



The National Asbestos Workers Pension Fund

June, 2007

SUMMARY OF MATERIAL MODIFICATION

TO ALL PARTICIPANTS:

The following is a summary of recent policy changes made by the Trustees of the National Asbestos Workers Pension Fund and the National Asbestos Workers Supplemental Pension Fund for the benefit of Participants.

National Asbestos Workers Pension Fund SMM #3

- New 75% Joint and Survivor Annuity Option. Effective July 1, 2007, the Pension Fund is replacing the 66 ²/₃ Joint and Survivor Annuity with a 75% Joint and Survivor Annuity Option. This pension form provides benefits to your surviving spouse or beneficiary for his or her life after you die. Under this form, you will receive a fixed amount each month for your life. If you die before your spouse or designated beneficiary, your spouse or designated beneficiary will begin receiving a benefit each month for his or her lifetime. The monthly amount of this survivor benefit will be equal to 75% of the amount of your monthly benefit.
- Direct Trustee-to-Trustee Transfers on Behalf on Non-Spouse Beneficiaries. Last year, Congress enacted the Pension Protection Act of 2006 (PPA). Under federal law prior to the PPA, a distribution from the Pension Fund to a non-spouse beneficiary was treated as taxable income in the year of distribution. The PPA now allows pension plans to offer non-spouse beneficiaries the option to request that certain distributions be directly rolled over into an IRA known as an "Inherited IRA." Under the PPA, these direct trustee-to-trustee transfers will not be treated as distributions subject to federal taxation at the time of transfer.

Effective July 1, 2007, the Pension Plan will initiate direct trustee-to-trustee transfers in the event a non-spouse beneficiary properly elects to have his or her survivor benefit directly rolled over into an Inherited IRA. If a distribution to a non-spouse beneficiary is eligible for this treatment, the Fund Office will provide the non-spouse beneficiary with an election form at the time the beneficiary requests a distribution. In general, the Pension Fund's Lump-Sum Death Benefit and lump-sum payments of small benefits in lieu of survivor annuities (*i.e.*, those survivor benefits with an Actuarial Equivalent of \$5,000 or less) payable to a Participant's non-spouse beneficiary will be eligible for direct rollover treatment.

- Adjustments to the Fund's Joint and Survivor Actuarial Adjustment Factors. From time to time, the Pension Fund's actuary may need to adjust the Fund's Joint and Survivor Annuity factors to comply with federal law. Effective for Participants who retire on or after July 1, 2007, the Pension Fund's Joint and Survivor Annuity Factors will be adjusted as set forth in the chart on the next page.

JOINT AND SURVIVOR ADJUSTMENT FACTORS

<u>Benefit Form</u>	<u>Adjustment Factors in effect before July 1, 2007</u>	<u>Adjustment Factors in effect after June 30, 2007</u>
50% Joint & Survivor	7% initial reduction and— > $\frac{1}{3}\%$ reduction for each complete year you are older than your spouse/beneficiary. > $\frac{1}{3}\%$ increase for each complete year you are younger than your spouse/beneficiary.	7% initial reduction and— > $\frac{1}{4}\%$ reduction for each complete year you are older than your spouse/beneficiary. > $\frac{1}{4}\%$ increase for each complete year you are younger than your spouse/beneficiary.
75% Joint & Survivor	N/A	10% initial reduction and— > $\frac{1}{4}\%$ reduction for each complete year you are older than your spouse/beneficiary. > $\frac{1}{4}\%$ increase for each complete year you are younger than your spouse/beneficiary.
100% Joint & Survivor	16% initial reduction and— > $\frac{6}{10}\%$ (0.60%) reduction for each complete year you are older than your spouse/beneficiary. > $\frac{6}{10}\%$ (0.60%) increase for each complete year you are younger than your spouse/beneficiary.	14% initial reduction and— > $\frac{1}{4}\%$ reduction for each complete year you are older than your spouse/beneficiary. > $\frac{1}{4}\%$ increase for each complete year you are younger than your spouse/beneficiary.

Supplemental Pension Fund SMM # 2

- > New 75% Husband-and-Wife Annuity Option. The Supplemental Pension Fund will begin offering a new optional form of benefit for married Participants. As of July 1, 2007, a married Participant and his spouse may waive the Normal Form of Benefit Payment (the 50% Husband-and-Wife Annuity) and elect to receive a 75% Husband-and-Wife Annuity. The 75% Husband-and-Wife Annuity Option provides a Participant with a fixed amount each month for life and, should he die before his spouse, a monthly benefit for his surviving spouse equal to 75% of the Participant's monthly benefit.

Like the Fund's Life Annuity and 50% Husband-and-Wife Annuity, the 75% Husband-and-Wife Annuity Option will be purchased by the Fund from an insurance carrier using your Accumulated Share with any fees and costs directly related to its purchase deducted from your Accumulated Share.

The 75% Husband-and-Wife Annuity Option is one of several optional forms of benefit the Fund provides. In addition to the 75% Husband-and-Wife Annuity Option, the Fund will continue to offer—

- A single lump sum option;
- An option that provides the Participant with equal monthly installments paid over a period of 3 to 10 years; or
- An option that provides a combination of an initial lump sum and equal monthly installments paid over a period of 3 to 10 years.
- Direct Trustee-to-Trustee Transfers on Behalf on Non-Spouse Beneficiaries. As noted above, the PPA now allows pension plans to offer non-spouse beneficiaries the option to request that certain distributions be directly rolled over into Inherited IRAs. These direct trustee-to-trustee transfers will not be treated as distributions subject to federal taxation at the time of transfer.

Effective July 1, 2007, the Supplemental Pension Fund will initiate trustee-to-trustee transfers in the event a non-spouse beneficiary properly elects to have his or her survivor benefit directly rolled over into an Inherited IRA. If a distribution to a non-spouse beneficiary is eligible for this treatment, the Fund Office will provide the non-spouse beneficiary with an election form at the time the beneficiary requests a distribution. In general, all payments to a surviving non-spouse beneficiary offered by the Fund will be eligible for direct rollover treatment.

Trustee Changes

The following are Trustee changes since the issuance of the previous Summary of Material Modification.

<u>Union Trustees</u>	<u>Local</u>	<u>Employer Trustees</u>
Kevin Swihart Asbestos Workers Local 75 1345 Northside Boulevard South Bend, IN 46615	75	
	92	Aubree Morris Morris Insulation 1465 Broad Street PO Box 128 Augusta, GA 30903

If you have any questions about these matters, please feel free to call the administrative manager at (301) 937-9300.

Sincerely,

The Board of Trustees