



# SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION LOCAL UNION NO. 73 ANNUITY PLAN



4530 ROOSEVELT ROAD • HILLSIDE, ILLINOIS 60162 • TELEPHONE: 708-449-7373 • FAX: 708-449-7333



August 21, 2008

Re: Sheet Metal Workers' Local 73 Annuity Fund Fees

Dear Annuity Fund Participant:

This letter is to notify you of an increase in your Local 73 Annuity Fund account fee. As you know, there is a quarterly fee deducted from your Annuity account to cover the administrative and operating costs of the Annuity Fund. These costs include, for example, insurance costs, accounting fees, audit fees, legal fees, financial advisor consulting fees, computer programming services, office staff, payroll taxes, and other office-related expenses. The Board of Trustees all serve as trustees without any compensation. The current fee is \$7.50 per quarter, or \$30.00 per year.

The fee has not been increased since 2002. Please also understand that employers do not contribute to the operating costs of the Annuity Fund; employers simply pay the required hourly contributions. However, for many years Annuity Fund costs have been subsidized by penalty assessments imposed on employers who pay their contributions late, which are collected by the Joint Arbitration Board. In 2006, 2007 and 2008 the assessment reserves were depleted without compensating fee increases, so it is now necessary to increase fees to cover expenses. The Board of Trustees was not aware of the issue until notified by the Fund Office in April 2008.

The account fee is necessarily deducted from your individual account because the Annuity Fund consists of individual participant accounts and does not have a 'pool' of money from which operating costs can be paid. In contrast, for example, the Pension Fund is one large fund from which both pensions and costs are paid out. Because the Annuity Fund today has no accumulation of money from which it can pay expenses and operating costs, each participant must share in the costs of the Annuity Fund through fees paid from his or her own account.

Having gone 6 years with no fee increase, the current Board of Trustees is now forced to make up for the operating deficits that occurred in 2006, 2007 and 2008. Therefore, effective September 1, 2008, there will be a one-time account fee of \$110.00 deducted from each participant's Annuity account to cover accumulated operating expenses from fiscal years 2005-2006, 2006-2007, and 2007-2008. Additionally, starting in October 2008, the quarterly fee will be increased to \$30.00.

By way of comparison, the annuity funds of other trades in the Chicagoland area impose account fees ranging from \$100.00 to \$150.00 annually. So, Local 73 Annuity Fund's new fees are now comparable to fees charged by other annuity funds in this area.

If you have any further questions regarding this matter please feel free to contact the Fund office at (708) 449-7373.

Sincerely,

Local 73 Annuity Fund  
Board of Trustees