



The National Asbestos Workers Pension Fund

SUMMARY OF MATERIAL MODIFICATION #5 AND REQUIRED NOTICE UNDER SECTION 204(h) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT

TO ALL PARTICIPANTS:

June 15, 2009

As you are well aware, the stock market in 2008 experienced its worst performance since 1932. The broad domestic market was down by 37% in 2008, a decline that came on the heels of three consecutive negative years from 2000 through 2002. A substantial portion of your Pension Fund is invested in the stock market in order to achieve the long-term investment returns necessary to fund your retirement benefits. The Fund's portfolio is invested in a highly diversified portfolio of quality stocks and bonds managed by several different professional investment managers so that we can both achieve the earnings necessary to fund the Plan while also protecting the Fund from market downturns. Unfortunately, the recent downturn has been dramatic, resulting in significant losses to the Fund. The Trustees are required by law to manage the Fund in such a way as to insure that it can meet the promises that it has made to all of its participants and beneficiaries. The only way to do this is to trim benefit obligations and increase revenues to try to get Plan assets back in line with long term obligations. The Trustees understand that this is difficult for all participants and not something that they do lightly.

As a result of this situation, the Fund is going to have to reduce the amount of future pension accruals for service on or after July 1, 2009. Your monthly retirement benefits for service earned up to June 30, 2009 will continue to be calculated at the applicable rate in effect for you. The multiplier for service on or after July 1, 2009 will be 1.2% of the amount in your Contribution Pension Account for all contributions made on your behalf on or after July 1, 2009. Your service prior to July 1, 2009 will continue to be valued in the same manner that has been in effect for you prior to this change. It will be 3.16% multiplied by the amount in your Contribution Pension Account as of June 30, 2003 (unless you had a break in Benefit Level Date). For the period of July 1, 2003 through June 30, 2004, it will be calculated at the rate of 2.21% multiplied by the amount in your Contribution Pension Account attributable to service earned during that period. For the period of July 1, 2004 through June 30, 2009, it will be calculated at the rate of 1.43% multiplied by the amount in your Contribution Pension Account attributable to service earned during that period. (An example of how this may affect your pension is attached.)

Additionally, the Fund will have new requirements to receive unreduced pension benefits for the service earned on or after July 1, 2009. Only if you have a combination of age and service that totals ninety (the Rule of 90) will that service be subject to no reduction for Early Retirement. Under this rule you must have 35 years of service and have reached age 55, or 36 years of service and reached age 54, or some other combination of age and service that combined equal or exceed ninety.

For Plan purposes your age is what it was as of your most recent birthday – there are no months or fractions of years used.

If you do not satisfy the Rule of 90, your monthly benefit for service earned on or after July 1, 2009 will be subject to a .5% per month reduction for each month by which you are younger than the Plan's Normal Retirement Age (Age 65). In other words, if you are age 55, but don't have the requisite service to satisfy the Rule of 90, that portion of your pension earned after July 1, 2009 will be subject to a 60% reduction. There are examples of how this works attached.

The Trustees have determined that the best interests of the Plan will be served by having a minimum contribution rate of \$4.00 by January 1, 2013. You should be aware that contribution rates are set by the collective bargaining agreements entered into between participating local unions and employers, not determined by the Fund. The Trustees are asking that where the contribution rate is less than \$4.00 that each local union and employer group to agree to no less than a \$.25 increase per year beginning on July 1, 2010 in order to get to the \$4.00 minimum rate by the target date. Participants whose home local unions have not reached the \$4.00 minimum rate will have their benefits subjected to further reduction on a prospective basis.

Finally, the lump sum bonus for those who work for more than thirty years will be eliminated for all service on or after July 1, 2009.

If you have any questions about these matters, please feel free to call the administrative manager at (800) 386-3632.

Trustee Changes

The following are Trustee changes that have occurred since the issuance of Summary of Material Modification #4 in June 2008:

<u>Union Trustees</u>	<u>Local</u>	<u>Employer Trustees</u>
Danny Kehl Insulators Local 51 3835 Fitzgerald Avenue Louisville, KY 40216	51	
Greg Kincaid Insulators Local 80 7901 Route 34, P.O. Box 806 Winfield, WV 25213	80	
James P. "Bud" McCourt International Assoc. of Heat & Frost Insulators & Allied Workers 9602 Martin Luther King Highway Lanham, MD 20706-1839	Int'l Staff Plan	Dean Burows DKB Inc. 702 N. California Avenue Pasco, WA 99301
Greg Revard International Assoc. of Heat & Frost Insulators & Allied Workers 9602 Martin Luther King Highway Lanham, MD 20706-1839	AWLU Officers Plan	Dave Andrew Advanced Specialty Contractors 30 McDonald Boulevard Aston, PA 19014

We suggest that you keep this Summary of Material Modifications with your Summary Plan Description. If you should have any questions about the coverage provided under the Pension Fund, the Summary Plan Description or these changes, please contact the Administrative Manager at (410) 872-9500.

Sincerely,

The Board of Trustees

SPD 07/04 SMM #5

The following is an example of what the change in benefit accrual rates effective July 1, 2009 may mean to you:

Jim was born in December 1958 and became a participant in the Fund in 1983 and has earned 20 Years of Service through June 30, 2003. During that time he has had \$100,000 contributed to his Contribution Pension Account, including any contribution bonuses granted by the Fund. He has had no breaks in Benefit Level Date. Jim worked at the trade during the year July 1, 2003 through June 30, 2004, and had \$5,000 contributed by his employers to his Contribution Pension Account during that year. Jim worked an additional five years thereafter and had an additional \$30,000 contributed by his employer to his Contribution Pension Account for the period ending on June 30, 2009. Assume that from July 1, 2009 through June 30, 2013, Jim will earn an additional four Years of Service and will have \$24,000 contributed to his Contribution Pension Account for this period of time.

Jim is eligible for a 30-and-out Pension as of July 1, 2013, but he will have reached only age 54 as of that date, a combination of age and service that does not equal ninety. Jim's benefit will be calculated as follows:

For the service between July 1, 1983 and June 30, 2003, the \$100,000 in Jim's Contribution Pension Account will be multiplied by 3.16% in order to calculate the monthly benefit attributable for this period of service:

$$\$100,000 \times 3.16\% = \$3,160 \text{ per month}$$

For the service between July 1, 2003 and June 30, 2004, the \$5,000 contributed on Jim's behalf during that period will be multiplied by 2.21% in order to calculate the monthly benefit attributable for this period of service:

$$\$5,000 \times 2.21\% = \$110.50 \text{ per month}$$

For the service between July 1, 2004 through June 30, 2009, the \$30,000 contributed on Jim's behalf during that period will be multiplied by 1.43% in order to calculate the monthly benefit attributable for this period of service.

$$\$30,000 \times 1.43\% = \$429 \text{ per month}$$

For the service between July 1, 2009 through June 30, 2013, the \$24,000 contributed on Jim's behalf during that period will be multiplied by 1.2% in order to calculate the monthly benefit attributable to this period of service. At all times, Jim's employer satisfied the minimum contribution rate required by the Fund.

$$\$24,000 \times 1.2\% = \$288 \text{ per month}$$

These four periods of service would then be added together to calculate the total pension payable:

$$\$3,160 + \$110.50 + \$429 + \$288 = \$4,059.50$$

Although Jim has thirty Years of Service as of July 1, 2013, the combination of his age at last birthday (54) and service (30) is not equal to ninety.

Accordingly, under the new Plan rule, Jim's service after July 1, 2009 will be subject to a reduction for Early Retirement under the Plan. The reduction will be .5% per month for each

month by which Jim is less than age 65, the Plan's Normal Retirement Age. The following reduction would occur:

Age 65 – Age 54 and 6 months = 126 months

$126 \text{ months} \times .5\% = 63\%$.

The \$360 in monthly credit earned since July 1, 2009, would then be reduced by 63%, resulting in a monthly benefit of \$133.20.

Under this formula, Jim would be entitled to a monthly benefit of \$3832.70 (rounded to \$3833.00, less any reduction applicable if Jim is married, depending on the joint and survivor option selected by him.

The same formula will work for an early retiree, subject to whatever reduction is applicable based on the participant's age at the time of early retirement.

Here is a second example where the participant satisfies the Rule of 90:

John was born on June 30, 1955 and became a participant in the Fund in 1975 and has earned 28 Years of Service through June 30, 2003. During that time he has had \$120,000 contributed to his Contribution Pension Account, including any contribution bonuses granted by the Fund. He has had no breaks in Benefit Level Date. John worked at the trade during the year July 1, 2003 through June 30, 2004, and had \$5,000 contributed by his employers to his Contribution Pension Account during that year. John worked an additional five years thereafter and had an additional \$36,000 contributed by his employer to his Contribution Pension Account for the period ending on June 30, 2009. Assume that from July 1, 2009 through June 30, 2010, John will earn an additional one Year of Service and will have \$8,000 contributed to his Contribution Pension Account for this period of time.

John has a total of 35 Years of Service with the Plan and is eligible for a 30-and-out Pension. As of July 1, 2010, he will have reached age 55. A combination of his age and service equals ninety. As a result John's benefit will be calculated as follows:

For the service between July 1, 1975 and June 30, 2003, the \$120,000 in John's Contribution Pension Account will be multiplied by 3.16% in order to calculate the monthly benefit attributable for this period of service:

$\$120,000 \times 3.16\% = \$3,792 \text{ per month}$

For the service between July 1, 2003 and June 30, 2004, the \$5,000 contributed on John's behalf during that period will be multiplied by 2.21% in order to calculate the monthly benefit attributable for this period of service:

$\$5,000 \times 2.21\% = \111 per month

For the service between July 1, 2004 through June 30, 2009, the \$36,000 contributed on John's behalf during that period will be multiplied by 1.43% in order to calculate the monthly benefit attributable for this period of service. (Assume that for the Plan Year July 1, 2008 through June 30, 2009 that John had \$8,000 in contributions made on his behalf.)

$\$36,000 \times 1.43\% = \515 per month

For the service between July 1, 2009 through June 30, 2010 the \$8,000 contributed on John's behalf during that period will be multiplied by 1.2% in order to calculate the monthly benefit attributable to this period of service. At all times, Jim's employer satisfied the minimum contribution rate required by the Fund.

$$\$8,000 \times 1.2\% = \$96 \text{ per month}$$

These four periods of service would then be added together to calculate the total pension payable:

$$\$3,792 + \$111 + \$515 + \$96 = \$4,514 \text{ per month}$$

Because John's combination of 35 Years of Service and Age 55 equals ninety, there is no reduction made for retiring early with respect to his post July 1, 2009 service.

John would also receive a lump sum bonus for of \$4,000 representing 50% of the contributions made on his behalf after he was eligible for a 30-and-out Pension. (This benefit has now been discontinued.)

\$4.00 Hourly Contribution Rate – As of January 1, 2013, the Fund has set a standard contribution rate of \$4.00 an hour for journeymen for every participating local union to earn the standard plan benefit. Again, the Trustees have been advised that higher contribution rates will help to improve the Plan's long term funding. If the collective bargaining agreement of your Home Local Union provides for a contribution rate for journeymen that is less than \$4.00 as of January 1, 2013, you will receive a lower benefit accrual rate after that date for those contributions under the Plan. Your accrual rate will be equal to the ratio of your actual contribution rate compared to the \$4.00 rate multiplied by the benefit accrual rate in effect for the Fund. **For example, if your contribution rate is \$3.00 per hour, the benefit payable will be calculated at 75% (\$3.00/\$4.00) of the current accrual rate of 1.20%, meaning a benefit accrual rate of .90% for service at that contribution rate.**