Husband-and-Wife Pension or the Seven-Year Guarantee Death Benefit, whichever is applicable.

## **RETIREE HEALTH PLAN ELIGIBILITY**

Under the current rules of the Sheet Metal Workers' Health Plan of Southern California, Arizona and Nevada, which may be changed at any time and for any reason in the full and absolute discretion of the Board of Trustees of that Plan, retirees under the Pension Plan may, subject to the rules of the Health Plan, be eligible for Retiree Health Plan coverage. Such coverage is limited to Pension Plan Participants with at least 12 years of Pension Credit earned in this Pension Plan (credits earned in a Related Plan will not apply). In addition, a total of two of the Pension Credits (including, for purposes of this requirement only, approved grace periods and periods in which contributions were required for Health Plan B but not for the Pension Plan) must have been earned in the 60 months (5 years) prior to the effective date of pension benefits, during which time contributions must have been made to the Health Plan.

An otherwise eligible Participant who does not have two pension credits in the Pension Plan in the five years prior to retirement, or on whose behalf Health Plan contributions were not made during such period, may elect Retiree Health Plan coverage at the time of retirement provided he meets the following criteria: (1) he must have been an owner or working in management for a contributing employer to this Plan, or working under a sheet metal workers or building trades collective bargaining agreement approved by the Trustees of the Health Plan, within six months of his pension effective date; (2) he must have been an eligible active participant in the Health Plan for at least five years; and (3) comprehensive, reasonably available employment-based retiree health care coverage must not be otherwise available to him. Participants within this special coverage group must pay 100% of the actual cost to the Plan of their Retiree Health Plan coverage, and must elect such coverage within 30 days of their pension effective date.

Other and additional limitations on eligibility as well as benefits under the Health Plan may apply. Health Plan benefits are not provided by the Pension Plan. Additional information about eligibility and benefits under the Health Plan may be obtained from the Administrative Office.

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## **PENSION CREDITS AND VESTING SERVICE**

### **How is Pension Credit earned?**

Pension Credit is divided into two categories: Past Service Credit for years prior to the Contribution Date and Future Service Credit for years after the Contribution Date. PENSION CREDIT IS USED TO DETERMINE ELIGIBILITY FOR ALL TYPES OF PENSION EXCEPT THE VESTED PENSION.

**PAST SERVICE CREDIT** - Credits for work before the Contribution Date when no Employer contributions were being made to the Pension Plan on behalf of Participants.

A Participant receives one year of Pension Credit for each calendar year in which he worked as a sheet metal worker for at least 40 weeks in the geographical area of the Plan at a job of the kind now covered by a Collective Bargaining Agreement with a Local Union which participates in the Plan. However, a Participant with a Contribution Date of January 1, 1967, (Local 26) or June 1, 1967, (Local 426 or Local 359 Tucson branch) may not receive more than 13 years of Past Service Credit for work in Covered Employment in the geographical jurisdiction of either Local.

In order to be eligible to receive any Past Service Credit, a Participant must have accumulated at least two quarters of Pension Credit or 750 hours within the eighteen-month period immediately following his Contribution Date.

The Trustees realize that it may be difficult for any individual to establish past years of service because of changing employment. For that reason Pension Credit will be granted for allowable periods of membership in any of the Local Unions in the plan prior to the Contribution Date.

### **Does employment prior to the Contribution Date have to be continuous in order to be counted as Pension Credit?**

No. Past Service Credit is granted for all verified allowable periods of employment even though some periods may have been separated by a number of years.

**FUTURE SERVICE CREDIT** - After the Contribution Date.

A Participant will be given credit for Future Service for periods after the Contribution Date based on the number of hours he works in Covered Employment (Covered Employment is employment for which an Employer is obligated by a Collective Bargaining Agreement to make payments to this Pension Plan.)

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Schedules for calculating Future Service credit vary for different periods as shown below:

**From Contribution Date to January 1, 1981**

<u>Hours worked in Calendar Year</u>	<u>Future Service Credit</u>
Less than 375	None
375 - 562	One Quarter
563 - 937	Two Quarters
938 - 1,499	Three Quarters
1,500 or more	One Year

**Between January 1, 1981 and January 1, 1986**

<u>Hours worked in Calendar Year</u>	<u>Future Service Credit</u>
Less than 600	None
600 - 899	One Quarter
900 - 1,199	Two Quarters
1,200 - 1,499	Three Quarters
1,500 or more	One Year

**Between January 1, 1986 and January 1, 1992**

<u>Hours worked in Calendar Year</u>	<u>Future Service Credit</u>
Less than 375	None
375 - 562	One Quarter
563 - 937	Two Quarters
938 - 1,499	Three Quarters
1,500 or more	One Year

**Between January 1, 1992 and January 1, 1997**

<u>Hours worked in Calendar Year</u>	<u>Future Service Credit</u>
Less than 300	None
300 - 599	One Quarter
600 - 899	Two Quarters
900 - 1199	Three Quarters
1,200 or more	One Year

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## On and After January 1, 1997

<u>Hours worked in Calendar Year</u>	<u>Future Service Credit</u>
Less than 300	None
300 - 649	One Quarter
650 - 999	Two Quarters
1,000 - 1,349	Three Quarters
1,350 or more	One Year

### What is Vesting Service?

Vesting Service is the unit used by the Plan as required by the ERISA rules to measure years of service to determine if a Participant should be eligible for a pension. ONLY FUTURE SERVICE counts towards Vesting Service. Past Service does not count towards Vesting Service or towards a Vested Pension. A Participant earns one year of Vesting Service for each year in which he earns at least 1,000 Hours of Service. Partial years of less than 1,000 hours do not count towards years of Vesting Service.

### What kinds of employment count towards Pension Credit and Vesting Service?

Beginning on January 1, 1976, all Hours of Service in Covered Employment are counted in determining Pension Credit and Vesting Service. In addition, all hours for which a Participant is paid or entitled to be paid by an Employer, are counted in determining Vesting Service but not Pension Credit. This includes all direct payments by the Employer for periods of disability, vacation, holidays, etc., but does not include indirect payments such as workers' compensation, unemployment compensation, State disability insurance payments or benefits from the Savings Plan for vacation or holiday.

The number of hours for which a Participant may receive credit for time he is not actually working is limited to 375 (300 effective January 1, 1992) in any one continuous period. Two periods of paid non-work time are continuous if they are compensated for the same reason (i.e. disability) and are not separated by 90 days or more.

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### **Special Rule for Vesting Service**

Beginning on January 1, 1976, if a Participant is working for an Employer in a job which is not covered by the Plan and for which no contributions are required, while the Employer is making contributions on behalf of other Employees who are covered by a Collective Bargaining Agreement, any hours in such non-covered employment will count toward Vesting Service, if the Participant worked in Covered Employment for the same Employer immediately before or after the non-covered work. This non-covered employment, however, does not entitle the Participant to any additional pension benefit amount; it counts only towards years of Vesting Service in determining the Participant's eligibility for a Vested Pension. Only Vesting Service earned in Covered Employment for which contributions are required is used in calculating a Participant's pension benefit amount.

If you think you may be eligible for Vesting Service Credit for any period of non-covered employment, please provide the Administrative Office with accurate records of your employment.

### **Credit for Military Service**

You may be entitled to Pension Credit and Vesting Service Credit for periods that you were absent from Covered Employment due to active military service if you have reemployment rights under federal law and satisfy the other conditions of the Plan. Effective December 12, 1994, benefit levels for periods of military service shall be determined by the average of your hours in Covered Employment during the three years prior to entry into the military or the average hours for all Participants in the Plan for the same three years, whichever is greater.

To receive credit for military service, you must have been employed in Covered Employment or be on the out-of-work list of the Union immediately before joining the military. The maximum length of time away from Covered Employment by reason of military service cannot exceed five (5) years except as required by federal law. After discharge, you must return to Covered Employment or make yourself available for Covered Employment within ninety (90) days of release from duty or, if you are disabled at that time, within ninety (90) days from recovery from disability. However, you will not be given credit for your military service if your period of recovery from a disability exceeds two (2) years.

If you think you may be eligible for Pension Credit and Vesting Service Credit for a period of military service, please provide the Administrative Office with accurate records of your service.

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## **BREAK IN COVERED EMPLOYMENT**

### **Permanent Break in Covered Employment before January 1, 1976**

Prior to January 1, 1976, if a Participant who was not vested failed to earn at least one quarter of Future Service Credit in a period of two consecutive calendar years, he had a Permanent Break in Covered Employment and all previous Pension Credit (Past and Future) was cancelled.

### **Permanent Break in Covered Employment between January 1, 1976 and January 1, 1987**

During this period, a One-Year Break in Covered Employment occurs when a Participant does not complete at least 375 hours of Service in a calendar year following December 31, 1975. A One-Year Break in Covered Employment cancels an Employee's Participant status which can be reinstated if he again works 1000 hours in a calendar year.

A Break in Covered Employment becomes permanent if the Participant has consecutive One-Year Breaks and the number of consecutive One-Year Breaks equals the number of years of Vesting Service he has accumulated if he is not Vested.

EXAMPLE: A Participant has earned four years of Vesting Service (four years of at least 1,000 hours each). Then has three years (the fifth through the seventh year) in each of which he has less than 375 hours of service. Whether or not this Participant will suffer a Permanent Break in Covered Employment depends on what happens during the next year (eighth year).

If, in the eighth year, he completes at least 375 hours of Service, he will not suffer a Permanent Break in Covered Employment and will retain his four years of Vesting Service. If he does not earn at least 375 hours of Service he will suffer a Permanent Break in Covered Employment because the number of consecutive One-Year Breaks equals the number of years of Vesting Service.

### **Permanent Break in Covered Employment after January 1, 1987**

During this period a One-Year Break in Covered Employment is the same as a One-Year Break prior to January 1, 1987 except that hours a Participant is absent from Covered Employment due to maternity or paternity leave will count in determining whether the Participant failed to complete 375 hours in a calendar year. Also, for calendar years beginning January 1, 1992, a Participant incurs a One-Year Break in Covered Employment if he fails to complete 300 hours of Service.

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A Break in Covered Employment becomes permanent after January 1, 1987 if the Participant has at least five consecutive One-Year Breaks and the number of consecutive One-Year Breaks equals the number of years of Vesting Service he has accumulated if he is not vested.

EXAMPLE: If a Participant has four years of Vesting Service, he will not have a Permanent Break until he has five consecutive One-Year Breaks. However, if a Participant has six years of Vesting Service he will not have a Permanent Break until he has six consecutive One-Year Breaks.

### **Grace Periods**

The Plan provides grace periods for Participants whose failure to earn 375 Hours of Service in the year (300 Hours of Service beginning January 1, 1992) was due to certain reasons. Grace periods do not add to a Participant's Pension Credit or Vesting Service. Rather, they are periods which are ignored in determining Breaks in Covered Employment or Separations in Service. (Also see page 32.)

An indefinite grace period will be allowed for the following:

1. Full time employment as an International Representative of the Sheet Metal Workers International Association.
2. Full time employment as an elected or appointed official of a labor organization affiliated with the AFL-CIO.
3. Ownership or management interest in a Contributing Employer to this Plan or a Related Plan (see definition on page 21).
4. While employed by a public agency under a Collective Bargaining Agreement with a Local Union or a Building Trades Council in which the Local Union participates.

A grace period of up to three consecutive calendar years will be allowed for the following:

1. Disability which lasts for at least six months during a calendar year.
2. Involuntary Unemployment provided the individual is on the out of work list, is living in the jurisdiction of the Plan, is available for work and has not turned down any available employment.

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**What is the effect of a Break in Covered Employment?**

If a Participant has a Permanent Break in Covered Employment before he has become Vested, it shall have the effect of canceling: (a) his previous years of Pension Credit; and (b) his previous years of Vesting Service Credit.

For purposes of the Break in Covered Employment rules, hours earned in a Related Plan shall be treated the same as hours earned in this Plan.

## When does a Participant become Vested?

Effective January 1, 1999, a Participant becomes “Vested” and the break rules described above will not operate to cancel his Pension Credits or Vesting Service if he has five years of Pension Credit or five years of Vesting Service without a Permanent Break in Covered Employment and has at least one hour of Covered Employment on or after January 1, 1999 that was earned as an Active Participant. If you incurred a Separation in Service prior to January 1, 1999, you must return to Covered Employment and earn one quarter of Pension Credit after January 1, 1999 before you incur a Permanent Break in Covered Employment in order to become Vested under this five-year rule.

If a Participant is Vested, it does not necessarily mean he is entitled to a pension benefit. He must still qualify under the terms of the Plan for the type of pension he is applying for.

If you do not qualify for vesting under this five-year rule, you may become Vested under the ten-year vesting rules described below, or upon attainment of Normal Retirement Age, as explained above in the section on Vested Pensions.

The rules on when a Participant becomes “Vested” have changed over the years since the Plan began. Following is a list of the vesting requirements for the various periods:

<u>Period</u>	<u>Required Pension Credit</u>	<u>Age Requirement</u>
January 1, 1958 to January 1, 1964	15 Pension Credits	55
January 1, 1964 to July 1, 1968	15 Pension Credits	55, or age + Pension Credit is 70 or more
July 1, 1968 to January 1, 1971	15 Pension Credits	None
January 1, 1971 to January 1, 1972	15 Pension Credits, or 10 Future Service Credits	None None
January 1, 1972 to January 1, 1976	10 Pension Credits	None
January 1, 1976	10 Pension Credits, or 10 years of Vesting Service	None None

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<u>Period</u>	<u>Required Pension Credit</u>	<u>Age Requirement</u>
January 1, 1999	5 Pension Credits, or 5 years of Vesting Service	None

### **Separation in Service and Freezing of Benefit Level**

A Separation in Service occurs when a Participant fails to earn 375 hours (300 hours beginning January 1, 1992) in each of two consecutive calendar years and is used only for purposes of determining benefit amounts for a Participant who eventually qualifies for a pension.

### **What is the effect of a Separation in Service?**

A Separation in Service means that future benefit increases do not apply to Pension Credits or Vesting Service or contributions earned prior to the Separation. It freezes the monthly benefit value or benefit percentage at the rate in effect:

- (a) At the time of the Separation in Service for each Separation in Service occurring prior to January 1, 1978.
- (b) At the time the last contribution was made by an Employer on behalf of the Participant for each Separation in Service occurring after January 1, 1978. For credit earned prior to January 1, 1981, the monthly benefit values per year of Pension Credit or Vesting Service referred to above (EXCEPT FOR LOCALS NOT MAINTAINING THE UNIFORM CONTRIBUTION RATE) are as follows:

<u>Effective Date</u>	<u>Benefit value</u>	<u>Maximum Pension</u>
January, 1959	\$ 2.00	\$ 70.00
January, 1963	3.80	95.00
January, 1965	4.50	112.50
April, 1966	6.00	150.00
July, 1967	7.20	180.00
July, 1969	10.00	250.00
January, 1971	20.00	500.00
January, 1975	22.71	567.75
April, 1978	24.00	600.00
January, 1987	24.72	618.00
January, 1992	25.00	625.00
January, 1996	35.00	875.00

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If the Separation in Service occurs after 1980, the rates listed above will not be applicable but you will receive the rate in effect at the time contributions were last made on your behalf. Please contact the Administrative Office to determine the applicable rate.

If any Participant whose benefits are frozen because of a Separation in Service returns to Covered Employment - whether before or after receiving retirement benefits - additional Pension Credit or Vesting Service may be earned (subject to the maximum of 25 years of Pension Credit or its equivalent in Vesting Service for employment prior to January 1, 1981). However, because of a Separation in Service, the Participant's pension would be based upon different benefit rates, one for his Pension Credits prior to the Separation in Service, and a different rate for the period of his reemployment. Also, because of the Separation in Service, that Participant will not be eligible for a Service Pension.

For purposes of the Separation in Service rules, hours earned in a Related Plan shall be treated the same as hours earned in this Plan.

### **Waivers of Breaks in Covered Employment and Separations in Service**

For retirements on and after January 1, 1995, Participants who have suffered a Break in Covered Employment or a Separation in Service will have that Break or Separation waived, if they have returned to Covered Employment (including employment under a Related Plan, see page 21) for at least as long a period of consecutive years as they had been out of Covered Employment. If the Break or Separation was caused by the Participant's work in Noncovered Sheet Metal Service, there will be only one waiver of such Break or Separation. Any subsequent Breaks or Separations will not be waived. A waiver cannot waive a period of less than one calendar year.

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## **OTHER TYPES OF BENEFITS**

### **What other types of benefits are provided by the Plan?**

The Plan also provides:

1. Death Benefits

- (a) Before Retirement
- (b) After Retirement
- (c) Lump Sum Benefits for Participants Eligible under the Health Plan.

2. Husband-and-Wife Pension

- (a) 50% Husband-and-Wife Pension
- (b) 50% Husband-and-Wife Pension with Pop-Up Option
- (c) 75% Husband-and-Wife Pension with Pop-Up Option
- (d) 100% Husband-and-Wife Pension with Pop-Up Option

3. Level Income Option

4. Lump Sum Option

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## 1. DEATH BENEFITS

### **What benefits does the Plan provide Participants who die before retirement?**

If a Vested Participant or a Participant has earned sufficient Pension Credit to be eligible for pension benefits and dies before retirement, the 50% pre-retirement Husband-and-Wife Pension will be paid to his Spouse unless the Spouse elects to receive 84 monthly payments of the Participant's Normal Retirement Age single life pension amount. If there is no Spouse living or if the Spouse dies before receiving 84 monthly payments, then the remainder of the 84 monthly payments will be made to the Participant's surviving minor child or equally to the minor children.

Beginning July 1, 1993, if there is no Spouse or minor children, the payment will be made to the designated beneficiary(ies). If there is no designated beneficiary(ies), the payment will be made to the legal beneficiary in accordance with applicable law. If there is no legal beneficiary, no death benefit shall be payable.

The amount of the monthly payments will be equal to the monthly amount of Regular Pension the Participant would have been entitled to receive had he retired and been age 65 on the day he died. A copy of the Death Certificate of the Participant must be filed with the application for this benefit.

Pre-retirement death benefits are available to those who meet the eligibility requirements unless the Participant works in Noncovered Sheet Metal Service in any calendar year and then dies in that calendar year or either of the following two calendar years.

The pre-retirement 84-monthly-payments benefit will also not be payable if payments to a surviving spouse are made under the pre-retirement Husband-and-Wife Pension (see pages 37 through 41). The surviving Spouse of an active participant will automatically receive survivor benefits under the pre-retirement Husband-and-Wife Pension unless it is rejected. As described on pages 37 through 41, the pre-retirement Husband-and-Wife Pension provides a lifetime benefit equal to 50% of the benefit the Participant would have been entitled to receive under the Husband-and-Wife Pension. The optional 50% Husband-and-Wife Pension will be calculated at the age of the Participant at the time of death. If the Participant is younger than age 55, benefits will be calculated as though the Participant was age 55 with at least 10 years of Pension Credit (as an Early Benefit) at the time of death. If the automatic form of payment is rejected, the surviving spouse may elect to receive eighty-four (84) monthly payments of the monthly pension benefit the employee would have been eligible for had he retired and been age 65 on the day he died. The pre-retirement Husband-and-Wife Pension is payable effective the first of the month following the date of death for deaths after October 1, 1995. The optional election to receive the 84 monthly payments instead of the pre-retirement Husband-and-Wife

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Pension must be made by the Spouse within ninety (90) days after notification to the Spouse from the Board of Trustees of the opportunity to make that election.

If a married Participant who is eligible for pension benefits submits in good faith a completed Pension Application, but dies before the application is approved or his pension becomes effective, the surviving Spouse may also elect to receive payment under the Husband-and-Wife Pension option selected in the pension application.

### **What benefits does the Plan provide Pensioners who die after retirement?**

#### **1. Lump Sum Death Benefit**

Upon the death of a Pensioner, with at least 5 years of Pension Credit or with at least 5 years of Vesting Service, a Lump Sum Death Benefit in the amount of \$1,000 will be paid to the Pensioner's surviving Spouse or, if there is no surviving Spouse, to the Pensioner's designated beneficiary. A claim for the lump sum death benefit must be filed within one year from the date of death. The proper form should be obtained from the Administrative Office. A copy of the Death Certificate must be filed with the application.

This benefit is paid in addition to any other benefits that may be payable upon the death of the Pensioner, such as Husband-and-Wife Pension payments to the surviving Spouse. However, this benefit is not payable if a Pensioner had worked in Noncovered Sheet Metal Service in any calendar year and dies during that calendar year or in either of the following two calendar years.

#### **2. Seven Year Guaranteed Death Benefit**

If a Pensioner receiving any type of pension other than a Vested Pension dies within the seven-year period beginning with the effective date of the pension, monthly pension payments will be continued to the Pensioner's surviving Spouse or, if there is no Spouse, to the Pensioner's designated beneficiary for the remainder of the seven-year period. This seven-year guarantee is not payable if payments are due under the Husband-and-Wife Pension, in which case payments will be made pursuant to the option selected.

3. After the Pensioner dies, if there is no surviving Spouse or designated beneficiary, the Lump Sum Death Benefit or the Seven Year Guaranteed Benefit, whichever is applicable, shall be payable to the legal beneficiary in accordance with applicable law. If there is no legal beneficiary, no death benefit shall be payable.

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## **2. HUSBAND-AND-WIFE PENSION AND OPTIONAL HUSBAND-AND-WIFE PENSION WITH POP-UP**

### **Husband-and-Wife Pension**

The Husband-and-Wife Pension provides that after the Participant's death, the surviving Spouse will receive monthly benefits for the rest of his or her lifetime at 50 percent of the amount the Participant received.

For example, if a Pensioner received a monthly pension of \$600 per month on a Husband-and-Wife Pension and died, the surviving spouse would receive a monthly benefit of \$300 per month for the rest of his or her life.

The Husband-and-Wife Pension extends protection over two lifetimes. Benefit levels are adjusted accordingly. The Pensioner, during his or her lifetime, will receive monthly benefits at a lower level than he or she would receive with a single-life protection. Monthly payments to the surviving Spouse after the Pensioner's death will be half the amount the Pensioner received and will continue for the rest of the Spouse's life.

How much benefits will be reduced with a Husband-and-Wife Pension depends on the difference in age between Participant and Spouse. If the Spouse is much younger than the Participant, benefits will be reduced more than if they were close to the same age or if the Spouse is older than the Participant. The reason is that, statistically speaking, the younger Spouse is likely to receive benefits for a longer period of time.

These are the formulas:

Non-Disability Pensions. If you are eligible for any type of pension other than a Disability Pension, your basic benefit will be reduced for the Husband-and-Wife Pension by multiplying your basic benefit by 90% minus .4% for each year your Spouse is younger than you or plus .4% for each year your Spouse is older than you. The maximum percentage is 100%.

Disability Pensions. If you are eligible for a Disability Pension, your basic benefit will be reduced for the Husband-and-Wife Pension by multiplying your basic benefit by 82% minus .4% for each year your Spouse is younger than you or plus .4% for each year your Spouse is older than you. If you are younger than age 55 and your Disability Pension was effective prior to October 1, 1995, an additional .5% for each year you are younger than age 55 is added to the percentage. The maximum percentage is 100%.

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EXAMPLE I: Let's say you are eligible for a Regular Pension of \$1,500.00 per month. You are 65 years old and your Spouse is 60 years old. In order to determine the monthly amount you would receive under the Husband-and-Wife Pension, you first determine how many years younger or older your Spouse is than you and multiply the benefit amount by the percentage from the table on page 40. In this case, your Spouse is 5 years younger than you, so you would multiply your Regular Pension of \$1,500.00 by 88%, which equals \$1,320.00. This is the monthly amount of pension you would receive for the rest of your life under the Husband-and-Wife Pension. Upon your death, your surviving Spouse will receive 50 percent of that amount, or \$660.00 for the remainder of her life.

EXAMPLE II: Let's say you are eligible for a Disability Pension of \$1,500.00 per month. You are age 54 and your Spouse is age 49. Since your Spouse is 5 years younger than you, your Disability Pension of \$1,500.00 is multiplied by 80% which equals \$1,200.00. This is the monthly amount of Disability Pension you will receive for the rest of your life.

Upon your death, your surviving Spouse will receive 50 percent of that amount, or \$600.00 for the remainder of his or her life.

### **Husband-and-Wife Pension with Pop-Up Option**

If you retire on or after October 1, 1997, you may elect a Husband-and-Wife Pension with a Pop-Up Option. The Pop-Up Option provides a reduced monthly retirement benefit for your life, with 50%, 75% or 100% (whichever you elect, effective June 1, 1998) of such monthly benefit payable to your Spouse upon your death for your Spouse's lifetime. The reduction is greater than the reduction for the 50% Husband-and-Wife Pension without a pop-up feature. Under the Husband-and-Wife Pop-Up Options, if your Spouse dies before you, your monthly benefit will be increased (or "popped-up") to the amount that would have been payable had your benefit been paid in the form of an 84-month certain single life annuity at retirement. By contrast, under the Husband-and-Wife Pension without pop-up, described above, if your Spouse dies first, your benefits are not adjusted and you will continue to receive payments at the same reduced amount for the remainder of your life.

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If you elect a Pop-Up Option and your spouse dies, you should send a certified copy of the death certificate to the Trust Office as soon as possible. The increased monthly benefit will become effective on the first of the month following the date of death provided the Plan receives notification (including acceptable proof of death) within 12 months after your Spouse's death. If you do not notify the Plan within 12 months of the date of death, the increased benefits will start on the first day of the month after proper notification is received by the Trust Office. Also, if your Spouse dies first, all pension payments will stop upon your death.

As with all optional forms of payment, your Spouse must consent, in writing, before a notary, to the election of a Pop-Up Option. Please note that the 75% and 100% Husband-and-Wife Pensions automatically include a pop-up feature. A 50% Husband-and-Wife pension, is available with or without that feature.

### **50% Husband-and-Wife with Pop-Up Option**

The amount of the 50% Husband-and-Wife Pension with Pop-Up Option is calculated as follows:

#### Non-Disability Pensions.

For non-disability pensions, multiply the monthly benefit otherwise payable by 89% minus .4% for each year your Spouse is younger than you or plus .4% for each year your Spouse is older than you, provided that the resulting pension will never be greater than 100% of the non-reduced pension.

#### Disability Pensions.

For Disability Pensions, multiply the monthly benefit otherwise payable by 81.4% minus .4% for each year your Spouse is younger than you or plus .4% for each year your Spouse is older than you, provided that the resulting pension will never be greater than 100% of the non-reduced pension.

### **75% Husband-and-Wife with Pop-Up Option**

The amount of the 75% Husband-and-Wife Pension with Pop-Up Option is calculated as follows:

#### Non-Disability Pensions.

For non-disability pensions, multiply the monthly benefit otherwise payable by 87% minus .6% for each year your Spouse is younger than you or plus .6% for each year your Spouse is older than you, provided that the resulting pension will never be greater than 100% of the non-reduced pension.

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### Disability Pensions.

For Disability Pensions, multiply the monthly benefit otherwise payable by 77.4% minus .5% for each year your Spouse is younger than you or plus .5% for each year your Spouse is older than you, provided that the resulting pension will never be greater than 100% of the non-reduced pension.

### **100% Husband-and-Wife with Pop-Up Option**

The amount of the 100% Husband-and-Wife Pension with Pop-Up Option is calculated as follows:

### Non-Disability Pensions.

For non-disability pensions, multiply the monthly benefit otherwise payable by 82% minus .6% for each year your Spouse is younger than you or plus .6% for each year your Spouse is older than you, provided that the resulting pension will never be greater than 100% of the non-reduced pension.

### Disability Pensions.

For Disability Pensions, multiply the monthly benefit otherwise payable by 69.4% minus .5% for each year your Spouse is younger than you or plus .5% for each year your Spouse is older than you, provided that the resulting pension will never be greater than 100% of the non-reduced pension.

### **Applying for Husband-and-Wife Pension at Retirement**

When a married Participant files a pension application, the Administrative Office will give the Participant a statement of what the estimated monthly benefit will be with both the single-life protection or with a Husband-and-Wife Pension.

If you are married, your pension will automatically be paid on the basis of a Husband-and-Wife Pension unless you and your Spouse notify the Administrative Office in writing before your benefits start that you want your pension on the basis of single-life protection or an option other than the Husband-and-Wife Pension. Your spouse must consent to a rejection of the Husband-and-Wife Pension.

Both married applicants and spouses and unmarried applicants must select benefit options in writing and the election must be notarized.

Once payments have started as a Husband-and-Wife Pension, the monthly benefits must continue on that basis, even if the marriage is dissolved or if the Spouse should die before the Participant.

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## **Applying for Husband-and-Wife Pension Before Retirement**

The procedures outlined above relate to the choice of a Husband-and-Wife Pension when the Participant is ready to retire. However, if the Participant dies before he applies for a pension, his surviving Spouse will receive a pre-retirement Husband-and-Wife Pension beginning on or after the earliest date on which the Participant could have retired and begun receiving pension benefits if still alive. The surviving Spouse will receive benefits over her lifetime as described below unless she elects the seven year guarantee. (See pages 35 through 36.)

Benefits to a surviving Spouse under the pre-retirement Husband-and-Wife Pension will be effective on the first day of the month following the Participant's death (regardless of the Participant's age at the time of death). If the Participant is younger than 55 at the time of death, the monthly amount payable to the surviving Spouse shall be calculated as if the Participant had retired with a Husband-and-Wife Pension at age 55 on the day before his death. However, if the Participant was eligible for a Service Pension at the time of death, the amount payable to the surviving Spouse shall be calculated as if the Participant had retired with a Service Pension in the Husband-and-Wife form.

### **Significant notes about the Husband-and-Wife Pension**

- \* You and your Spouse must be legally married for at least one year immediately prior to your death for the Husband-and-Wife Pension to be payable at your death.
- \* If you are married, you will receive a Husband-and-Wife Pension when you retire unless you notify the Administrative Office you want your pension another way.
- \* If you are vested and die before retirement, you will be automatically covered for the Husband-and-Wife Pension protection covering your Spouse, provided you and your Spouse have been married for at least one year on your date of death.
- \* Husband-and-Wife Pension can protect only a Spouse legally married to the Participant at the time pension payments start.
- \* Once payments have begun on a Husband-and-Wife Pension, they will continue at the same level even if the Spouse should die before the Participant (unless you elect a Pop-Up Option at the time retirement) or you are separated or divorced.
- \* Payments to a surviving Spouse continue for life; they are not affected by remarriage.
- \* If a Spouse should die before a Participant, after pension payments have begun, all pension payments will stop with the death of the Participant.

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If you are unable to figure out the amount of your Husband-and-Wife Pension, you may contact the Administrative Office and request a Pension Credit Status Report to be sent to you which will include an estimate of the monthly benefit options.

The table below shows the reduction for each type of Husband-and-Wife Pension at various ages.

Age Difference	Non-Disability Pensions			
	50% H&W	50% w/Pop-Up	75% w/Pop-Up	100% w/Pop-Up
20 years younger	82.0	81.0	75.0	70.0
19 years younger	82.4	81.4	75.6	70.6
18 years younger	82.8	81.8	76.2	71.2
17 years younger	83.2	82.2	76.8	71.8
16 years younger	83.6	82.6	77.4	72.4
15 years younger	84.0	83.0	78.0	73.0
14 years younger	84.4	83.4	78.6	73.6
13 years younger	84.8	83.8	79.2	74.2
12 years younger	85.2	84.2	79.8	74.8
11 years younger	85.6	84.6	80.4	75.4
10 years younger	86.0	85.0	81.0	76.0
9 years younger	86.4	85.4	81.6	76.6
8 years younger	86.8	85.8	82.2	77.2
7 years younger	87.2	86.2	82.8	77.8
6 years younger	87.6	86.6	83.4	78.4
5 years younger	88.0	87.0	84.0	79.0
4 years younger	88.4	87.4	84.6	79.6
3 years younger	88.8	87.8	85.2	80.2
2 years younger	89.2	88.2	85.8	80.8
1 year younger	89.6	88.6	86.4	81.4
<b>Same Age</b>	<b>90.0</b>	<b>89.0</b>	<b>87.0</b>	<b>82.0</b>
1 year older	90.4	89.4	87.6	82.6
2 years older	90.8	89.8	88.2	83.2
3 years older	91.2	90.2	88.8	83.8
4 years older	91.6	90.6	89.4	84.4
5 years older	92.0	91.0	90.0	85.0
6 years older	92.4	91.4	90.6	85.6
7 years older	92.8	91.8	91.2	86.2
8 years older	93.2	92.2	91.8	86.8
9 years older	93.6	92.6	92.4	87.4
10 years older	94.0	93.0	93.0	88.0
11 years older	94.4	93.4	93.6	88.6
12 years older	94.8	93.8	94.2	89.2
13 years older	95.2	94.2	94.8	89.8
14 years older	95.6	94.6	95.4	90.4
15 years older	96.0	95.0	96.0	91.0

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16 years older	96.4	95.4	96.6	91.6
17 years older	96.8	95.8	97.2	92.2
18 years older	97.2	96.2	97.8	92.8
19 years older	97.6	96.6	98.4	93.4
20 years older	98.0	97.0	99.0	94.0

Age Difference	Disability Pensions			
	50% H&W	50% w/Pop-Up	75% w/Pop-Up	100% w/Pop-Up
20 years younger	74.0	73.4	67.4	59.4
19 years younger	74.4	73.8	67.9	59.9
18 years younger	74.8	74.2	68.4	60.4
17 years younger	75.2	74.6	68.9	60.9
16 years younger	75.6	75.0	69.4	61.4
15 years younger	76.0	75.4	69.9	61.9
14 years younger	76.4	75.8	70.4	62.4
13 years younger	76.8	76.2	70.9	62.9
12 years younger	77.2	76.6	71.4	63.4
11 years younger	77.6	77.0	71.9	63.9
10 years younger	78.0	77.4	72.4	64.4
9 years younger	78.4	77.8	72.9	64.9
8 years younger	78.8	78.2	73.4	65.4
7 years younger	79.2	78.6	73.9	65.9
6 years younger	79.6	79.0	74.4	66.4
5 years younger	80.0	79.4	74.9	66.9
4 years younger	80.4	79.8	75.4	67.4
3 years younger	80.8	80.2	75.9	67.9
2 years younger	81.2	80.6	76.4	68.4
1 year younger	81.6	81.0	76.9	68.9
<b>Same Age</b>	<b>82.0</b>	<b>81.4</b>	<b>77.4</b>	<b>69.4</b>
1 year older	82.4	81.8	77.9	69.9
2 years older	82.8	82.2	78.4	70.4
3 years older	83.2	82.6	78.9	70.9
4 years older	83.6	83.0	79.4	71.4
5 years older	84.0	83.4	79.9	71.9
6 years older	84.4	83.8	80.4	72.4
7 years older	84.8	84.2	80.9	72.9
8 years older	85.2	84.6	81.4	73.4
9 years older	85.6	85.0	81.9	73.9
10 years older	86.0	85.4	82.4	74.4
11 years older	86.4	85.8	82.9	74.9
12 years older	86.8	86.2	83.4	75.4
13 years older	87.2	86.6	83.9	75.9
14 years older	87.6	87.0	84.4	76.4
15 years older	88.0	87.4	84.9	76.9
16 years older	88.4	87.8	85.4	77.4

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17 years older	88.8	88.2	85.9	77.9
18 years older	89.2	88.6	86.4	78.4
19 years older	89.6	89.0	86.9	78.9
20 years older	90.0	89.4	87.4	79.4

### 3. LEVEL INCOME OPTION

#### What is the Level Income Option?

This Option makes it possible for an Early Retirement Pensioner to receive a higher monthly pension benefit from the Pension Plan until age 62 (when Social Security benefits become available), and a reduced monthly benefit amount thereafter. This option is not available to pensioners retiring at age 62 or older nor is it available with the election of a Husband-and-Wife Pension.

The following example shows how the Option works:

A Participant retires at age 59 with 20 years of Pension Credit:

His Early Retirement Pension would be	\$ 460.00
If he took this option, it would increase his monthly pension benefit until age 62, by	<u>\$ 79.20</u>
Total monthly benefit payable before age 62	\$ 539.20
At age 62 the monthly benefit would be reduced by	<u>\$ 100.00</u>
Total monthly benefit payable after age 62	\$ 439.20

The Level Income Option increase is based upon the age of the Pensioner according to the following table and the reduction at age 62 is always \$100.00.

<u>Attained Age at Commencement Of Optional Benefits</u>	<u>Amount of Increase</u>
55	\$60.00
56	64.10
57	68.70
58	73.70
59	79.20
60	85.40
61	92.30

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In no event will the Factor be less than that determined by using the Applicable Mortality Table and the Applicable Interest Rate.

The Level Income Option must be elected in writing and the election filed with the Administrative Office prior to the date the first pension payment is made. Once payment has begun under the Option, it cannot be revoked.

If a Pensioner who is receiving a pension under the Level Income Option dies before receiving the equivalent of 84 times his monthly Early Retirement Pension before applying the Level Income Option formula, his beneficiary will receive the remainder on a monthly basis in an amount equal to the Early Retirement Pension the Pensioner would have received had he not elected the Level Income Option.

EXAMPLE: If the Early Retirement Pensioner in the above example died at age 60 after receiving 12 monthly payments of \$539.20, his beneficiary would be entitled to the following:

Amount of guaranteed Early Retirement benefits 84 x \$460.00	\$ 38,640.00
Amount of benefits received at time of death 12 months at \$539.20	<u>\$ 6,470.40</u>
Amount of benefits remaining to be paid (at \$460.00)	\$ 32,169.60
This means the beneficiary will receive 69 monthly payments at \$460.00 per month, which equals	\$ 31,740.00
And 1 payment at	<u>\$ 429.60</u>
Total benefits paid will equal	\$ 32,169.60

#### **4. LUMP SUM OPTION**

Effective March 1, 2000 if the monthly amount of any benefit does not exceed \$100, the Participant may elect to receive the actuarial present value of the benefit in a lump sum. If the Participant is married, the Participant's spouse must consent to the distribution in the form of a lump sum. The option to elect a lump sum distribution is also available to a surviving spouse who qualifies for a pre-retirement Husband-and-Wife Pension benefit and to a designated beneficiary who qualifies for the 84-month Pre-Retirement Death Benefit. The amount of the lump sum will be determined by converting the monthly benefit to its actuarial present value using the applicable interest rate and the applicable mortality table required by federal law.

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## **SUSPENSION OF BENEFITS FOR WORK AFTER RETIREMENT**

### **May a Pensioner return to work and continue to receive his Pension?**

#### **Suspension of Benefits**

##### **Prohibited Employment Before Age 65**

While you are younger than age 65 (or Normal Retirement Age if later, see page 22), you cannot work anywhere for wages or profit, or receive any compensation either as an employee or as an employer in the Sheet Metal Industry (see definition below).

However, you may work up to 40 hours as an instructor on a part-time basis (40 hours per month maximum) in any JATC (journeymen and apprentice training) sponsored program, course or activity. This provision shall not apply to full-time instructors or to the positions of training coordinator or administrator.

##### **Prohibited Employment After Age 65 and before Required Beginning Date**

Once you reach age 65 (or Normal Retirement Age if later, see page 22) and before attaining your Required Beginning Date, you may work no more than 40 hours per month in the same industry, in the same trade or craft, and in the same geographic area covered by the Plan or the area of a Related Plan (see definition on page 21). Outside the Plan area and the Related Plan areas, there are no restrictions on the amount or type of work you may engage in while receiving pension benefits. However, hours earned outside the Plan area and Related plan area may not be credited to any "Hour Bank" for Health Plan eligibility and the Pensioner will not be eligible for "active participant" (Plan A or Plan B) Health Plan coverage by virtue of such employment.

The "same industry" means any business activity of an employer that includes the type of employment covered by the Plan. The "same trade or craft" means any occupation in which you were employed or in which you could have been employed under the Plan, including self-employment related to that occupation and related supervisory activities. The "same geographic area" means the states of California, Arizona and Nevada and any other area covered by a Related Plan.

Once you attain your Required Beginning Date, your benefits will not be suspended for work in the Sheet Metal Industry. Your Required Beginning Date is the April 1<sup>st</sup> of the year following the year in which you attain age 70½.

The "**Sheet Metal Industry**" is considered to be all work or services of the kind performed by any contributing Employer to the Plan which relates in any way to any

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work performed by Employees covered by the Pension Plan. For example, in addition to manufacturing, fabrication, service, design and installation of products or goods by contributing employers, the Sheet Metal Industry includes but is not limited to the following functions:

1. an ownership interest in, or any work or consulting for, any establishment which manufactures, fabricates, services, designs, installs, repairs or sells any items of the type so handled by any contributing employer; whether or not the establishment is incorporated and whether or not it contributes to the Plan.

Please note that if your spouse has any such connection with the Sheet Metal Industry you are deemed to also have compensation or profit from the Industry. If your spouse has an ownership interest in a Sheet Metal employer prior to your retirement, he or she must sell or transfer that interest or you will not be eligible for pension benefits. However, a spouse of a Pensioner may continue employment in a job capacity he or she continuously performed prior to your retirement. He or she may also work in a non-management office position (such as secretarial or accounting) not involving the tools of the sheet metal trade, and for wages or salary commensurate with the position, in the opinion of the Trustees. The Pensioner, or his or her spouse, must submit a written request for approval of such employment by the Board of Trustees, through the Eligibility Committee, within 30 days of beginning such employment.

2. acting in a sales, consulting, estimating or design capacity relating to any items of the types manufactured, fabricated, serviced, designed, installed, repaired, sold, etc. by any contributing employer.
3. any other work relating in any way to the manufacture, fabrication, service, design, installation, repair or sale of any item of the type handled by any contributing employer.

Exception for Certain Sales or Safety Work - 55/25 Rule. Effective July 1, 1998 through December 31, 2006 (unless extended), if you are 55 or older and have at least 25 years of Pension Credit and are receiving a Pension benefit from the Plan, you may return to work as a salesperson (or as safety personnel, effective July 1, 2002) for a specific contributing Employer without having your pension suspended subject to the following conditions:

1. You are retired and receiving a benefit from the Plan and you do not work at all with the tools of the trade or perform supervision as defined by the local Sheet Metal Workers union in the jurisdiction where the work is performed, or perform work (other than allowed here) which is claimed by the Sheet Metal Workers' International Association;

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2. Prior to the start of your employment, you receive written approval from the Local Sheet Metal Workers Union in the jurisdiction;
3. Prior to the start of your employment, you submit a written request for approval of such employment, and receive written approval from the Eligibility Committee of the Board of Trustees; and
4. Your employer must report all of your hours to the Sheet Metal Workers Trust Funds. No Plan contributions will be paid for your hours, and you will not earn Pension Credits. You will be paid, however, at minimum, regular journeyman wages as set in the jurisdiction, or at the rate set by the bargaining parties of the jurisdiction, for all hours worked under this rule.
5. Approval to work under the 55/25 Rule must be reconfirmed in writing each January by the local Sheet Metal Workers union. Without reconfirmation, approval will terminate effective the following March 1<sup>st</sup> .

Please be aware that work under these conditions may cause you to lose benefits under any related pension and/or health and welfare plans. For example, this rule is not consistent with the rules of the Sheet Metal Workers National Pension Plan and may cause a suspension of your benefits, if any, under that plan. You are urged to consult with any other pension and health plans from which you receive benefits to determine the implications under such other pension and health plans of a return to work under this rule. This 55/25 Rule is effective July 1, 1998 and will terminate December 31, 2006 unless extended by action of the Board of Trustees.

### **Suspension of Pension Payments**

If you are receiving a pension from this Plan and take work which is prohibited by the Plan regulations, you must notify the Administrative Office, in writing, within 30 days, at which time your benefit will be stopped.

Your benefit will continue to be suspended for any calendar month in which you have been employed, plus an additional six calendar months after you cease your prohibited employment. If you also have not notified the Administrative Office of your prohibited employment within the required 30 days, your payments will be suspended at the Trustees' discretion for an additional 12 calendar months (18 if the work was in Non-Covered Sheet Metal Service). Any Pensioner age 65 or over who fails to notify the Plan of his employment in the Sheet Metal Industry (see definition above) will be presumed to have worked more than 40 hours in each month in which he worked.

You will receive notice from the Plan when your benefit has been suspended, including the reasons for the suspension. You have the right to appeal to the Board of Trustees in writing, which must be filed with the Trustees within 60 days of the date on your notice

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of suspension. The appeal will be considered by the Administrative Office, and their decision will be furnished to you in writing, including the reasons for the decision and reference to governing Plan provisions.

If your pension is suspended, you must file a claim to resume payments before your pension can start again. To meet this notice requirement, you can simply advise the Trustees, in writing, as to when you stopped or will stop working in prohibited employment. The Administrative Office will then review your file and advise you about the date payments will resume, and the Plan's recovery of any overpayment.

**IMPORTANT: If a Pensioner has a question as to whether any work would adversely affect pension benefits or result in suspension of pension benefits, the Pensioner should submit a written request to the Administrative Office for an advance determination from the Eligibility Committee of the Board of Trustees.** Failure to request such advance approval will be presumed to be evidence of an intent to hide your employment and could lead to a determination by the Trustees or a Court that you must repay all benefits improperly received. Only the Trustees through the Eligibility Committee, and not any individual Trustee or Union representative, can make this determination. You should not rely upon the statement of any individual, but only the written approval of the Committee.

A Pensioner who returns to Covered Employment will, when he retires again, be entitled to receive an increased benefit by having any additional Pension Credits earned during his return to work added to his original pension. Such additional credit will be added at the end of that calendar year and be paid effective January 1<sup>st</sup> of the following year.

In the case of a Pensioner who retired at or after Normal Retirement Age who is reemployed and earns additional benefits, the original Annuity Starting Date and the benefit payments elections made at that time will apply when benefit payments begin again at a later date.

In the case of a Pensioner who retired before Normal Retirement Age who is reemployed and earns additional benefits, a new Annuity Starting Date will be established for payment of those new benefit accruals (but only for additional benefits due solely to the Pensioner's renewed employment after early retirement) when the Pensioner again retires. The benefits earned during that period of reemployment will be paid as a Husband-and-Wife Pension, if applicable as of the new Annuity Starting Date, or, if that is properly rejected, any other payment form available to the Pensioner under the Plan.

If an Early Retirement Pensioner returns to work, when he retires again he must repay the full amount of the pension he previously received when he retires again. To accomplish this repayment, he will receive the amount of his former pension until the difference between that and his new, increased benefit has repaid the sum of all his original pension payments.

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Effective January 1, 1999, if a Pensioner returns to Covered Service for at least 12 months and works in Covered Employment (including work in a Related Plan, see page 21) for 1350 hours or more he shall be eligible to reelect the form of his pension for payments made subsequent to his re-retirement (i.e., single life versus Husband-and-Wife benefits) with adjustments to the benefit amount as determined pursuant to the Plan. This reelection is allowed only on a one-time basis.

### **Special Rules for Work for Non-Contributing Employers**

If a Participant works in Noncovered Sheet Metal Service, the following special rules will apply to him.

Noncovered Sheet Metal Service means sheet metal work in the geographical jurisdiction of this Plan or a Related Plan (see definition on page 21) on or after February 1, 1986. Such sheet metal work includes self-employment not covered by, or work for an employer which does not have, a collective bargaining agreement with a Sheet Metal Workers' Union requiring contributions to this Plan or a related pension or health plan. This includes geographic areas which have signed the National Reciprocal Agreement. It includes all work or services of the kind performed by any contributing Employer to the Plan which relates in any way to any work of the kind performed by participating Employees covered by the Plan. It includes such jobs as management, ownership, sales, estimating or consulting positions for Sheet Metal employers or in the Sheet Metal Industry (see definition above), as well as work of the type done by bargaining unit members and related work.

### **Consequences for Work in Noncovered Sheet Metal Service**

1. **Early Retirement Pension.** The effective date of a Participant's Early Retirement Pension will be delayed six months for every calendar quarter in which the Participant has at least one hour of Noncovered Sheet Metal Service.
2. **Service Pension.** The effective date of a Participant's Service Pension will be delayed six months for every calendar quarter in which the Participant has at least one hour of Noncovered Sheet Metal Service.
3. **Disability or Special Early Pension.** A Participant shall not be eligible to receive a Disability or Special Early Pension if he works in Noncovered Sheet Metal Service during any part of a calendar year and then becomes disabled during that same calendar year or the immediately following two consecutive calendar years.
4. **Suspension of Pension Benefits.** If a Pensioner's Early Retirement or Service Pension is suspended on account of employment in Noncovered Sheet Metal Service, an additional six months of suspension shall be added to the period of suspension otherwise provided for in the Plan.

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5. **Death Benefits.** The Pre-Retirement Death Benefit, the Pensioner's Lump Sum Death Benefit, and the Death Benefit for Participants eligible under the Health Plan shall not be payable on behalf of a Participant or Pensioner who works in Noncovered Sheet Metal Service during any part of a calendar year and then dies during that same calendar year or the immediately following two consecutive calendar years.
6. **Return to Covered Employment.** If a Participant works in Noncovered Sheet Metal Service and then returns to employment for an employer required to contribute to the Plan for at least as long a period as he had previously worked in Noncovered Sheet Metal Service, the penalties provided for such work prior to that period shall be waived. A Participant may have only one waiver of such penalties.

If the Pensioner qualifies for a waiver, he must submit a new pension application and a new pension effective date will be established based on receipt of a new pension application.

If an Early Pensioner qualifies for a waiver, the Pensioner must submit a new pension application and a new pension effective date will be established based on receipt of a new pension application, the Pensioner must repay the full amount of pension benefits the Pensioner previously received when he retires again. To accomplish this repayment, the Pensioner will receive the amount of the initial pension until the difference between that and the Pensioner's new increased benefit, calculated at his age at the time of his new pension effective date and after the waiver, has repaid the sum of all the Pensioner's original pension payments.

If a Participant who was employed in Noncovered Sheet Metal Service as of February 1, 1986, returns to Covered Employment on or before December 31, 1986, and thereafter earns at least 375 hours in Covered Employment, any calendar year prior to January 1, 1987 in which he worked in Noncovered Sheet Metal Service shall not be considered in determining whether the Participant has a Break in Covered Employment or a Separation in Service.

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## ANNUITY STARTING DATES

Your Annuity Starting Date is the date as of which your pension becomes effective. An eligible applicant's earliest permitted Annuity Starting Date is the first day of the second month immediately following satisfaction of these three requirements: (1) the applicant's completed pension application has been filed with the Administrative Office; (2) the applicant has been provided a written explanation of the forms of payment available from the Plan; and (3) the applicant has ceased Prohibited Employment (see above under "Suspension of Benefits for Work After Retirement").

The actual commencement of your payments may be delayed because of processing. For example, in order to verify your Past Service Credit, the Administrative Office may need to obtain Union membership records, or employment records from the Social Security Administration. Generally, once processing is completed and you are found to be eligible for a pension, you will receive payments retroactive to your Annuity Starting Date.

The Annuity Starting Date for a Disability Pension is determined in the same manner. However, disability benefits may, under certain circumstances, be payable for periods prior to the Annuity Starting Date. Refer to the explanation of the Disability Pension on pages 17 through 19. To ensure that a Disability Pension will become payable as early as possible:

1. Send the application to the Administrative Office as soon as possible, and, if applicable, at the same time as the application for Social Security benefits; and
2. Send the Social Security Notice of Award to the Administrative Office as soon as it is received.

The Annuity Starting Date cannot be later than your Required Beginning Date (see page 46). This means that if you are eligible for pension benefits from this Plan, payments must begin no later than April 1<sup>st</sup> of the calendar year which immediately follows the calendar year in which you reached age 70½.

### **Waiver of Minimum 30-day Notice Period for Distributions**

By law, participants (and their spouses, if any) have a 30-day notice period to decide if they want monthly benefits payable in a form other than the automatic form of payment that corresponds to their marital status on their Annuity Starting Date. If you and your spouse elect an alternate form of payment (for example, the Single Life Annuity with the Seven Year Guaranteed Death Benefit), then unless you elect to waive the minimum 30-day notice period and your spouse consents to that waiver, your Annuity Starting Date cannot occur—and neither may the actual distribution of your benefits begin—before this

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notice period ends. An election to waive the 30-day minimum waiting period will be valid as long as:

- (1) you are informed of the right to take at least 30 days to consider whether to waive the Husband and Wife Pension and consent to receive an alternate form of payment; and
- (2) you are given at least seven days to change your mind and cancel an election to waive the automatic form of payment; and
- (3) distribution of benefits does not begin until after the seven-day period expires.

This change will allow the payment of your benefits to begin as of the eighth day after you are provided with the written explanation of the available forms of payment. Administrative processing of your pension application may delay the issuance of your first benefit payment.

## **HOW TO OBTAIN BENEFITS AND APPEAL A DENIAL OF BENEFITS**

This section sets forth the Plan's rules that apply to pension benefit determinations and the review of adverse benefit determinations.

Hopefully, the process set forth in this section will allow the prompt initial determination of your pension benefit claims and the full and fair review of adverse pension claim determinations for which you request review.

### **Authorized Representatives**

The Plan will recognize the following individuals as representatives for claims and claim review requests:

1. If you are an adult participant or beneficiary, you may speak on your own behalf.
2. If you are a parent (natural or adoptive) you may speak on behalf of a child – beneficiary.

All other purported representatives must supply evidence that they are authorized to speak on your behalf. For the Plan to recognize such a representative, the representative must present to the Administrative Office a court order, a "Power of Attorney," or a similar document expressing the representative capacity.

### **Claim Determination Consistency**

It goes without saying that like claims should receive like treatment. The Administrative Office will take steps to ensure and to verify that your benefit claim determinations are made in accordance with governing plan documents and that these plan provisions have been applied consistently with respect to you and other similarly-situated claimants.

### **Benefits Available**

The Pension Plan provides benefits to a number of different individuals who qualify for those benefits. The benefits are summarized on pages 6 to 23.

### **Filing of Pension Claims/Issues**

If you believe that you are eligible for benefits under the Pension Plan, you should contact the Administrative Office and request the appropriate benefit application forms. The Administrative Office will mail the appropriate application forms to you. A claim is filed, or "received," for purposes of these rules, when a completed benefit application is received by the Administrative Office, although additional information, including election forms, tax forms, retirement declarations, etc. may be required before an initial

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determination can be made on the application. The Administrative Office will specify what additional information may be needed. (See discussion of Pension Effective Dates, pages 4 and 56. Also see the discussion of Annuity Starting Dates beginning at page 52.)

If you wish to pose any other issue to the Plan for determination, you should put the issue in writing and submit it to the Administrative Office. An issue other than a benefit application is filed, or “received,” for purposes of these rules, when the writing posing the issue is received by the Administrative Office.

Once your application or claim is received, the Administrative Office will use the postmark date as your filing date if it is mailed.

### **Application for a Disability Pension**

If you are applying for a Disability Pension, you must provide proof of disability in addition to the foregoing. This would be the notice of entitlement to Social Security disability benefits which you may have received from the U.S. Social Security Administration.

### **Application for a Pro Rata Pension**

If your application is for a Pro Rata Pension, you may also need to apply to the Related Plan (or Plans) (see definition on page 21) for a pension under their regulations.

### **If you are age 65 and do not apply for a pension**

According to federal law, your benefits will be suspended if you continue to work in prohibited employment (see page 46) after age 65 (or your Normal Retirement Age, if later). This means that if you do not apply for benefits when you reach age 65, pension payments will be suspended for every month after then in which you work more than 40 hours. You will continue to accrue Pension Credit based on the hours you work in Covered Employment. When you retire, your pension will be calculated as a delayed retirement as described on pages 12-13.

### **Federal Income Tax Withholding; Rollover to Another Qualified Account**

If benefits are paid as a lump sum or in installments over a period of less than 10 years, federal law requires 20% withholding for federal income tax on those payments, unless the individual to receive the payments elects to rollover those payments to another eligible tax-qualified account, such as an Individual Retirement Account (IRA). You should consult with your financial and/or tax advisor to select the best approach.

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## **Application for Benefits by Beneficiaries**

If you die before or after retirement, your surviving Spouse or other Beneficiary must file an application with the Administrative Office for death benefits and/or retirement benefits which may be due them (see pages 35-36 for further information about such Plan benefits).

To make it possible for payments to begin with minimal delay, the Spouse or Beneficiary, or their representative, should contact the Administrative Office as soon as possible after a Participant's death about any benefits due and required procedures. The Administrative Office will supply the forms and information needed.

## **Benefit Claims and Disability Benefit Claims**

### **Initial Determination – Notice**

Pension claims/issues are required to be initially determined and notice of any decision will be given to you within a reasonable period of time, not later than 90 days after receipt of the claim. This period may be extended one time by the Plan for up to 90 days, provided that the Plan both: (1) determines that special circumstances require the extension; and (2) notifies you, prior to the expiration of the initial 90-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to make the determination.

If the special circumstance requiring the extension of time under this provision is your failure to supply information needed to perfect the claim, and such information is not received by the Administrative Office within the 180 day time period specified by this provision, the claim will be denied, and a new application must be filed with the Administrative Office under the Filing paragraph of these rules.

### **Form of Notice of Initial Determination**

If an adverse determination is made by the Plan with respect to a benefit claim/issue, the Plan will provide to you written notification setting forth, in a manner suited to your understanding:

1. The specific reason(s) for the determination;
2. Reference to the specific plan provision(s) on which the determination is based;
3. A description of any additional material or information necessary to perfect the claim and any explanation of why the additional material or information is necessary; and

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4. A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to sue under Section 502(a) of ERISA after exhaustion of the review procedures.

### **Time Frame To Request Review of a Denied Claim**

You have 60 days following receipt of notification of an adverse determination to file a request for review. Any request for review received by the Plan after this time frame is untimely and subject to denial on review on that basis alone.

### **Request for Review of a Denied Claim**

When a claim for specific Pension Plan benefits (a "claim") is submitted to the Administrative Office, it is processed according to the Plan's rules. If you receive from the Plan, an answer to a claim with which you disagree, you or a duly authorized representative of your choice may request a review of the decision. The request for review must be in writing and submitted to the Administrative Office. The request for review must be received by the Administrative Office within 60 days from the date of your receipt of the answer with which you disagree. Late requests may be rejected as untimely. You may submit any additional evidence or argument to support your position. You may also be provided, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim for benefits. Decisions made by the Appeals Committee (see below) are the final step of any appeals process and are considered final.

### **Specific Processes**

After initial processing by the Administrative Office, a claim will be reviewed by the Eligibility Committee, which is a Committee of the Board of Trustees of the Plan. The Eligibility Committee will independently consider all comments, documents, records and other information submitted by you or your authorized representative relating to the claim.

You will be advised in writing of the decision of the Eligibility Committee. This will include a written explanation giving detailed reasons for any denial, specific references to the Plan provisions on which the denial is based, a description of any additional material or information necessary for you to perfect the claim, an explanation of why such material or information is necessary, a description of the Plan's review procedures and applicable time limits, and a statement of your right to sue under ERISA following Plan review of any denial of benefits.

This written explanation shall be furnished to you within 90 days after receipt by the Administrative Office, of your request for review unless special circumstances require an extension of time for processing your review. If such an extension is required, you will

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be given written notice of that extension and in no event shall the extension exceed an additional 90-day period.

After the written explanation is received, if you believe you are adversely affected by such decision, you or a duly authorized representative of your choice may file a request for an appeal to the Appeals Committee, which is a separate Committee of the Board of Trustees of the Plan.

The request for an appeal must be in writing and submitted through the Administrative Office, P.O. Box 10067, Manhattan Beach, California 90266-8567. The appeal must be submitted within 60 days of your receipt of the written explanation of the Eligibility Committee's determination. Late requests may be rejected as untimely.

The request for appeal must contain an outline of the matter involved along with any issues, comments or explanation of the applicant's position. You may submit any additional evidence or argument to support your position. You may also be provided, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claims for benefits.

You may request that you and/or your authorized representative be present at the Appeals Committee meeting. A notification of the meeting date and time will then be sent to you. Additional evidence can be presented at the Appeals Committee meeting.

The appeal will be heard by the Appeals Committee within 90 days of the receipt of the appeal unless special circumstances require an extension of that time. In that event, notice will be given of the extension, which, in no event, shall be longer than an additional 90 days.

The Appeals Committee will independently consider the appeal using the written application presented by you, and/or by hearing the appeal of the individual who has requested a personal appearance at the Appeals Committee hearing. You will be advised in writing of the decision of the Appeal Committee. This will include a written explanation giving detailed reasons for any denial; a specific reference to the Plan provisions on which the denial is based; a statement of your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim; and a statement of your right to sue under ERISA. The decision of the Appeals Committee shall be final and binding upon the applicant.

This appeals procedure shall be the sole and exclusive procedure available to any individual who is dissatisfied with a claim or eligibility decision of any kind relating to any benefit under the Plan. The Plan's appeals procedure must be exhausted before the applicant can avail himself of any procedure outside of the rules and regulations of the Plan itself.

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## SOME QUESTIONS, ANSWERS AND BASIC FACTS

### **Must a Participant retire when he reaches age 65?**

No. Retirement under this Plan is voluntary. However, pension benefits must become effective no later than your Required Beginning Date. Your Required Beginning Date is the April 1<sup>st</sup> of the year following the year in which you attain age 70½.

### **May Pension Benefits be assigned?**

No. This is prohibited by the Plan. However, benefits will be paid in accordance with a qualified domestic relations order as required by federal law.

### **Domestic Relations Orders/Divorce Decrees**

In the event a married Active or Retired Participant divorces or separates, the ex-spouse may be entitled to receive a portion of the pension payments due the Participant. Under federal law, the Trustees must comply with any order issued by a state divorce court that is determined by the Plan to be a Qualified Domestic Relations Order. A Qualified Domestic Relations Order (QDRO) is a state domestic relations order such as a divorce decree which creates or recognizes an alternate payee's right to, or assigns to an alternate payee the right to receive all of or a portion of the benefits payable to a participant under the Plan. Any lawful judgment, decree, order, or property settlement agreement which has been entered into pursuant to a court order may be a QDRO if it relates to the provision of child support, alimony payments, or marital property of a Spouse, former Spouse, child or other dependent of a Plan Participant and is made pursuant to State domestic relations law. No payments can be made to the Spouse or ex-Spouse, however, until the State Court Order has been issued, sent to the Administrative Office and approved as "qualified" by the Plan. Otherwise, all benefits must be paid only to the Participant.

The Trustees cannot recognize or honor a domestic relations order, such as a divorce decree, which attempts to divide a pension, unless the order or decree contains certain information and otherwise complies with federal law. If you are contemplating a divorce or are a party to any other domestic relations action which may involve your benefits under the Plan, then you or your attorney should contact the Administrative Office for additional information **before** any such domestic relations order or decree is signed by the judge.

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In the event you are in the process of a divorce, you should carefully consult with your attorney as to the effect of the divorce on your or your spouse's benefits. Any questions you or your attorney have should be addressed in writing to the Administrative Office and will be forwarded to Trust Counsel for reply. Trust Counsel will also review any domestic relations order to determine if it is "qualified" or will provide a draft QDRO to the parties.

The Trustees have adopted procedures for the treatment of domestic relations orders received by the Plan, and a copy of those procedures is available without charge from the Administrative Office.

You or an attorney representing you or your (ex) spouse may also request sample QDRO language by submitting a written request to the Administrative Office.

**Are the Pensions provided under this Plan affected by Social Security or Workers' Compensation Benefits?**

No. The benefits under this Plan are in addition to benefits paid under Social Security or Workers' Compensation Benefits.

**Who administers the Plan?**

A Board of Trustees consisting of Employee and Employer Representatives with equal voting rights in accordance with the law.

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**INFORMATION REQUIRED BY THE EMPLOYEE  
RETIREMENT INCOME SECURITY ACT OF 1974**

**1. The name and type of administration of the Plan.**

Sheet Metal Workers' Pension Plan of Southern California, Arizona and Nevada.  
Collectively Bargained, Joint-Trusteed Labor-Management Trust.

**2. Name and address of the person designated as agent for the service of legal process.**

Richard J. Wondra  
Sheet Metal Benefit Plans Administrative Corporation  
111 North Sepulveda Blvd., Suite 100  
Manhattan Beach, CA 90266-6861

Legal Process may be served on a Plan Trustee

**3. Internal Revenue Service Plan Identification Number and Plan Number.**

The Employer Identification Number (EIN) issued to the Board of Trustees is  
95-6052257

The Plan Number is 001

**4. Name and address of the Administrator.**

The Board of Trustees; same as item 5 below.

The routine administrative functions of the Trust are performed by:

Sheet Metal Benefit Plans Administrative Corporation (SMBPAC)  
111 N. Sepulveda Blvd., Suite 100  
Manhattan Beach, California 90266

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5. **Names, titles and addresses of any trustee or trustees (as of the date of printing this booklet).**

Employer Trustees

William R. Assenmacher  
T.A. Caid Enterprises  
P.O. Box 26945  
Tucson, AZ 85726

Denny Cagampan, III  
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John Coutts  
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Joseph Gallagher  
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Fred Klein  
Graycon, Inc.  
232 8<sup>th</sup> Avenue  
City of Industry, CA 91746-3200

Kurt Marsteller (Co-Chairman)  
Serfass & Company  
1660 Linden Street  
Riverside, CA 92507

Employee Trustees

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Employer Trustees

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Andrew Moreno  
Able Heating & Air Conditioning  
1020 Colorado Avenue  
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Tani Poe  
Western Allied Corporation  
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Santa Fe Springs, CA 90670-3902

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Corona, CA 91719

Richard Rivera  
Key Air Conditioning Contractors  
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Santa Fe Springs, CA 90670

Steven J. Williams  
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Reno, NV 89502

Employee Trustees

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Kenneth Rooker  
Sheet Metal Workers Local No. 105  
601 Eureka Street  
Bakersfield, CA 93305

Mario V. Teran  
Sheet Metal Workers Local No. 105  
2120 Auto Center Drive, Suite 105  
Glendora, CA 91740

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6. **A description of the relevant provisions of any applicable collective bargaining agreement.**

The applicable provisions of the collective bargaining agreements provide for employer contributions to the Plan. The amount of these contributions is set forth in the agreements and is formulated on a cents per hour basis. The contributions are forwarded to the Plan on a monthly basis.

7. **Description of provisions for non-forfeitable pension credits.**

A Participant achieves vested status in accordance with the provisions of Article I, Section 17 of the Plan. (See explanation of vesting on page 31.)

8. **The Normal Retirement Age.**

Normal Retirement Age is explained on page 22.

9. **The provisions of the Husband-and-Wife Pension.**

Provisions of the Husband-and-Wife Pension which provides a lifetime benefit for a surviving spouse are set forth in Article IV of the Plan. (See explanation beginning on page 37.)

10. **Description of circumstances which may result in disqualification, ineligibility, denial or loss of benefits.**

Refer to the following provisions of the Plan: Article VI, Section 4 regarding Breaks in Covered Employment and Cancellation of Pension Credit (also see pages 28 and 30 of this summary); Article VIII, Sections 1 and 2 regarding application requirements, Article VIII Section 8 regarding the suspension of benefits; (also see explanation of application and effective date requirements on pages 52-54), Article III, Section 18 regarding Separation in Service (also see page 32 of this summary), and Article XI regarding work in Noncovered Sheet Metal Service (also see page 50 of this summary.)

In addition to the description set forth elsewhere in this summary, your benefits may be reduced if they exceed the maximum amount allowed by Section 415 of the Internal Revenue Code. If the annual retirement benefit exceeds the maximum benefit permitted, it will be reduced to the limit then in effect.

11. **Recordkeeping Period.** This is the calendar year.

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**12. Remedies available under the Plan for the redress of claims which are denied in whole or in part, including provisions required by Section 503 of the Employee Retirement Income Security Act of 1974.**

If a Participant wishes to appeal a denial of benefit in whole or in part, he should file a request for review within 60 days after receiving the denial. The appeal will be considered by the appropriate committee appointed by the Board of Trustees. Its decision will be communicated to the Participant within 120 days after receipt of all pertinent evidence. See page 58 for the full appeals procedure.

**13. Source of financing of the Plan and identity of any organization through which benefits are provided.**

All contributions to the Plan are made by Employers in accordance with Collective Bargaining Agreements. A list of contributing employers and copies of the Collective Bargaining Agreement are available from the Administrative Office upon request.

**14. The identity of any organization used for the accumulation of assets through which benefits are provided.**

Benefits are provided from the Fund's assets which are contributed pursuant to the provisions of the Collective Bargaining Agreements and accumulated under the Trust Agreement and held in a Trust Fund for the purpose of providing benefits to Participants and defraying reasonable covered administrative expenses. At the time of printing of this booklet, the Fund's assets and reserves are held in custody by Bank of New York and invested by investment managers Smith Barney, AllianceBernstein Regent, Davis Hamilton Jackson & Associates, Flippin, Bruce & Porter, Inc., Morgan & Company, N.W.Q. Investment Management Company, Roxbury Capital Management, LLC, Victory Capital Management, American Realty Advisors, Kennedy Associate Real Estate Council, Inc., and Washington Capital Management, Inc.

**15. PBGC Guarantee of Plan Benefits Upon Termination.**

The collective bargaining parties intend that this Plan continue indefinitely. However, the collective bargaining parties reserve the rights, subject to the provisions of the Trust Agreement, to terminate the Plan. See Article X, Section 3 of this Plan.

Your pension benefits under this multiemployer plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. A multiemployer plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.

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Under the multiemployer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multiemployer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due.

The maximum benefit that the PBGC guarantees is set by law. Under the multiemployer program, the PBGC guarantee equals a participant's years of service multiplied by (1) 100% of the first \$11.00 of the monthly benefit accrual rate and (2) 75% of the next \$33. The PBGC's maximum guarantee limit is \$35.75 per month times a participant's years of service. For example, the maximum annual guarantee for a retiree with 30 years of service would be \$12,870.

The PBGC guarantee generally covers: (1) Normal and early retirement benefits; (2) disability benefits if you become disabled before the plan becomes insolvent; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) Benefits greater than the maximum guaranteed amount set by law; (2) benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the earlier of: (i) The date the plan terminates or (ii) the time the plan becomes insolvent; (3) benefits that are not vested because you have not worked long enough; (4) benefits for which you have not met all of the requirements at the time the plan becomes insolvent; and (5) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

For more information about the PBGC and the benefits it guarantees, ask your plan administrator or contact the PBGC's Technical Assistance Division, 1200 K Street, N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 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>.

## **16. Statement of ERISA Rights**

As a Participant in the Sheet Metal Workers' Pension Plan of Southern California, Arizona and Nevada, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants shall be entitled to:

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

Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

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Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65, or, if later, an applicable anniversary date – see page 22) and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The plan must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

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

### **Enforce Your Rights**

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report 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 plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and

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legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### **Assistance with Your Questions**

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

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